

The Role Of Organizational Innovation: A Study Of Tourism Villages In Magelang, Indonesia

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Abstract: The increasing number of new tourist attractions and current tourism trends are forcing tourist villages to think about developing through innovation. Data were collected through questionnaires and analyzed using the structural equation model (SEM)-Amos to test the model quantitatively with 115 respondents. This study concludes that transformational leadership is a source of creativity in the context of rural tourism leadership. Knowledge management is an important resource to survive and follow trends amidst the shocks of the proliferation of new tours. Innovation is essential for the resilience of tourist villages and survival strategies. Transformational leadership and knowledge management have a positive and significant effect on organizational innovation; organizational innovation strengthens and significantly and positively influences the relationship between transformational leadership and knowledge management, influencing organizational performance. Transformational leadership and knowledge management positively and significantly affect organizational performance.

Keywords: Transformational Leadership; Knowledge Management; Organizational Innovation; Organizational Performance; Resource-Based View Theory.

Abstrak: Semakin banyaknya tempat wisata baru dan tren wisata saat ini, memaksa desa wisata berpikir untuk mengembangkan melalui inovasi. Data dikumpulkan melalui kuesioner dan dianalisis menggunakan model persamaan struktural (SEM)-Amos, untuk menguji model secara kuantitatif dengan jumlah responden sebanyak 115 orang. Kesimpulan penelitian ini adalah kepemimpinan transformasional merupakan sumber kreativitas dalam konteks kepemimpinan desa wisata. Manajemen pengetahuan adalah sumber daya penting untuk dapat bertahan dan mengikuti tren di tengah guncangan menjamurnya wisata baru. Inovasi merupakan input dasar bagi ketahanan desa wisata dan strategi untuk bertahan. kepemimpinan transformasional dan manajemen pengetahuan berpengaruh positif dan signifikan terhadap inovasi organisasi, inovasi organisasi memperkuat dan secara signifikan dan positif mempengaruhi hubungan antara kepemimpinan transformasional dan manajemen pengetahuan yang kemudian mempengaruhi kinerja organisasi. Kepemimpinan transformasional dan manajemen pengetahuan berpengaruh positif dan signifikan terhadap kinerja organisasi.

Kata Kunci: Kepemimpinan Transformasional; Manajemen Pengetahuan; Inovasi Organisasi; Kinerja Organisasi; Teori Pandangan Berbasis Sumber Daya.

INTRODUCTION

Based on the Indonesian Government's decision to revoke PPKM status (imposing restrictions on community activities) at the end of 2022, tourism in Indonesia is increasingly crowded. Tourism contributes to economic development through regional income, investment absorption, employment, and business development. Through tourism, the attractiveness of an area can be seen and demonstrated.



According to the 2023 report by UNWTO, tourists travelling internationally in 2022 will be double the number recorded in 2021. However, this number is still relatively small compared to the number of tourists in 2019 before the Covid-19 pandemic. For the Asia and Pacific region, tourist arrivals increased by only 23 per cent compared to the previous year. This means tourism in Indonesia still needs more attention to improve its performance.

Driving the economy from the village is a shared commitment to developing Indonesia and making Indonesia a world tourist destination. From the village, tourism revival can be started with a tourism village. The Magelang Regency Government established a tourist village to open business and economic opportunities and the widest possible employment opportunities. The Magelang Regency Government directs tourism villages to innovate to create interesting content to elevate the village's image and advantages that can be sold in a unique and attractive tour package. The village economic centre, Balkondes, is a form of joint commitment to developing village potential and attractiveness. A total of 20 villages were developed to realize Balkondes with the hope of bringing change and improving the local community's economy.

A total of 20 Balkondes are spread across the Borobudur Temple Area. The temple, one of the world's wonders, is located in Magelang Regency, Central Java, Indonesia. Balkondes is part of the Corporate social responsibility (CSR) program designed by the Ministry of BUMN and then managed and developed by each village through the village government or Bumdes, and assisted by PT TWC (Taman Wisata Candi Borobudur, Prambanan, and Ratu Boko) and PT Management CBT Nusantara. The following is a digital map of the Balkondes of the Borobudur area:

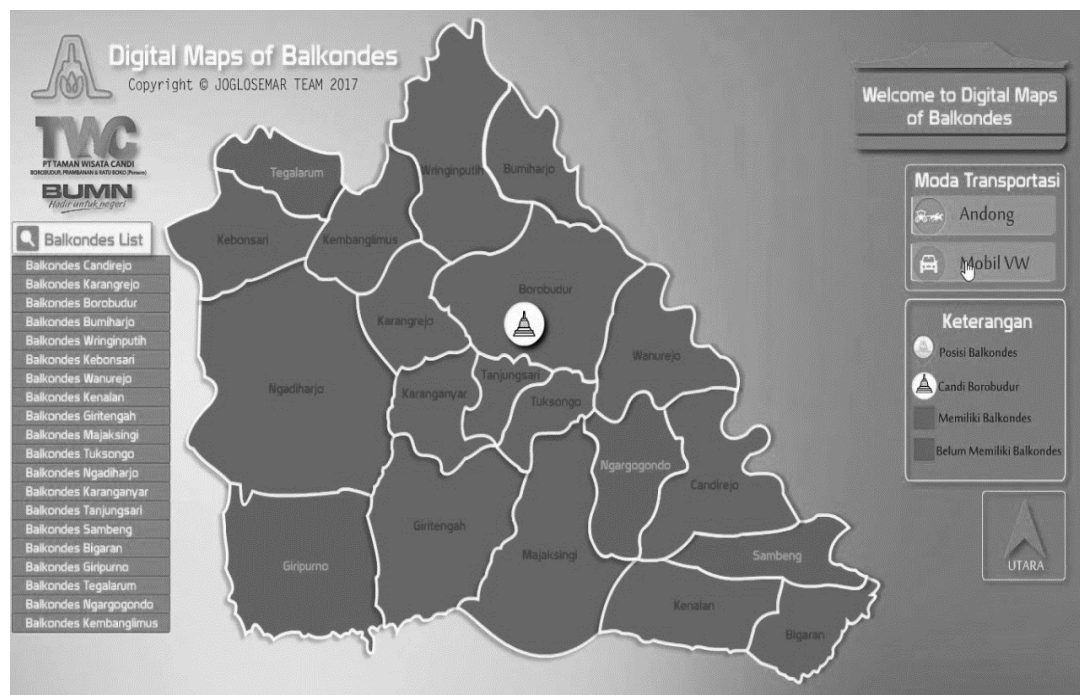


Figure 1. Digital Map of The Balconies Of The Borobudur Area

Source: Joglosemar Team, 2017

Figure 1 describes the twenty Balkondes including Balkondes Kenalan, Wanurejo, Borobudur, Candirejo, Chocolate Ndeso Bigaran, Karangrejo, Duta Menoreh, Giripurno,

Giritengah, Kebonsari, Kembanglimus, Majaksingi, Ngadiharjo, Ngargogondo, Sambeng, Tuksongo, Wringinputih, Saka Pitu, and Karanganyar. Each of the Balkondes has a different tourist attraction.

Each village gets sponsors from one BUMN in establishing Balkondes. The SOEs that sponsored the construction of Balkondes in 20 villages in Borobudur were Mandiri in 2017, Bank BNI 46 in 2017, PT TWCB in 2016, PT Pembangunan Perumahan (PP), Semen Indonesia in 2016, PT Angkasa Pura Satu in 2017, State Gas Company (PGN) in 2017, BRI Bank in 2017, PT Pupuk Indonesia in 2018, Jasaraharja in 2017, PT Utama Karya, PT Patra Jasa, Jasa Marga, PLN, Pegadaian, PT PN III, PT Telkom Indonesia, PT Pertamina in 2017, PT Angkasa Pura Dua, and BTN.

Trends and demands of tourists to increase tourist attractiveness make Balkondes managers have to find various ways to satisfy visitors or tourists. However, data obtained from Dinas Pariwisata, Kepemudaan dan Olahraga (Disparpora) of Magelang Regency in 2021 shows that for the last three years (2019 to 2021), there has been a decrease in the number of tourists annually.

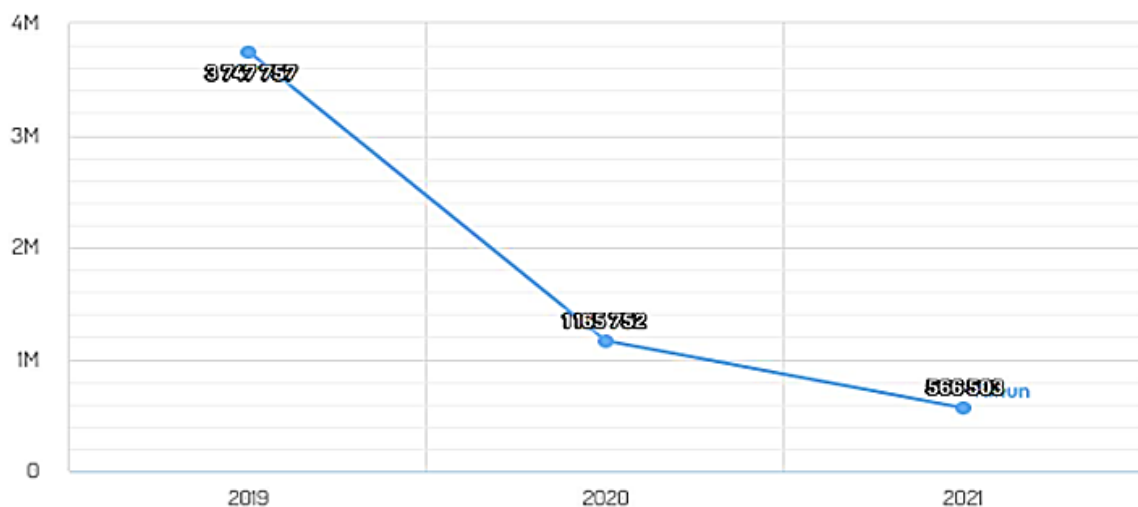


Figure 2. Chart of The Number of Tourists

Source: Disparpora, 2021

Figure 2 shows that the number of tourists in Magelang Regency in 2019 was 3,747,757, then in 2020, it decreased to 1,165,752, a decrease from 2019 to 2020 of 68.900 per cent. Then 2021, it will drop to 566,503, a decrease from 2020 to 2021 of 51.400 percent. The continuous decline has made tourism in Magelang Regency have to increase its attractiveness so visitors will grow again. The problems faced by tourism in general in Magelang Regency according to the 2021 Government Agency Performance Report (LKjlp), include the Covid-19 pandemic has reduced the number of visits and the length of stay of tourists, not yet spread of tourist visits to DTW other than Borobudur Temple (still concentrated in Borobudur Temple), low length of stay in Magelang Regency (Length Of Stay), weak competitiveness and selling power of tourism destinations, the development of existing tourism potential is not yet optimal, insufficient facilities and infrastructure to support tourist attractions, lack of human resources for tourism actors. These promotions could be more optimal, but the management of tourist attractions still needs to be optimized, and there needs to be more facilities and infrastructure.

The tourism industry is a crucial service segment, so it needs to be fostered to be more creative (Mittal and Dhar, 2016). The progress of tourism can generate enormous opportunities for people's welfare and provide challenges and threats to local communities and the surrounding environment (Hermawati, 2020). The problem of decreasing the number of tourists is an issue that needs to be studied and provided solutions so that tourism performance in Magelang Regency, especially Balkondes, is increasing and sustainable.

To improve organizational performance, efforts are needed to implement effective strategies, capture opportunities, and utilize the resources and competencies used (Obeidat, 2016). (Varadarajan, 2018) explains that there is one variable that is very important for organizational continuity, namely innovation. For any organization, innovation is deemed key to attaining sustained success and economic growth (Jia et al., 2018).

Some literature also considers innovation in the hospitality sector as an essential factor for competitive advantage, economic advantage, and organizational effectiveness. Good innovation capabilities will be able to produce products or services that have added value for their customers (AlAnazi et al., 2021). Through innovation, organizations can increase their growth. Therefore, organizations must optimize innovation in their management mechanisms to create competitive advantage and increase performance (Obeidat et al., 2017).

According to research from (Bodolica et al., 2020), innovation in tourist attractions consists of product or service innovations that tourists directly enjoy; secondly, process innovation such as efficiency through technology investment; the third managerial, namely the development and empowerment of employees; fourth marketing innovation regarding customer attraction, and loyalty program; the five institutional innovations such as strategic alliances, and industry groups. Innovation will only be successful with the role of a leader who can provide support and influence.

In a dynamic and turbulent business environment, innovation becomes more critical for organizations to succeed (Javed et al., 2017). Innovation in tourism cannot be separated from the role of the leader; more specifically, the leadership style and innovative attitudes of employees have the potential to support the organization in making effective and responsive decisions. The role of leaders in improving performance has proven to be significant, especially in conditions of rapid technological change and intense competition (Alrowwad et al., 2020).

Leadership is one of the main functions of management in organizations, leaders have power that can help organizations improve their competitiveness and performance. Leadership helps in aligning people, time, and resources to achieve the set goals of the organization. Leadership is the relationship between a leader and his followers (Keskes et al., 2018). There are several leadership styles, but according to (Waterbury, 2018), a leadership style that can contribute to innovation is transformational. Transformational leadership is different from other leadership styles. This leadership style can motivate employees' innovative behaviour and creativity (Askan Khalili, 2016). Transformational leadership combines charismatic and visionary leadership (Hilton et al., 2021). It is characterized by an extraordinary influence that leads members to perform credibly beyond what is normally expected. The principle underlying transformational leadership is that subordinates follow leaders who inspire and motivate them (Puni et al., 2018).

Transformational leaders have the characteristic motivation of subordinates to achieve the expected goals by increasing the potential of their subordinates (Northouse,



2016). A transformational leader does this by creating something valuable and attaining high-performance standards (Arenas et al., 2018). Transformational leadership describes a leader who can manage, influence and motivate followers to improve performance (Portela Maquieira et al., 2020).

In the context of a tourist village, transformational leadership is a source of creativity and innovation (Naderi et al., 2019). Transformational leadership is a powerful driver of tourism performance (Kim et al., 2021; Yuan et al., 2021). Transformational leadership in the hospitality sector, stated by (Portela Maquieira et al., 2020), is a leader admired by his followers and a role model for values and ethical behaviour, where transformational leaders involve employees in vision, express values and beliefs and inspire. In studies in the field of tourism, transformational leadership is a leadership style that is the main predictor and correlates better with innovation. Transformational leadership can motivate subordinates using different methods, such as stimulative rewards, but still focus on carrying out tasks (Jovičić Vuković et al., 2018).

Furthermore, knowledge management is increasingly becoming an interesting topic in all types of organizations because of the awareness of the importance of knowledge for the prosperity and survival of organizations (Migdadi, 2022). Knowledge management is one of the valuable assets for business travel organizations. (Barão et al., 2017) are no exception for tourism businesses. Through knowledge management, human resources are facilitated to perform (Rehman et al., 2021). Knowledge management owned by human resources can be integrated into a structured system to produce products or services in tourist villages that can answer and face competitive challenges. Therefore, it can be concluded that Balkonde's performance in the Borobudur Temple area is still not optimal. So, this research will examine what factors will affect organizational performance improvement at Balkondes. This research is also based on the research gap presented in **Table 1**.

Table 1. Research Gap Effects of Transformational Leadership on Organizational Performance

Issue	Researcher and Research Title	Findings	Results
The Influence of Transformational Leadership and Organizational Performance	Researcher: Chen, Jian Xun Sharma, Piyush Zhan, Wu Liu, Li Year: 2019 (Chen et al., 2019)	Transformational leadership influences organizational performance when uncertainty increases and when there is a moderate increase in innovation.	There is controversy over research findings regarding the influence of transformational leadership on organizational performance.
	Researcher: Alrowwad, Ala'aldin Abualoush, Shadi Out, Masa'deh, Ra'ed Year: 2020(Alrowwad et al., 2020)	Transformational leadership and transactional leadership are positively related to organizational performance.	
	Researcher: Yang, Mingjun Luu, Tuan Trong	Transformational leadership is positively related to	

Qian, David Year: 2021 (Yang et al., 2021) Researcher: Dahleez, Khalid Abed Abdelmuniem Abdelfattah, Fadi Year: 2021 (Dahleez and Abdelmuniem Abdelfattah, 2021) Researcher: Siangchokyoo, Nathapon Klinger, Ryan L. Campion, Emily D. Year: 2020 (Siangchokyoo et al., 2020)	organizational performance. Transformational leadership is positively related to organizational performance. Transformational leadership changes followers' attitudes and behaviour to achieve higher organizational performance.
Researcher: Son, Than Thanh Phong, Le Ba Loan, Bùi Thị Thu Year: 2020 (Son et al., 2020)	Transformational leadership motivates employees and triggers their obligation to achieve organizational performance.
Researcher: Weiping Jiang, Xianbo Zhao and Jiongbin Ni, Year: 2017 (Jiang et al., 2017)	Transformational leadership's influence, with inspirational motivation indicators, does not affect performance.

Source: From several empirical studies developed for this research (2023)

THEORETICAL REVIEW

In this sub-chapter, the theoretical foundations of the research will be discussed. The theory that the author presents is the resources-based view theory (RBV). Then, we will discuss the relationship between the variables in this study.

Resources-Based View Theory (RBV). This research refers to the resources-based view theory (RBV), which emphasizes the internal resources that exist in the organization to be able to utilize and maximize organizational values. According to this theory, when an organization implements a strategy to optimize its resource capabilities properly, it will create added value (Ting et al., 2021). RBV (Liao et al., 2019) provides a conceptual perspective on internal organizational resources as a basis for sustainable competitive advantage. In particular, the RBV proposes that valuable, rare, inimitable, and non-substitutable internal corporate resources are sources of sustainable competitive advantage (Liao et al., 2019). RBV can explain the concepts of transformational leadership, corporate innovation, and organizational performance as follows:

First, based on the RBV theory, the effectiveness of performance improvement relates to the extent to which the actual results of the organization match the results required by the organization to meet its objectives (Do et al., 2022). RBV focuses on



organizational resource capabilities as a fundamental factor in business performance (Rehman et al., 2021). Second, in the context of the RBV, organizational resources, particularly intangible resources and capabilities, play a role in sustaining performance (Liao et al., 2019). An intangible resource is knowledge management.

Third, RBV introduces innovation as a company's ability to increase knowledge resources and create new combinations of existing knowledge (Liao et al., 2019). Fourth, according to RBV theory, when a company implements a strategy to exploit resources and capabilities, it performs well and creates added value. From the discussion above, the resources-based view theory (RBV) is relevant to be applied in this study.

The Relationship Between Transformational Leadership And Organizational Innovation. Leadership is one of the main functions of management, considering that leaders have the power to be able to help organizations improve their performance. Leadership is the relationship between a leader and his followers (Keskes et al., 2018). Furthermore, (Nasir et al., 2022) define transformational leadership as a leader who can provide intellectual motivation, inspiring employees to achieve the organization's vision. When subordinates are inspired and motivated by their superiors, they can commit, adopt appropriate strategies, think creatively and innovatively, and develop and maintain a competitive advantage. Transformational leadership focuses on producing innovative changes in organizations by making followers willing to commit to achieving the long-term vision and goals of the organization (Hilton et al., 2021).

In line with the research results, (Shafi et al., 2020) confirm that transformational leadership inspires subordinates to think outside the box, which leads to innovative behaviour. The same thing was conveyed by (Stanescu et al., 2020), who said that transformational leadership is an important determinant and predictor of innovation. Mathew and Rakesh, 2016) also emphasized that transformational leadership predicts changes in the business environment and initiates innovative steps. In relation to innovative processes, transformational leadership initiates changes in business practices, procedures, and structures and motivates employees to adapt to new trends in the organization (Dahleez and Abdelmunim Abdelfattah, 2021).

H1: Transformational leadership and organizational innovation have a positive effect.

The Relationship Between Knowledge Management And Organizational Innovation. Knowledge management is a management function that can identify and use knowledge effectively and efficiently for the continuity of organizational performance (Asiedu et al., 2020). There will be a harmonious relationship between knowledge management and corporate innovation, whereby good knowledge management can increase organizational innovation by taking advantage of the availability of existing knowledge in the organizational environment. In a growing business environment, technology and information are increasingly being used; for this reason, knowledge management skills are a good source of innovation for organizational continuity.

Knowledge management significantly and positively affects organizational innovation (Ting et al., 2021). The same thing was found by (Muhammed and Zaim, 2020), who said that employee involvement in knowledge management would produce a good performance in organizational innovation. Organizational innovation can be created when an organization can manage well through its knowledge management capabilities.



H2: Knowledge management and organizational innovation have a positive effect.

The Relationship Between Transformational Leadership And Organizational Performance. Organizational performance can be defined as the cumulative of all organizational activities in one assessment period. Corporate performance can be considered superior when the quality between the orientation of the organization's strategy and its resources obtains good results by achieving and exceeding the planned targets. To be able to achieve high performance, the influence of leaders is very important.

Transformational leadership can change the attitudes and behaviour of subordinates to achieve a higher level of organizational performance (Siangchokyoo et al., 2020). Furthermore, transformational leadership can motivate subordinates and trigger a sense of obligation among subordinates to achieve better organizational performance (Son et al., 2020). Transformational Leadership Can Influence Organizational Performance By Optimizing The Performance Of Its Human Resources To Become More Reliable (Eliyana Et Al., 2019). Leaders Who Have A Transformational Style Articulate A Convincing Shared Vision, Provide Individual Development And Accelerate Employee Innovative Thinking, Which In Turn Improves Organizational Performance (Sethibe, 2018; Sethibe Steyn, 2017).

H3: Transformational leadership and organizational performance have a positive effect.

The Relationship Between Knowledge Management And Organizational Performance. Knowledge management identifies knowledge and its effective and efficient use for long-term organizational benefits (Asiedu et al., 2020). Knowledge management is critical in increasing competitiveness and sustainable performance in most service companies (Muthuveloo et al., 2017). This includes business in the field of tourism services. Therefore, the ability of an organization to manage its knowledge is very important for sustainable organizational performance. Knowledge of how to obtain information, ways of increasing knowledge, and ways of creating knowledge are the primary means to add value and ultimately improve organizational performance. According to (Ting et al., 2021), knowledge management has two important components: infrastructure knowledge management and process knowledge management. These two components can be used as important components in improving organizational performance. This is in line with research (Yang et al., 2021), which found that innovation can contribute to improving service quality and facilitating organizations to gain competitive advantage.

H4: knowledge management and organizational performance have a positive effect.

The Relationship Between Organizational Innovation And Organizational Performance. The development of science and technology provides a strong impetus for organizations to be able to innovate. In tourism organizations, stakeholders must operate in a socially responsible way, and innovative approaches are needed that allow quality improvements to meet the needs of tourists. Innovation rests on an organization's ability to acquire, absorb, and assimilate internal and external sources of knowledge to integrate information sources from external search with those generated internally to identify new problems and integrate the interests of various stakeholders (Lin et al., 2016). By



innovating, the organization has important instruments and steps to carry out its strategy to face business competition, survive, and achieve its competitive advantage by always performing superiorly. (Huang et al., 2016) investigated the relationship between organizational innovation and performance and found that innovation can affect organizational performance.

Further research (Migdadi, 2022) confirms a relationship between innovation and organizational performance. In addition, (Paudel, 2019) also said that organizational innovation can significantly mediate the relationship between leadership and business performance. Organizations must be innovative to gain a competitive advantage to perform sustainably through product and service innovation (Huang et al., 2016).

H5: Organizational innovation and organizational performance have a positive effect.

To make it easier to understand the problem being studied, the researcher created a research model as follows:

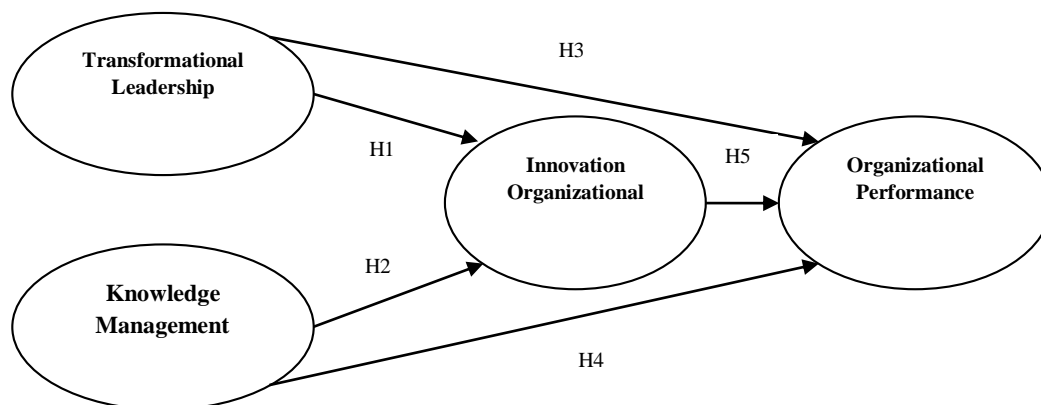


Figure 3. Research Model
 Source: data processing results, 2023

Figure 3 is a research model built by researchers for (1) Analyze and examine the influence of transformational leadership and organizational innovation. (2) Analyze and examine the influence of knowledge management and organizational innovation. (3) Analyze and examine the influence of transformational leadership and organizational performance. (4) Analyze and test knowledge management and organizational performance. (5) Analyze and test organizational innovation and organizational performance.

METHODS

The series of research used is quantitative research. Qualitative research seeks to understand the phenomena experienced by research subjects, such as behaviour, perceptions, motivations, actions and others, holistically and by means of descriptions in the form of words and language in a unique natural context by utilizing various natural methods (Moleong, 2017). This research was conducted for approximately one year, from January 2022 to January 2023. This study used primary data by developing questionnaires for respondents to test models and hypotheses. The questionnaire consists of 22 closed

questions that describe each indicator of the research variable. Questionnaires were distributed directly to respondents using a Likert scale of 5 and given a score or value: Strongly disagree; Disagree; Neutral; Agree; Strongly agree.

Table 2 contains the indicators used in this study. Transformational leadership uses references from (Alrowwad et al., 2020) for the first variable with seven indicators. The second variable, organizational innovation, uses references from (Nguyen et al., 2021) with three indicators. Knowledge management uses references from (Rehman et al., 2021) for the third variable with six indicators. The last variable of organizational performance uses references from (Alrowwad et al., 2020), as many as six indicators.

Table 2. Indicator Of The Research Variables

No	Variable	Indicator	Reference
1.	Transformational Leadership	1. Help understand the new vision,	(Alrowwad et al., 2020)
		2. Ability to deal with change,	
		3. Eager to face change,	
		4. Encouraging employees to be more creative in dealing with change,	
		5. Help employees develop,	
		6. Looking for breakthroughs,	
		7. Ensuring employees get recognition and rewards	
2.	Organizational Innovation	8. Be able to come up with original solutions to problems,	(Nguyen et al., 2021)
		9. Able to mobilize support for innovative ideas,	
		10. Able to turn innovative ideas into valuable applications	
3.	Knowledge Management	11. My organization has a process for acquiring knowledge about new products/services.	(Rehman et al., 2021)
		12. My organization has a process for exchanging knowledge with partners,	
		13. My organization has a process for acquiring competitor knowledge,	
		14. My organization has a method for generating new knowledge from existing knowledge,	
		15. My organization uses feedback to improve performance,	
		16. My organization has a team dedicated to identifying best practices	

- | | |
|-------------------------------|--|
| 4. Organizational Performance | 17. My organization has superior and innovative human resources,
18. I work responsibly and uphold ethical values at work,
19. My organization always improves the quality of both products and services,
20. My organization is always profit-maximizing while remaining competitive, (Alrowwad et al., 2020)
21. My organization frequently receives suggestion boxes for customer complaints,
22. My organization frequently receives customer satisfaction suggestion boxes |
|-------------------------------|--|

The population in this study were employees of 20 Balkondes in the Borobudur Temple area. This study used an accidental sampling technique, which, according to (Ghozali, 2017), is the determination of respondents by chance who were met during data collection at 20 Balkondes in the Borobudur Temple area. Respondents used in this study were 115 respondents consisting of supervisors, administration, marketing, advertising, park managers, cleaning managers, kitchen managers, and the ticket sales department. The number of samples in the maximum likelihood (ML) estimation model is 100 to 200 (Ghozali, 2017). in this study, they were using 115 samples. (Memon et al., 2020) state that a sample of 100 is small but still usable and acceptable.

Methods of data collection using a questionnaire. The questionnaire contains a list of all questions that will be addressed to Balkondes managers in the Borobudur Temple area as respondents in this study. The questionnaire is used to find data about the dimensions of the contract being developed, using a scale of 1 to 5 (Likert). Then, the data analysis technique uses the Amos-based Structural Equation Model (SEM), which allows simultaneous relationship testing. We use confirmatory factor analysis (CFA) to model the variable measures and path coefficients to estimate the effect of the independent variable on the dependent variable.

RESULTS

Based on the results of a questionnaire of 115 Balkondes managers, supporting data was obtained, including regarding level of Education, average Education of Middle or High School/Vocational High School Balkondes managers, working hours at Balkondes are carried out on a shift system, which is divided into three shifts (morning shift, afternoon shift and night shift), not all Balkondes provide homestays.

Table 3. Variance Extract

Variable	Variance Extract
Transformational Leadership	0.424
Knowledge Management	0.409
Organizational Innovation	0.488
Organizational Performance	0.781

Source: data processing results, 2023



Table 3 in confirmatory factor analysis, the average percentage of Variance Extract (AVE) values between items or indicators from a set of latent constructs is a summary of convergent indicators. AVE value equal to or above 0.400 indicates good convergence. The validity test results show that all the question items used in this research questionnaire are valid.

Table 4. Reliability

Variable	Reliability
Transformational leadership	0.871
Knowledge Management	0.816
Organizational Innovation	0.831
Organizational Performance	0.944

Source: data processing results, 2023

Table 4 shows the results of calculating the construct reliability of the variables used in this study. Variables that have high reliability are transformational leadership, knowledge management, organizational innovation and organizational performance, with each having a value of 0.871, 0.816, 0.831, 0.944, above 0.600. The research variables have met the reliability requirements, namely the CR value of more than 0.600, so the variables can be said to be reliable.

Table 5. Goodness of Fit

The Goodness of Fit Index	Cut-off Value	Results	Model Evaluation
Chi-square	less than 37.240	222.641	Good
Probability	more than equal to 0.050	0.164	Good
RMSEA	more than equal to 0.080	0.029	Good
GFI	more than equal to 0.900	0.856	Marginal
AGFI	more than equal to 0.900	0.821	Marginal
TLI	more than equal to 0.950	0.984	Good
CFI	more than equal to 0.950	0.986	Good

Source: data processing results, 2023

Table 5, the goodness of fit analysis results show that the model meets the criteria for a fit model, which is indicated by a chi-square value of 222,641 with a probability of 0.164. The probability value is significant if the value is less than 0.050 (Verawati, Achsa, 2021). Other fit criteria, such as RMSEA 0.029, are far below the required criteria, less than 0.08. TLI 0.984, which is above 0.950, and CFI 0.986, which is also above 0.950. Meanwhile, GFI 0.856 and AGFI 0.821 are just a short distance from 0.900, providing an acceptable marginal value. Thus, it can be concluded that the structural equation model is fit.



Table 6. Regression Weight Structural Equational Model

Path	Estimate	SE	CR	P value	
TL→OI	0.289		0.086	3.446	0.000
KM→OI	0.465		0.110	4.226	0.000
TL→OP	0.206		0.096	2.144	0.032
KM→OP	0.280		0.131	2.133	0.033
OI→OP	0.532		0.161	3.300	0.000

Source: data processing results, 2023

Table 6 The hypothesis test shows that **Hypothesis 1**, the relationship between transformational leadership and organizational innovation, has a regression weight coefficient of 0.289 and CR 3.446 with a p-value less than 0.050. This can be interpreted that the more the transformational leadership style is used in the organization, the more organizational innovation increases by 0.289 or 28.900 per cent. The CR value of 3.446 indicates that the value is greater than the required value, 1.960, and the p-value is less than 0.050. Thus, the relationship between transformational leadership and organizational innovation is significantly positive.

Hypothesis 2 shows that the relationship between knowledge management and organizational innovation has a regression weight coefficient of 0.465 and CR 4.226 with a p-value less than 0.050. This can be interpreted that the more organizations can manage knowledge management, the more organizational innovation will increase by 0.465 or 46.500 per cent. The CR value of 4.226 indicates that the value is greater than the required value, namely 1.960, and the p-value is less than 0.050. Thus, the relationship between knowledge management and organizational innovation is significantly positive.

Hypothesis 3 shows that the relationship between transformational leadership and organizational performance has a regression weight coefficient of 0.206 and CR 2.144 with a p-value of 0.032. This can be interpreted that the more the transformational leadership style is used in the organization, the more performance increases by 0.206 or 20.600 per cent. The CR value of 2.144 indicates that the value is greater than the required value, namely 1.960, and the p-value of 0.032 is less than 0.050. Thus, the relationship between transformational leadership and organizational performance is significantly positive.

Hypothesis 4 shows that the relationship between knowledge management and organizational performance has a regression weight coefficient of 0.280 and CR 2.133 with a p-value of 0.033. This can be interpreted as the more organizations can manage knowledge management, the more organizational performance increases by 0.280 or 28.000 per cent. The CR value of 2.133 indicates that the value is greater than the required value, namely 1.960, and the p-value of 0.033 is less than 0.050. Thus, the relationship between knowledge management and organizational performance is significantly positive.

Hypothesis 5 shows that the relationship between organizational innovation and organizational performance has a regression weight coefficient of 0.532 and CR 3.300 with a p-value less than 0.050. This can be interpreted that the more organizations can manage innovation, the more organizational performance increases by 0.532 or 53.200 per cent. The CR value of 3,300 indicates that the value is greater than the required value, 1.960, and the p-value is less than 0.050. Thus, the relationship between organizational innovation and organizational performance is significantly positive.



Table 7. Direct and Indirect Effects

Path	Direct	Indirect
TL→OI	0.356	0
KM→OI	0.476	0
TL→OP	0.203	0.150
KM→OP	0.228	0.201
OI→OP	0.423	0.201

Source: data processing results, 2023

Table 7 explains tests of direct and indirect influence from the study's results, indicating that transformational leadership influences organizational innovation and organizational performance in tourist villages in the Balkondes of the Borobudur Temple Area. The direct effect of transformational leadership on organizational performance is 0.203, while the indirect effect of transformational leadership on organizational performance mediated by organizational innovation is $0.356 \times 0.423 = 0.150$. Based on this, the total impact is $0.203 + 0.150 = 0.353$.

Then, knowledge management influences organizational innovation and performance in the Balkondes village in the Borobudur Temple area. The direct effect of knowledge management on organizational performance is 0.228, while the indirect impact of knowledge management on organizational performance mediated by organizational innovation is $0.476 \times 0.423 = 0.201$.



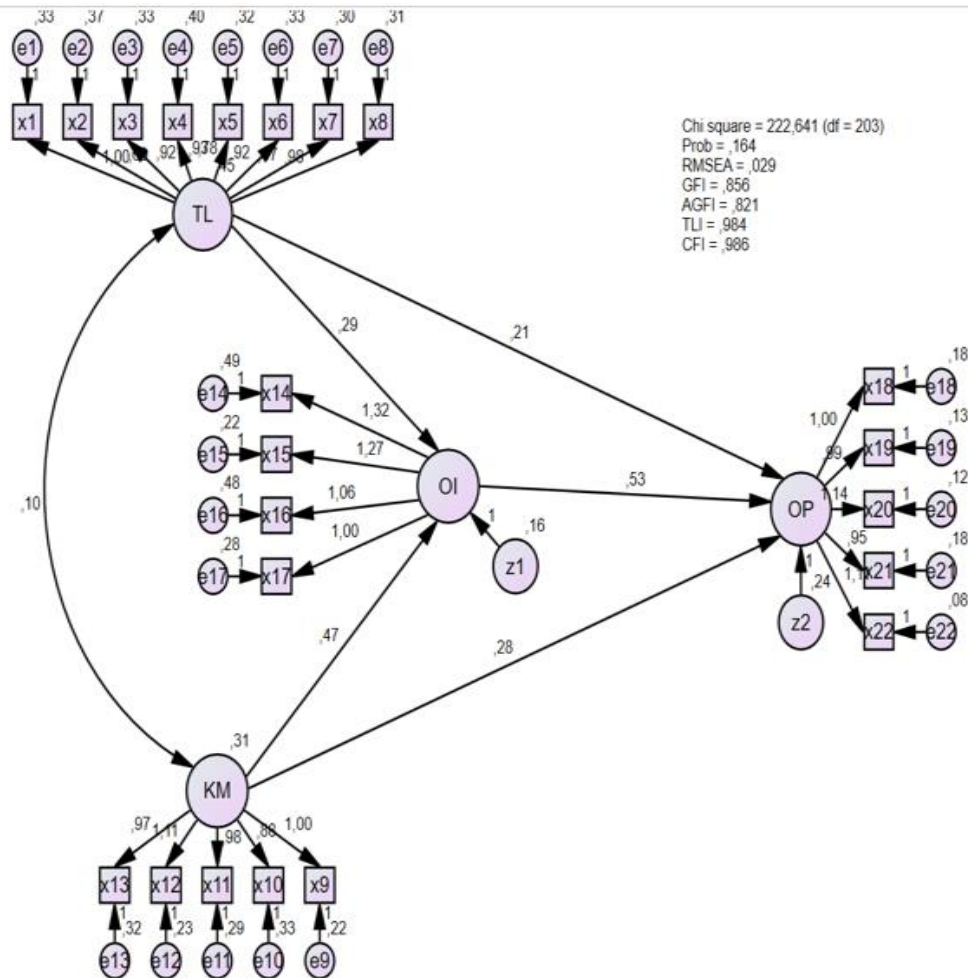


Figure 4. SEM Output

Source: data processing results, 2023

Figure 4 is the result of the SEM output of this research data. The results show that the model test is acceptable, with a significance level of 0.164, indicating a good structural equation model. The measurement index of TLI 0.984, CFI 0.856, and RMSEA 0.029 are within the range of expected values, although GFI 0.856 and AGFI 0.821 are marginally accepted. Thus, the feasibility test of the SEM model has met the acceptance requirements.

DISCUSSION

First, the relationship between transformational leadership variables and innovation performance is significantly positive. This is based on the results of regression weights in hypothesis testing showing that the relationship of transformational leadership to innovation performance has a regression weight coefficient of 0.289 and CR 3.446 with a p-value less than 0.050. Transformational leadership at Balkondes can provide good motivation and direction to its employees so that breakthroughs can be created through innovation and increased organizational performance. Transformational leadership at Balkondes addresses the need for innovation at Balkondes by realizing innovation efforts at Balkondes by generating original solutions to problems, mobilizing support for innovative ideas and turning innovative ideas into useful applications. Innovation efforts



at Balkondes continue to be made to be able to provide tourist attractions to be able to bring in the targeted number of tourists. According to one respondent, the strongest reason for Balkondes to innovate is to compete and survive amidst the proliferation of tourist objects with their various uniqueness.

Indicators of transformational leadership, such as encouraging employees to be more creative in dealing with change and helping employees develop, play a major role in measuring transformational leadership in relation to innovation performance. In line with the results of (Waterbury, 2018), it states that a leadership style that makes a major contribution to innovation is transformational. When leaders can direct, motivate and inspire their followers, followers can follow and adopt the leader's directions to develop and maintain competitive advantage by performing innovatively.

Second, the relationship between knowledge management variables and organizational innovation is significantly positive. This is based on the results of regression weights in hypothesis testing, showing that the relationship of knowledge management to innovation performance has a regression weight coefficient of 0.465 and CR 4.226 with a p-value less than 0.050. Knowledge management at the existing Balkondes is already running and well managed. The adoption of knowledge management produces several interesting products on each balcony, such as Duta Menoreh Balkondes, which produces honey and milk which provide added value, then Ndeso Bigaran Chocolate Balkondes has chocolate with a taste that tourists will like as souvenirs. This is characteristic, Balkondes Bumiharjo is synonymous with Kampung Dolanan by providing various village toys that provide a unique attraction for tourists, Balkondes Karangrejo as Kampung Palawija, Balkondes Majaksingi with original coffee from Menoreh hill which when drunk gives a feeling of comfort and calm for tourists coupled with see the beauty of the Menoreh hills, Karanganyar balcony with pottery crafts and much more), as well as tour packages (such as outbound, horseback riding tours, VW car tours, archery and so on). Today's independent tourism with beautiful views makes innovation at Balkondes difficult to imitate by other tourist attractions. Thus providing a unique attraction for tourists.

Knowledge management indicators such as the organization having a process for acquiring knowledge about new products/services are measurements that play a major role in measuring knowledge management in relation to innovation performance. In line with the results of research by (Muthueloo et al., 2017), knowledge management is considered a critical factor for competitiveness and sustainability in most service companies. Therefore, an organization's ability to manage its resources and knowledge capabilities is very important to improve innovative and sustainable performance. Knowledge about obtaining information, increasing knowledge, and creating knowledge is the primary means of adding value to innovative performance, which is important for service companies to achieve competitive advantage (Robertson et al., 2021).

Third, the relationship between transformational leadership variables and organizational performance is significantly positive. This is based on the results of regression weights in hypothesis testing showing that the relationship of transformational leadership to organizational performance has a regression weight coefficient of 0.206 and CR 2.144 with a p-value of 0.032. Transformational leadership at Balkondes provides solutions to increase the number of tourists by increasing tourist attractiveness, such as producing current tourism trends, presenting selfie spots, providing a variety of culinary delights served with menus that are characteristic of Balkondes, displaying unique building shapes with a traditional, different impression. Appearance. Beautiful scenery or



atmosphere, such as countryside, rice fields, mountain ranges, lakes, and sunsets, highlight their unique potential and expertise. Building cooperation with several parties, both travel agents, communities and institutions, is also a form of service innovation that Balkondes managers can develop to survive in the tourism business.

In this research in a tourist village, transformational leadership can create an organization by encouraging followers to work harder and show independent behaviour. Balkondes managers realize the potential of followers as transformational leaders who can direct the innovative behaviour of members, leading to increased organizational performance. It is undeniable that the transformational leadership style has been widely studied on organizational performance with various findings. In this study, transformational leadership is the most consistent and effective positive predictor of organizational performance. Transformational leaders develop good attitudes and actions and become the driving force to generate and design organizational innovation. In addition, learning through training and development through increasing competency is carried out to create creative ideas to encourage innovation to improve organizational performance. Balkondes will be able to grow if supported by transformational leaders.

Organizational performance indicators such as consistently improving the quality of products and services are measurements that play a major role in measuring organizational performance. In line with the research results by (Alrowwad et al., 2020), transformational leadership has a positive relationship with organizational performance. The same thing was conveyed by (Eliyana et al., 2019), that organizational performance will be optimal if leaders can manage their human resources to become reliable resources. Thus, transformational leadership can drive organizational performance and success.

Fourth, the relationship between knowledge management variables and organizational performance is significantly positive. This is based on the results of regression weights in hypothesis testing showing that the relationship of knowledge management to organizational performance has a regression weights coefficient of 0.280 and CR 2.133 with a p-value of 0.033. Knowledge management at Balkondes has been implemented systematically. Each Balkondes carries out its role to produce uniqueness and characteristics that make it attractive for tourists. So, improving organizational performance through increasing the number of tourists continues to be sought. In line with research by (Asiedu et al., 2020), effective and efficient knowledge management can provide long-term organizational benefits. Thus, knowledge management can encourage organizational performance to develop further.

Fifth, the relationship between innovation performance variables and organizational performance is significantly positive. This is based on the results of regression weights in hypothesis testing showing that the relationship between innovation performance and organizational performance has a regression weights coefficient of 0.532 and CR 3.300 with a p-value less than 0.050. Innovation at Balkondes continues to be pursued from the products produced and the services provided to tourists. Innovations made at Balkondes are, for example, following the current trend of contemporary tourism, where Balkondes is not only a tourist spot but Balkondes can carry the theme of travelling while working, travelling while exercising and travelling while enjoying culinary delights. Other efforts continue to be made while remaining sensitive to environmental changes, which can bring changes to Balkondes. Balkondes managers bring up relevant new ideas to be implemented in Balkondes to support their tourist attraction. This is very relevant in tourist villages, considering many competitors from similar tourism. In realizing organizational



performance, support from human resources is also needed. Good and quality human resources will be able to make Balkondes a place that continues to innovate and improve for the convenience and satisfaction of tourists. Tourism performance in the Balkondes can increase if tourist visits increase. The number of tourists will increase if followed by an increase in tourist attractiveness at Balkondes through meeting the needs of tourists that Balkondes managers can present through innovations made to meet tourist needs with the support of transformational leaders and structured knowledge management.

In line with the research (Obeidat, 2016) investigated the relationship between innovation and performance and emphasized that innovation can affect organizational performance. The findings (Gürlek and Çemberci, 2020) also support the relationship between organizational performance and the effects of innovation. Thus, the performance of innovation can encourage increased organizational performance.

CONCLUSION

This study aims to create a conceptual model describing how transformational leadership and knowledge management impact organizational performance through innovation. The analysis was carried out using structural equation modelling. Based on the results of this study, all hypotheses are accepted. The results of research on the influence of transformational leadership and knowledge management on organizational performance through innovation performance conducted at Balkondes in the Borobudur area provide the following conclusions: transformational leadership has a positive effect on innovation performance, knowledge management has a positive impact on innovation performance, transformational leadership has a positive effect on organizational performance, knowledge management has a positive impact on organizational performance and organizational performance has a positive effect on organizational performance.

This research advises Balkondes in the Borobudur Temple Area to maintain their performance and always pay attention to transformational leadership, knowledge management for the organization and all internal stakeholders, and organizational innovation factors to survive and improve its performance. This research is limited first; the empirical study is cross-sectional. Therefore, further research could be conducted longitudinally to provide more information about possible causes and facilitate a better understanding of the relationships examined in this study. Second, the sample studied was limited to Balkondes in the Borobudur area as a tourist destination. Further research can develop other tourist destinations for research benefits. This research can be used as a reference source for further research by adding other research variables to the model. Future research can also develop other data analysis methods and combine them with qualitative research methods.

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