Antecedents and Consequences of Organizational Innovation: Perspectives of 2-Star and 3-Star Hotel Employees in Badung Regency, Bali

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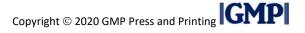
ABSTRACT

The purpose of this research is to examine the positive influence of knowledge management, transformational leadership, organizational learning on organizational performance, which is mediated by organizational innovation. The survey was conducted on 2-star and 3-star hotel employees in Badung Regency, Bali, with minimum supervisor position. The number of respondents was 400 people who are employed by 161 hotels. The distributed questionnaire consisted of 55 question indicators with answer choices of 5 Likert Scale. The model proposed in this study was tested using structural equation modeling (SEM), and data processing were done using AMOS software. The first finding of this research is knowledge management, transformational leadership, organizational learning have a positive influence on organizational innovation and organizational performance. Transformational leadership is a variable that most influence organizational innovation and organizational learning is the variable that most influence organizational performance. So that to improve innovation and performance, management can pay attention to matters related to transformational leadership and organizational learning. Other findings are the positive influence of knowledge management, transformational leadership, organizational learning on organizational performance, and entirely mediated by organizational innovation. Management must create a climate and culture that supports the growth of various changes to improve hotel performance. The model proposed in the research shows knowledge management, transformational leadership, organizational learning have a positive influence on organizational innovation. Subsequent analysis can use variables of dynamic capabilities as antecedents to see their impacts on organizational innovation.

Keywords: Knowledge Management, Transformational Leadership, Organizational Learning, Organizational Innovation, Organizational Performance

1. INTRODUCTION

The current development of globalization and technology has resulted in increasingly tight business competition, pressing companies to always change, grow and adapt to the fluctuate business condition (Turulja and Bajgorić, 2018). The intensity of competition occurs in various



business sectors. For Indonesia, especially Bali, tourism is one of the mainstay industries that has contributed to foreign exchange for the country. The tourism industry helps drive the economy as well as provides employment. One of the industries that is strongly associated with tourism is the hotel industry because accommodation is the main means of tourism. The growth of the tourism industry in Bali can be seen from the growth in the number of tourists and the addition of new hotels in Bali (source BPS Bali, 2019). This study will measure the impact of Knowledge Management, Transformational Leadership and Organizational Learning, on Organizational Innovation and Organizational Performance.

2. LITERATURE REVIEW

Knowledge Management, organizational innovation and organizational performance

Knowledge is often defined as "justified personal belief" (King, 2009). According to Ragab and Arisha (2013), knowledge is the currency of the current economic situation; is an important asset of an organization and the key towards sustainable competitive advantage. Knowledge is a strategic advantage that helps companies maintain corporate excellence when turbulence occurs (Abdi and Senin, 2015). Knowledge management according to Massingham (2014) has definitions from several sides, which are resources, flows and enablers. First, knowledge management manages what the company knows, namely the source of knowledge, that includes decision making and carry out according to corporate governance in terms of planning, risk management and budget. Second, knowledge management manages the flow and activator or the person who helps things happen, namely moving knowledge around the organization and the system that supports this movement. This is related to the creation of value from knowledge and performance improvement, whether in problem solving, productivity and integration.

There are three things that need to be considered so that innovation can occur (Darroch, 2005). First, both knowledge of internal and external factors which play important roles to the company need be owned by the organizational actors - the more knowledge, especially with the larger diversity of knowledge, will be definitely better to the company. Second, knowledge has to move along freely within the company - the more effective the knowledge is spread, the bigger chances innovation occurs because more people at all levels organization will receive new knowledge which interconnects with the knowledge they already have. Third, innovation by definition is responsive. Meaning, a company with better responsiveness and agility will be more potential to be innovative.

Research by Nawab et al. (2015) show that the ability of knowledge accumulation is a source of increasing company innovation. This is in accordance with the research of Gunsel et al. (2011) which states that the availability of new and important knowledge for organizations will be the basis for organizational innovation in investigating the relationship between the ability of accumulate knowledge and innovation. The circle of KM (create, acquire, refine,

store, transfer, share and use of knowledge) has an essential role in improving innovation performance.

Organizations can improve their competitiveness through effective management, with this implementation will lead to innovative characters such as creative, produce innovative ideas and behavior (Nikabadi et al., 2016). Companies that have knowledge management will utilize resources in a more efficient way in order to be more innovative and produce better organizational performance (Karthikeyan and Muralidharan, 2010). As mentioned by Wickramasinghe and Abeysekera (2011), due to tight competition, innovation is required for value addition of a company. Build upon above explanation, the hypothesis is formulated as follows:

Hypothesis 1: Knowledge management has a positive effect on organizational innovation

With the increasingly familiar concept of knowledge management in the world, the more relevant research is being carried out both in the business and academic spheres. Research that links knowledge management with company performance also often increases lately. Financial performance is one of the indicators that is often used. The implementation of knowledge management is carried out so that it makes it easier for companies to spread upheld values to the entire organization of its own knowledge assets (Andreeva and Kianto, 2012).

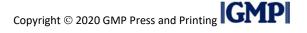
Knowledge management is frequently delivered as a combination of both technical and humanitarian factors. A study conducted by Andreeva and Kianto (2012) on knowledge management practices supported by human resource management (HRM) and information communication technology (ICT) shows that knowledge management has a strong influence on the company's bottom line, which has a strong influence on corporate performance knowledge management activities such as advancing and accelerating the knowledge process.

Novak (2017) based on his research also revealed that most of the research conducted shows the correlation of knowledge management and the company's performance either financially or non-financially; whether directly or indirectly. Knowledge management has an important role to increase productivity, financial performance, staff performance, innovation, work relations, and customer satisfaction so as to boost up the company performance (Gholami et al, 2013).

Nawab et al. (2015) in his research in banking stated that the performance of companies in the banking sector is a result of knowledge management capabilities that enable better performance compared to traditional management activities. Knowledge management is an antecedent of performance and is one of the main resources in the organization (Liao and Wu, 2009). Build upon above explanation, the hypothesis is formulated as follows:

Hypothesis 2: Knowledge management has a positive effect on organizational performance

In the relationship of knowledge management to company performance, many researchers have known the influence of these two variables. However along with the advancement of science management and the more varied variables available, some researchers



tried to put the innovation variable as a mediating variable on the relationship of knowledge management with company performance. As shown by the research of Slavković and Babić (2013) that the knowledge management process has a positive impact on company performance, but this influence is limited because only a few indicators of innovation support that influence.

It is different from the research Byukusenge and Munene (2017), which shows that innovation plays a full role in mediating knowledge management on the organizational performance in SMEs in Rwanda. In this study, innovation acts entirely as a channel in the relationship of knowledge management and company performance. Knowledge which has been obtained, shared and applied must be used to improve product quality, production processes and markets in an effort to improve company performance. So overall, knowledge management does not impact directly on company accomplishment without innovation.

The study has similar results to those of Alrubaiee et al (2015) which show that there is a mediating effect of corporate innovation on the relationship of knowledge management processes and company performance. Variation of knowledge management influences variations in organizational innovation, after that influences overall organizational performance. Research by Al-hakim and Hassan (2013) describes knowledge management (codification and personalization) has a direct relationship with organizational performance (financial perspective, customer perspective, process perspective internal, learning and growth perspective) and indirect relationships mediated by innovation (radical, incremental, technological and administrative innovation)

If the company wants to be able to solve all problems and be innovative, therefore knowledge management must be run efficiently (Nikabadi et al, 2016). The implementation of knowledge management must focus on organizational innovation, organizational performance can only experience a large increase after increasing innovation (Yazhou and Jian, 2013). Build upon above explanation, the hypothesis is formulated as follows:

Hypothesis 3: Organizational innovation mediates the positive influence of knowledge management on organizational performance

Transformational leadership of organizational innovation and organizational performance

Leadership is a process of influencing subordinates through direction and also supporting to achieve the desired goals, on the other hand also the quality of subordinates who are related in getting success through subordinates (Ahmad et al., 2014). The development of leadership theory has undergone a change from the theory of charismatic leadership, which assumes leaders are extraordinary people and followers depend on leaders, to the theory of neocharismatic leaders and transformational leadership (Nouri et al., 2016). Transformational leadership increases motivation, morale and performance of its followers through various means such as making followers have a sense of identity towards projects and organizations, becoming a good example as someone who is inspiring and interesting for followers, giving challenges to followers to take bigger responsibility in their work and understand both strong

points and flaws of followers therefore leaders can harmonize their followers with work and improve company performance (Odumeru and Ifeanyi, 2013).

Transformational leader is someone who is able to build a strong team by empowering their followers and inspiring them to reach their personal targets and also helping the entire company to achieve success (Flanigan et al., 2017) so that transformational leadership is one of the keys in driving company performance. Transformational leaders communicate a vision that brings enthusiasm to employees, provides support through their character (charisma), provides support to each employee through guidance and teaching, and encourages different thinking and innovation within the company (Savovic, 2017). Leadership leads to changes in procedures faced by companies in facing a dynamic business competition environment and without doubt transformational leadership becomes an essential factor to support the success of the organization (Mutahar et al., 2015). Changes (threats) experienced by a company certainly are not from the outside (external), but also from within (internal) themselves. Companies without creativity and innovation will not be able to survive and will disappear over time. Therefore, companies need to look for ways in strengthening continuous creativity and innovation (both individuals and organizations) and putting aside existing constraints (Rafferty and Griffin, 2004).

Nouri et al (2016) describe companies need leaders with considerations, able to determine the future direction of the company with the right directions, directing employees to the right ways and motivating employees to create changes in the company. Transformational leaders, through the creation of new ideas (innovation) and prospects, will develop and advance the company in a better direction. So that transformational leadership needs to create innovation within the company. The study of Radzi et al (2013) shows that there is positive relationship between transformational leadership and innovation, both in direct and indirect ways by implementing construction process which focused on reducing internal costs in the food industry. The same is found by Khan et al (2009) that transformational leadership and innovation have positive relationship in telecommunications companies in Pakistan. Ariyani and Hidayati (2018) also concluded that transformational leadership will stimulate innovative behavior of employees, providing space for the team members to make changes and new things. This will certainly foster employee confidence to increase work engagement and innovative behavior. Build upon above explanation, the hypothesis is formulated as follows:

Hypothesis 4: Transformational leadership has a positive effect on Organizational innovation

Although the literature shows several leadership styles, transformational leadership is one of the leadership styles which is used most often and known for having an important role in the company (Arif & Akram, 2018). İşcan et al (2014) in his research found that transformational leadership influences organizational performance significantly while transactional leadership does not have quite significant influence. Many researches presented results which show that transformational leadership has a positive effect on employee and company performance. Mutahar et al (2015) shows that there is a strong connection of transformational leadership and

organizational performance. The research presented that telecommunications companies need transformational leadership to improve organizational performance and the effect is increasingly enhanced with the combined effects of organizational learning.

What is interesting is that the research conducted by Orabi (2016) in Jordan shows that although the role of transformational leaders is supported by literature that shows a positive influence in improving organizational performance, it turns out that one of the main components of the transformational leadership dimension does not affect significantly on company performance. The dimension in question is idealized influence. Furthermore, Tharnpas & Boon-itt (2015) state that this problem is an important concern considering that idealized influence is one of the four dimensions of transformational leadership. According to the various statements above, it shows that almost all the literature states that there is positive impact of transformational leadership on organizational performance, then the hypothesis is formulated as follows:

Hypothesis 5: Transformational leadership has a positive effect on organizational performance

In the previous explanation, several literatures have been published which show the influence of leadership on the company. The study conducted by Tahsildari et al. (2014) shows that transformational leadership will excel at companies by becoming more effective, stronger with the role of mediating innovation behavior. A rather different thing is stated by Cheng (2014), namely innovation intermediates the association of transformational leadership with company performance but transformational leadership is influenced by situation and subordinate variables. Ebrahimi et al. (2016) state that skills and knowledge can be enhanced and fostered by exploitative innovation, which in most cases directs to efficiency and concentration. As shown by the result of this research, it is believed that by implementing transformational leadership especially for enterprises focusing in manufacturing, it can increase the innovation ability of the people in the company. In addition, it will have an impact on the company's performance, it is recommended that the top management could improve company's plans and strategies by putting more insights to the innovation of human resources. Ultimately it is expected that all the efforts which have been allocated can lead company to better performance given the competition in the current world.

Overstreet et al (2013) argued that transformational leadership has an impact on organizational trends to differ from general organizational practices by creating or adopting new products, processes or systems. In his research found indications of organizational innovation mediate in part the transformational relationships of leadership and organizational performance. Orabi (2016) revealed that even though transformational leadership has significant impacts on company performance, transformational leaders must consider the role of innovation for employees, in order to demonstrate development to improve company performance. Build upon above explanation, the hypothesis is formulated as follows:

Hypothesis 6: Organizational innovation mediates the positive influence of transformational leadership on organizational performance

Organizational Learning, organizational innovation and organizational performance

Organizational learning has several different definitions among researchers who have discussed the topic. By Serrat (2009), organizational learning is defined as an organization's capability to get intuition and understanding from past experiences through experimentation, observation, analysis and willingness to try something notwithstanding it will be benefiting or not. In the opinion of Raj and Srivastave (2013) organizational learning is known as the process of gaining new information or knowledge skills that are important for achieving organizational goals and at the same time achieving sustainable competitive advantage. Based on various explanations from the experts above, organizational learning can be summed up as a learning process in organizations where each member continuously increases and expands their ability to achieve the desired goals of an organization, where new and different mindsets are allowed freely so that all members of the organization can continue to learn together. Organizational learning focuses on two things: knowledge from various levels of learning and knowledge stored in the company. Indeed, another important element is that the knowledge stored in the company should be used practically.

Organizational learning is a series of steps of how companies gain new information or knowledge and intuition from everyday experiences within the company (Jimenez-Jimenez and Sanz-Valle, 2011). Organizations must focus on communication, access and information sharing and participation of all members of all levels to create an atmosphere of learning and achievement to foster innovation and motivation (Awasthy and Gupta, 2012). Meanwhile, innovation activities in organizations have positive associations with environment which supports learning so that organizational learning is one important aspect of many that maintain organization's capabilities in innovation (Kuo, 2011). Whereas according to Maktabi and Khazaei (2014) Organizations conduct learning to understand in depth their environment, including customers, competitors, and technological developments including the application of new innovations. This means that the environment that supports learning will be an important value for the company to defeat its competitors with various innovation processes. Even Hui et al (2013) concluded that practitioners should develop operational procedures for organizational learning well. Related to this, it will help in promoting innovation because modifying actions is easier than modifying existing values. So that with organizational learning, innovation will happen by itself. Build upon above explanation, the hypothesis can be formulated as follows:

Hypothesis 7: Organizational learning has a positive effect on organizational innovation

The most important thing for all companies is to reach all possible income and performance (Alipour et al, 2011). To reach this objective, organizational learning is an essential factor to have to drive the performance of the company. Organizational learning is one of the fundamental origins of comparative strength in strategic management concepts that has become

research topics in various fields; from one industry to another. Economists tend to see learning as simple as a quantitative improvement in activity as well as an abstract form with positive results (Lopez et al., 2005).

The purpose of learning is not only to improve the knowledge and expertise of its employees but also to develop the growth of the organization and build a flexible dynamic learning organization (Saadat and Saadat, 2016). To promote learning, a good environment of an organization is required to be established and some influential people in the company could share their experiences to create the learning behaviour (Ramos, 2018). According to Lopez et al. (2005), organizational learning can be interpreted as a series of actions that consist of creation, acquisition and knowledge consolidation intended to advance resources and abilities which help to achieve better organizational performance. Organizational learning creates a relationship between the organization and its environment that encourages pro-active behavior rather than reactive, where the application of this concept can create creative employees, who are able to explore new knowledge, share it with other organizational members, so that their professional competencies can also increase and produce better organizational performance (Maktabi and Khazaei, 2014). Akhtar et al. (2011) in his research confirms that organizational learning has a significant impact in enhancing. Build upon above explanation, the hypothesis is formulated as follows:

Hypothesis 8: Organizational learning has a positive effect on organizational performance

Strategies to increase employee productivity by moving its value and performance to be significant at this time (Marimuthu, 2009). This strategy can be an innovation. Hussein et al (2018) also prove that the ability of learning organizations has a strong influence on innovation and company performance. Furthermore, in the domain of learning organization capabilities within the company through strategic behavior, processes and interactions are determined by the environment that is suitable for innovation in the company. Garcia-Morales et al. (2012) did a study that includes 168 Spanish companies to interrogate and identify the effect of transformational leadership on company performance by using different concepts on organizational learning and innovation. The result of this research shows that there is positive connection between organizational learning and innovation to company performance. In addition, the study also reveals that organizational learning impacts positively on company performance through corporate innovation.

Organizational learning influences organizational performance and this relationship is mediated by technological innovation, so managers must focus on developing joint synergies between the two variables to get the maximum performance of the company (Hailekiros and Renyong, 2012). Gomes and Wojahn (2017) confirms that innovation is a source of competitive advantage. It is evident that learning ability is a key antecedent of innovation and improving company performance. Build upon above explanation, the hypothesis is formulated as follows:

Hypothesis 9: Organizational innovation mediates the positive influence of organizational learning on organizational performance

Organizational Innovation and Organizational Performance

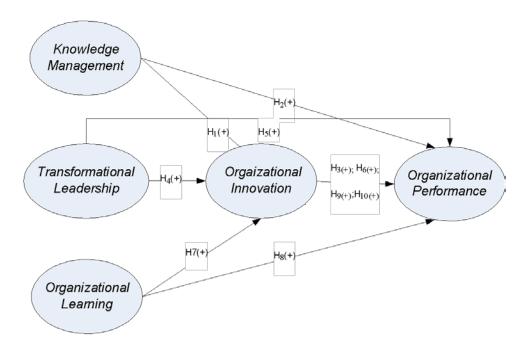
According to Hassan et al. (2013), innovation is defined as a transformation within the organization, the transformation, both includes the feedback to changes that occur inside or outside the surroundings, as well as whether as a precautionary step taken to bring impact on the environment (Hoq and Ha, 2009). The definition of innovation according to Fu (2017) is a new idea that can be used to start or strengthen certain products, processes or services. The essence of innovation is the emergence of new creative ideas that result in improved organizational performance. Based on some of the meanings conveyed by the researchers above, it can be concluded that innovation is closely related to changes and or new things; which changes in new things can include various activities such as producing goods, generating services, creating new brands, installing new management systems, creating new economic as well as public values (Giniuniene and Jurksiene, 2015). Changes arise with the openness of the organization. However the success of implementing innovation in organizations depends on the openness of members of the organization to be able to accept these changes or actually oppose changes. As stated by Hoq and Ha (2009), that innovation is something difficult, especially for companies with limited experience and resources. Therefore, the success or failure of the implementation of innovation in an organization is closely related to the knowledge possessed by members of the organization; and knowledge management depends on learning organizations (Chang et al, 2006).

Along with the development of a dynamic business today, organization needs a sustainable competitive advantage so that continuity can be maintained and able to compete with its competitors. Innovation is one of the supporting factors of company performance. Innovation is a fundamental key factor in the company (Mahmoud et al, 2016) and this will make the company able to survive in the competitive market (Khaejeheian, 2016). Christensen et al (2015) stated that innovation (product) will have an impact on organizational performance. To produce innovation, companies (especially incumbents) must create products that are not only for the premium segment. In other cases, errors in responding to newcomers cause the company to only focus on short-term targets without paying attention to long-term goals. Disruption also occurs within a certain period of time, so leaders of the company must always anticipate the emergence of unknown disturbances.

Based on the research conducted by Hui et al. (2015), it is explained if the level of innovation and service quality increases, the organization can retain current customers with their loyalty, and attract new customers, as a positive impact of increasing market share and the performance of the company. The same thing with the results of research conducted by Singh et al. (2016). The results of his study show that if investment is sustainable in innovation, then it will overcome high expenditure, the length of return on technological investment, and the weak involvement in innovation. This is what will result in better company performance. Build upon above explanation, the hypothesis is formulated as follows:

Hypothesis 10: Organizational innovation has a positive effect on organizational performance

3. RESEARCH MODEL



The relationship of knowledge management and organizational learning with organizational innovation has been studied by many experts. Abdi and Senin (2015) in his research mention that knowledge management and organizational learning have an influence on organizational innovation. Companies that have wealthy knowledge management experience can improve organizational performance by learning diligently, openness and shared vision. Other variable that influence organizational innovation is transformational leadership. Nouri et al (2016) advise managers and employees to be informed and trained about the advantages and benefits of knowledge management. Managers are recommended to implement transformational leadership in their activities. In an effort to improve organizational performance through innovation, managers must value innovation, create policies for awarding employees who provide new ideas and innovate (Maktabi and Kazaei, 2014).

4. RESEARCH METHODOLOGY

The method used in the design of this study is hypothesis testing research, in which a research that aims to test a hypothesis which normally describes the traits of a certain connection or disparities amongst groups of two or more aspects in a circumstance.

Population

We have chosen manufacturing industry employees for our study working in Pakistan. The populations in this study were 2-star and 3-star hotel employees in Badung Regency, Bali Province with a supervisor or manager position.

Sample

The sample in this study is part of the number and characteristics of the population. Non probability sampling technique with purposive sampling. In this study 400 samples were taken from 161 two-star and three-star hotels in Badung Regency, Bali Province. The average respondent from each hotel is 2-3 people. The number of hotels sampled is 65.18% of the population.

Variable Measurement

Variables, Dimensions and Indicators of Knowledge Management

Knowledge Management measured by parameters from research Turulja and Bajgorić (2018). This variable consists of three dimensions, which are: knowledge acquisition, knowledge conversion and knowledge application.

Variables, Dimensions and Indicators of Transformational Leadership

Transformational leadership was measured by parameters from Savovic (2017). This variable consists of four dimensions, which are: inspirational motivation, idealized influence, individual consideration, and intellectual stimulation.

Variables, Dimensions and Indicators of Organizational Learning

Organizational learning was measured by parameters from the research of Turulja and Bajgorić (2018). This variable consists of four dimensions, which are: managerial commitment, shared vision, openness and experimentation, and dialogue.

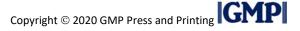
Variables, Dimensions and Indicators of Organizational Innovation

The learning organization was measured by parameters from research from Hilman and Kaliappen (2015). This variable consists of two dimensions, namely: process innovation and service innovation.

Variables, and Indicators of Organizational Performance

Organizational performance was measured by the parameters of research from Hilman and Kaliappen (2015). Each questionnaire was responded by using five-point options numbered from 1 strongly disagree to 5 strongly agree.

5. RESULT AND DISCUSSIONS



The total respondents were 400 people, the majority of respondents were male at 56.8% and women at 43.2%. The education level of the majority was diploma 43%, undergraduate 43% and the rests were high school / equivalent. Hotels where respondents work are 2 stars at 42% and 3 stars at 58%. Respondents have working period of 2-5 years were 64.8% and above 5 years were 35.2%. The position of the respondent was supervisor at 54.2% and management was at 45.8%.

Testing Validity and Reliability

The validity test is done using CFA. The results of the CFA calculation for variables from knowledge management, transformational leadership, organizational learning, organizational innovation, and organizational performance are in the range 0.395 to 0.807. Reliability test results are seen with Cronbach's Alpha in the following table:

Variable	Cronbach's Alpha	Result	
knowledge management	0.882	Reliable	
transformational leadership	0.861	Reliable	
organizational learning	0.883	Reliable	
organizational innovation	0.845	Reliable	
organizational performance	0.840	Reliable	

Structural Equation Model

Goodness of fit index	Criteria (cut-off value)	Indicator Value	Conclusion
CMIN/DF	< 5	3,151	Goodness of Fit
Probabilita	< 0,05	0,000	Goodness of Fit
IFI	Approaching 1	0,914	Goodness of Fit
GFI	Approaching 1	0,888	Marginal of Fit
NFI	Approaching 1	0,879	Marginal of Fit
AGFI	Approaching 1	0,850	Marginal of Fit
TLI	Approaching 1	0,896	Marginal of Fit
CFI	Approaching 1	0,913	Goodness of Fit
RMSEA	< 0,10	0,073	Goodness of Fit

Based on the table above, it can be seen that the model made has met the parameters of a good model (CMIN / DF, Probabilita, IFI, GFI, NFI, AGFI, TLI, CFI and RMSEA) so that further analysis can be done.

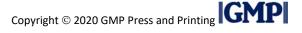
Hypothesis Testing

In conducting a hypothesis test, it is done by comparing the P-value with a certain level of α . In this study α used was 5%. The results of hypothesis testing can be seen in the table below:

	Path	Estimate	p-value	Decision
\mathbf{H}_1	Knowledge management has a positive effect on organizational innovation	0.644	0.000	H ₁ is supported
H_2	Knowledge management has a positive effect on organizational performance	0.623	0.000	H ₂ is supported
H ₃	Organizational innovation mediates the positive influence of knowledge management on organizational performance	4.188	0.000	H ₃ is supported
H_4	Transformational leadership has a positive effect on organizational innovation	0.992	0.000	H ₄ is supported
H ₅	Transformational leadership has a positive effect on organizational performance	0.604	0.000	H ₅ is supported
H_6	Organizational innovation mediates the positive influence of transformational leadership on organizational performance	4.121	0.000	H ₆ is supported
H_7	Organizational learning has a positive effect on organizational innovation	0.892	0.000	H ₇ is supported
H ₈	Organizational learning has a positive effect on organizational performance	0.778	0.000	H ₈ is supported
H ₉	Organizational innovation mediates the positive influence of organizational learning on organizational performance	6.153	0.000	H ₉ is supported
H_{10}	organizational innovation has a positive effect on organizational performance	0.541	0.000	H ₁₀ is supported

From the table above it can be seen that all the hypotheses proposed in this study were accepted. The effect of the transformational leadership variable on organizational innovation is more significant than the other variables. The increase of 1 unit of transformational leadership to improve organizational innovation is 0.992 units. While the greatest influence on organizational performance comes from organizational learning. The increase in organizational units will increase organizational performance by 0.778 units. Organizational innovation fully mediates the positive influence of knowledge management, transformational leadership, organizational learning on organizational performance. The highest mediation occurred in the effect of organizational learning on organizational performance of 6.153.

6. CONCLUSION



In previous studies, there were still few who conducted research that analyzed the relationship of variable knowledge management, transformational leadership, organizational learning with organizational innovation and organizational performance. In this study, it was found that companies to improve innovation efficiently can be done by increasing transformational leadership. While to improve organizational performance can be done by improving organizational learning. Organizational innovation fully mediates the relationship between knowledge management, transformational leadership, organizational learning, and organizational performance. Concurrently the increase of knowledge management, transformational leadership, organizational learning on organizational innovation will increase organizational performance. Companies can efficiently choose the target they want to achieve according to their current resources.

Limitations and future research

The limitation of this study is that the hotel, which is the object of research is only 2-star and 3-star hotels in Badung regency, Bali province so that it cannot be generalized for all hotels. The variables used in this research are knowledge management, transformational leadership, organizational learning, organizational innovation, and organizational performance, and there are still other variables that influence organizational innovation and organizational performance. For further study, it can be done in all hotels in Badung Regency, Bali Province or analyzing employee motivation variables according to research from Ahmad et al. (2014) or variable dynamic capabilities according to study from Giniuniene and Jurksiene (2015) to be able to examine other variables that have an influence on organizational innovation.

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