## THE INFLUENCE OF ORGANIZATIONAL CULTURE AND TRANSFORMATIONAL LEADERSHIP ON ORGANIZATIONAL INNOVATION

(A Study of Handicraft Sectors in West Sumatera)

## **THESIS**

This thesis is submitted as part of the requirement for a bachelor degree in Management Department- Faculty of Economics



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## THE INFLUENCE OF ORGANIZATIONAL CULTURE AND TRANSFORMATIONAL LEADERSHIP ON ORGANIZATIONAL INNOVATION (A STUDY OF HANDICRAFT SECTORS IN WEST SUMATRA)

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## ABSTRACT

The research has the purpose to find the influence of organizational culture and transformational leadership on organizational innovation in handicraft sectors in West Sumatra. The data obtained through questionnaire, and samples were taken from 180 handicraft sectors in West Sumatra. The data analyzed by using SPSS 16 and PLS 3.0. This research consists of three variables, transformational leadership as independent variable, organizational culture as mediating variable and organizational innovation as dependent variable. The finding indicated that transformational leadership has positive effect on organizational culture, organizational culture has a positive effect on organizational innovation, transformational leadership has a positive effect on organizational innovation, and organizational culture successfully mediates between transformational leadership and organizational innovation.

**Keywords**: organizational culture, transformational leadership, organizational innovation, SME, handicrafts

This thesis already examined and passed on May, 3<sup>rd</sup> 2018. This abstract already approved by supervisor and examiners:

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