

ABSTRACT

This study aims to determine the effect of firm size, geographical location, organizational structure to management performance with innovation implementation as intervening variable in Indonesia's Water Utility Companies (WUCs). The proposed research problem is WUAs' poor performances, this study is design to understand factors affecting the management performance of WUCs in order for the WUCs to improve their performances.

Population of this study is WUCs considered healthy by Support Agency for Development of Water Supply Systems (BPPSPAM) of the Ministry of Public Works and People's Housing. This research uses census method and Structural Equation Modeling (SEM) in AMOS 22 as analysis tool.

Results from the analysis by using SEM indicate that the research has met the Goodness of Fit. With the value of Chi Square = 166.223; Df = 158; Probability = 0,311; GFI = 0.878; AGFI = 0.838; TLI = 0.992; CFI = 0.993; RMSEA = 0.021. Of the seven tested hypotheses, six hypotheses were accepted. Firm size, geographical location and organizational structure have direct significant on management performance, innovation implementation has direct significant effect on management performance, firm size and organizational structure have direct significant effect on innovation implementation and geographical location does ha no effect on innovation implementation. The result indicates that economic scale is important in ensuring WUAs' optimal performance.

Keywords : Local Water Utility Companies, Innovation Implementation, Management Performance