YUNI ROS BANGUN. Organizational Capability Modeling based on leadership, corporate culture and organizational politics and its impact to organizational performance in turbulence industry- a case study of government owned oil palm plantation companies and private owned oil palm plantation companies. Under direction of SJAFRI MANGKUPRAWIRA, ASEP SAEFUDDIN, and SETIADI DJOHAR

The objectives of this research dissertation are (1) to study the influences of leadership, corporate culture and organizational politics to organizational capability and to organizational performance, (2) to analyze the relationship among three variables - leadership, corporate culture and organizational politics influences in creating organizational capability, (3) to identify palm oil industry turbulence level in identifying the element of organizational capabilities, (4) to identify the most effective and powerful elements of organizational capabilities as significant positive predictors to organizational performance either in government owned or private owned palm oil plantation companies. The research was designed by using explorative study through interviewing experts and questionnaire. The respondent method was purposively sampling from managerial level employee from both population. Structural Equation modeling was used to find the model that explain the relationship among leadership, corporate culture and organizational politics influences in creating organizational capabilities and its impact to organizational performance.

Research confirmed the identification of nine (nine) elements as organizational capabilities in the turbulence level between 2 and 3 in palm oil industry. The nine elements are speed, innovation, customer connectivity, seeks related change, strategic responsiveness, international working environment, ready to strategic alliances, efficiency and talents.

Research confirmed that organizational capabilities have positive impact to organizational performance. Research shows the connection between the three variables - Leadership - Culture and Organizational Politics (LCOP) in creating Organizational Capability as well as impacting Organizational Performance. Structural Equation Modeling shows that Leadership and Organizational Culture do not have direct relationship with Organizational Performance, however both have positive relationship with Organizational Capability. Organizational Performance was directly positively influenced by Organizational Capability and negatively impacted by Organizational Politics. Leadership positively impact Organizational Capability and Organizational Culture, however negatively impact Organizational Politics.

Key words: Strategic Management, Organizational Capability, Palm Oil industry, Level of turbulence, Strategic Leadership, Transformational Leadership, Organizational Politics, Organizational Culture, LCOP, Government owned company.