

ABSTRACT

Telkom Divisi Digital Service (DDS) is a unit responsible for product innovations for Telkom. However, based on the results of internal surveys held in June 2016 known that the innovation process has not been well defined. Based on the entropy measurement conducted on November 2016 it was concluded that the organization culture categorized as “less than healthy” with entropy value of 12%. More over, the implementation of virtual organization resulted in the rising of a lot of confusion among the employees.

This research aimed to measure the opinion of DDS employee toward Organization Culture, Organization Structure, and Innovation Process variables. The research also tried to investigate the relationship among those variables, whether the Organization Culture and Organization Structure variables have an impact, either simultaneously or partially, to Innovation Process or not.

Data were collected by distributing online questionnaires to 308 DDS employees. There were 202 valid responses which then analyzed further with path analysis by using SPSS ver 24.

Data analysis showed that the Organization Culture was regarded as “Strong” with value of 80,95%, while Organization Structure was seen as “Very Good” with value of 86,51%, and the Innovation Process variable was perceived as “Good” with value of 76,67%. The research also showed that both Organization Culture and Organization Structure, either simultaneously or partially, had a positive influence toward Innovation Process. Organization Culture had a 37,27% impact over the Innovation Process variable, while the Organization Structure only had a 8,94% impact over the Innovation Process variable.

Based on the above findings it is suggested that to increase the innovation process implementation effectiveness Telkom DDS had better be focusing on the improvement of the organization culture. Some of the recommended actions are: improving the governance of digital communication and interaction, providing many forms of appreciations or rewards for employees who consistently show a great contribution for knowledge sharing or those who propose new ideas.

Keywords: *Organization culture; Organization structure; Innovation Process.*