ABSTRACT

The purpose of this study is to provide empirical evidence upon the research questions proposed by conducting measurement of the hypothesis on the influence of customer orientation and interfunctional coordination on organizational performance with innovation capability as a mediator in BPKP. This study is based on the Resourcess Based View theory and Dynamic Capabilities theory.

The data was collected using census method with a population of 33 Representatives BPKP in all 33 provinces by the respondents as many as 66 people (2 respondents per unit of analysis).The analytical method used is path analysis with IBM SPSS software version 22 as a tool.

Hypothesis test results indicate that customer orientation has direct and positive impact on organizational performance, interfunctional coordination has direct and positive impact on organizational performance, innovation capability mediates the effect of customer orientation on organizational performance, and innovation capability mediates the effect of interfunctional coordination on organizational performance. The findings of this study indicate that the path of least give the most impact on the organizational performance is the path that shows a direct effect of innovation capability on organizational performance.

One of the theoretical implication of this study is to strengthen the argument that customer orientation is relevant applied in public sector organizations. The policy implication of this study is that the top priority for the organization is maintaining good practices related to innovation capability and interfunctional coordination. The next priority is to improve customer orientation practices are not structured and systematic.

Keywords: customer orientation, interfunctional coordination, innovation capability, organizational performance, public sector