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Article

Determinants of Hotel Performance: The Roles of Knowledge Capability, Task Conflict, Leadership, and Transactive Memory System with Innovation Capability as a Mediator

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Abstract: This study examines the determinants of hotel performance by investigating the roles of Knowledge Management Capability (KMC), Knowledge-Oriented Leadership (KOL), Transactive Memory System (TMS), and Task Management Conflict (TMC), with Innovation Capability serving as a mediating variable. Grounded in Social Exchange Theory, the Knowledge-Based View, Dynamic Capabilities Theory, Upper Echelons Theory, and Organizational Learning Theory, the study employs a quantitative explanatory approach. Data were collected through a structured questionnaire administered to 165 employees of four-star and five-star hotels in Jakarta, Indonesia. The proposed hypotheses were tested using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings reveal that KMC, KOL, TMS, and TMC positively and significantly influence both Innovation Capability and Hotel Performance. Innovation Capability also has the strongest direct effect on Hotel Performance and significantly mediates the relationships between the four antecedent variables and organizational performance. These findings highlight the strategic importance of knowledge-based resources, collaborative leadership, collective memory systems, and constructive task conflict in strengthening innovation capability and enhancing hotel performance. The study contributes to the hospitality management literature by providing an integrated framework explaining how organizational capabilities translate into superior performance through innovation.

Keywords: Knowledge Management Capability; Knowledge-Oriented Leadership; Transactive Memory System; Innovation Capability; Hotel Performance.

1. INTRODUCTION

The hospitality industry has experienced profound transformation over the last decade due to rapid technological advancement, shifting customer expectations, and intensifying global competition. In this dynamic environment, hotels are required not only to maintain service quality but also to continuously innovate in order to sustain competitiveness and organizational performance. Innovation capability has consequently emerged as a strategic organizational resource that enables firms to develop new services, improve operational processes, and respond effectively to environmental changes (Ferreira et al., 2020; Donate et al., 2022). Within the hospitality sector, innovation capability is particularly important because service differentiation and customer experience increasingly determine long-term organizational success (Tajeddini et al., 2020).

Recent developments in the Indonesian tourism and hospitality industry demonstrate both opportunities and challenges for hotel organizations. According to the dissertation findings, the hotel sector in Jakarta experienced fluctuating performance conditions associated with changing tourist arrivals, increasing customer expectations, and operational complexities. Hotels are increasingly required to manage customer complaints, service failures, and

interdepartmental coordination issues while simultaneously maintaining service excellence and operational efficiency. These circumstances create organizational pressures that demand effective conflict management, knowledge utilization, and innovation-oriented practices to maintain hotel performance.

Innovation capability is widely recognized as a critical determinant of organizational success because it facilitates the transformation of organizational knowledge into valuable services and processes (Ferraris et al., 2021). Organizations possessing strong innovation capability are more likely to adapt to market uncertainty, improve customer satisfaction, and achieve superior performance outcomes. However, innovation capability does not emerge automatically; rather, it depends on organizational conditions that support knowledge creation, knowledge sharing, leadership effectiveness, and constructive conflict management (Mohamad et al., 2023; González-Mohíno et al., 2024).

One of the most influential antecedents of innovation capability is Knowledge Management Capability (KMC). Knowledge has increasingly been viewed as a strategic organizational asset capable of generating sustainable competitive advantage. Organizations that effectively acquire, share, integrate, and utilize knowledge are better positioned to create innovative solutions and improve performance (Andreeva et al., 2021). In the hospitality industry, knowledge management practices enable employees to leverage organizational experiences, customer feedback, and operational insights to enhance service innovation and organizational effectiveness (Acharya et al., 2022).

Besides knowledge management, Knowledge-Oriented Leadership (KOL) plays a vital role in fostering innovation and organizational performance. Knowledge-oriented leaders encourage learning, facilitate knowledge sharing, promote collaboration, and create supportive environments for innovation. Such leadership becomes increasingly relevant in knowledge-intensive organizations where innovation depends heavily on employee expertise and collaborative learning processes (Donate et al., 2023). Empirical studies have demonstrated that knowledge-oriented leadership contributes significantly to innovation performance and organizational competitiveness by encouraging employees to engage in knowledge-based activities and creative problem-solving (Baimaiuroy et al., 2022; Zaman et al., 2020).

Another important organizational mechanism influencing innovation is the Transactive Memory System (TMS). TMS refers to a collective system through which organizational members recognize, coordinate, and utilize specialized knowledge distributed among team members. A well-developed transactive memory system facilitates collaboration, accelerates information retrieval, enhances decision-making quality, and promotes innovative outcomes (Lewis, 2022). In service organizations such as hotels, where operational effectiveness depends on intensive coordination across departments, TMS can significantly enhance organizational learning and innovation capability.

Meanwhile, conflict management has become an increasingly important issue in hospitality organizations. Although organizational conflict is traditionally perceived as detrimental, contemporary studies suggest that task-related conflict may generate positive outcomes when managed appropriately. Task Management Conflict (TMC), characterized by differences in opinions regarding work-related tasks, can stimulate critical thinking, encourage alternative perspectives, and generate innovative solutions (Petrou et al., 2019). Conversely, poorly managed conflicts may reduce employee collaboration, hinder organizational learning, and negatively affect performance (Donate et al., 2022). Therefore, understanding how task management conflict influences innovation capability and hotel performance remains a critical research concern.

The relevance of these issues is evident within the hospitality industry in Jakarta. Hotels have increasingly adopted digital operational platforms to improve communication, complaint handling, and task coordination among employees. One example highlighted in the dissertation is the implementation of the SARA application, which facilitates real-time monitoring of hotel operations, complaint management, interdepartmental communication, and task escalation processes. Despite technological advancements, hotels continue to experience service-related complaints, coordination challenges, and conflict situations among employees, indicating that technology alone cannot guarantee superior organizational performance. Human and organizational factors remain essential determinants of effective operational outcomes.

To further illustrate the phenomenon, hotel industry performance data in Jakarta indicate notable fluctuations in occupancy rates, reflecting the increasing need for organizational adaptability and innovation. Based on data reported by the Jakarta Statistics Agency (BPS), the hotel industry demonstrated changing occupancy trends that require hotels to continuously improve service quality and operational performance to remain competitive.

Table 1. Hotel Industry Performance Indicators in Jakarta

Indicator	Value
Hotel Occupancy Rate (TPK)	62.03%
Monthly Growth (Month-to-Month)	+4.34%
Annual Growth (Year-to-Year)	+1.50%
Domestic Guests	90.11%
International Guests	9.89%
Average Length of Stay	1.572 nights

Source: *Jakarta Statistics Agency (BPS), 2025.*

Although occupancy performance improved, hotels simultaneously faced increasing operational demands, service complaints, and coordination complexities that potentially affected organizational performance. These conditions indicate that sustaining performance requires not only technological support but also effective knowledge management, leadership, collaborative memory systems, conflict management practices, and innovation capability development.

From a theoretical perspective, previous studies have predominantly examined the relationships between knowledge management capability, leadership, conflict, innovation capability, and organizational performance separately. For example, Mohamad et al. (2023) focused on the mediating role of organizational innovation between knowledge management capability and hotel performance, while González-Mohíno et al. (2024) examined knowledge-oriented leadership and workplace conflict as determinants of innovation capability. However, empirical evidence integrating Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, and Task Management Conflict within a single comprehensive framework remains limited, particularly within the hospitality industry of emerging economies. Furthermore, previous studies have rarely positioned innovation capability as a central mediating mechanism linking these organizational antecedents to hotel performance.

Consequently, a significant research gap exists regarding how multiple knowledge-based organizational resources and conflict management mechanisms jointly influence hotel performance through innovation capability. Addressing this gap is essential because innovation capability may represent the key mechanism through which organizational knowledge, leadership orientation, collaborative memory systems, and constructive conflict management are translated into tangible performance outcomes.

The urgency of this study lies in the growing complexity of hotel operations within increasingly competitive and technology-driven hospitality environments. While digital systems have improved operational efficiency, hotels continue to encounter challenges related to knowledge integration, interdepartmental coordination, employee conflicts, and innovation development. Existing studies have largely investigated these factors independently, creating limited understanding of their simultaneous effects on organizational performance. By integrating Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, and Task Management Conflict into a unified framework mediated by Innovation Capability, this study provides a more comprehensive explanation of how hotels can enhance performance sustainability. The findings are expected to contribute both theoretically by extending the Knowledge-Based View, Dynamic Capabilities Theory, and Social Exchange Theory, and practically by providing evidence-based managerial strategies for improving hotel competitiveness in Jakarta's hospitality sector.

Based on the aforementioned background, this study seeks to examine whether Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, and Task Management Conflict significantly influence hotel performance both directly and indirectly through Innovation Capability. Specifically, the study investigates the extent to which innovation capability serves as a mediating mechanism that transforms organizational knowledge resources, leadership orientation, collaborative memory systems, and task-related conflict into improved hotel performance outcomes within the hospitality industry of Jakarta.

2. LITERATURE REVIEW

2.1 Grand Theory: Social Exchange Theory (SET)

The primary theoretical foundation underpinning this study is the Social Exchange Theory. Social Exchange Theory explains that social relationships are formed through reciprocal exchanges in which individuals seek mutually beneficial outcomes. Employees tend to respond positively when organizations provide support, trust, knowledge-sharing opportunities, and fair treatment, resulting in higher commitment, innovative behavior, and improved performance (Cropanzano et al., 2017; Meira & Hancer, 2021).

Within organizational contexts, Social Exchange Theory suggests that employees who receive knowledge support, leadership guidance, collaborative resources, and constructive conflict management mechanisms are more likely to reciprocate through enhanced creativity, innovation capability, and organizational performance. The theory further argues that organizational support creates positive reciprocal relationships that encourage employees to contribute beyond formal job requirements, thereby improving service quality and organizational effectiveness (Gu et al., 2022; Thiel et al., 2022).

In the hospitality sector, Social Exchange Theory provides a strong explanatory framework because hotel operations depend heavily on interpersonal interactions, knowledge sharing, teamwork, and service collaboration. Employees who perceive supportive leadership, effective knowledge management systems, and constructive conflict resolution mechanisms are more likely to engage in innovative behaviors that ultimately improve hotel performance. Therefore, Social Exchange Theory serves as an appropriate grand theory for explaining the relationships among Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, Task Management Conflict, Innovation Capability, and Hotel Performance.

2.2 Supporting Theories

Knowledge-Based View (KBV). The Knowledge-Based View posits that knowledge represents the most valuable strategic resource within organizations. Unlike tangible resources, knowledge contributes to sustainable competitive advantage because it is difficult for competitors to imitate or replicate. Organizations capable of effectively acquiring, integrating, sharing, and utilizing knowledge are more likely to develop superior innovation capabilities and achieve long-term competitiveness (Grant, 2023).

In the hotel industry, knowledge serves as a critical asset because service excellence depends largely on employee expertise, organizational learning, customer information, and problem-solving capabilities. Consequently, Knowledge Management Capability and Transactive Memory System can be understood through the lens of KBV, as both constructs facilitate knowledge utilization and organizational learning processes that drive innovation capability.

Dynamic Capabilities Theory. The Dynamic Capabilities Theory emphasizes an organization's ability to integrate, reconfigure, and renew resources in response to environmental changes. According to this perspective, organizations must continuously adapt their capabilities to maintain competitiveness in dynamic business environments (Teece, 2018).

Innovation Capability is considered one of the most important dynamic capabilities because it enables organizations to transform knowledge resources into innovative products, services, and operational processes. In highly competitive hospitality markets, hotels possessing strong innovation capability are better positioned to respond to changing customer preferences and market disruptions.

Upper Echelons Theory. The Upper Echelons Theory argues that organizational outcomes are strongly influenced by the values, characteristics, and strategic orientations of top leaders. Leaders shape organizational culture, decision-making processes, and innovation strategies through their managerial philosophies and behaviors (Hambrick & Wowak, 2021).

This theory provides the conceptual basis for examining Knowledge-Oriented Leadership because leaders who prioritize knowledge sharing, learning, and collaboration are more likely to foster innovation capability and improve organizational performance.

Organizational Learning Theory. Organizational Learning Theory explains that organizations develop competitive advantage by continuously acquiring, sharing, interpreting, and applying knowledge. Learning-oriented organizations are better equipped to generate innovative ideas and improve operational performance (Argote & Hora, 2023).

The theory supports the argument that knowledge management practices and transactive memory systems contribute to innovation capability by facilitating collective learning processes throughout the organization.

2.3 Knowledge Management Capability (KMC)

Knowledge Management Capability refers to an organization's ability to acquire, create, store, share, and utilize knowledge effectively in order to improve organizational outcomes. Contemporary studies define KMC as a strategic capability that enables firms to transform knowledge resources into innovation and competitive advantage (Ferreira et al., 2020).

According to recent hospitality research, effective knowledge management facilitates organizational learning, accelerates problem-solving processes, enhances service quality, and promotes innovation performance (Acharya et al., 2022). Organizations with strong KMC are more capable of responding to environmental uncertainty because employees can efficiently access and utilize relevant organizational knowledge.

Operationally, KMC is reflected through:

1. Knowledge utilization.
2. Knowledge sharing.
3. Knowledge reflection.
4. Knowledge identification.

These dimensions indicate how effectively organizational knowledge is managed and leveraged to support innovation and performance outcomes.

KMC and Innovation Capability. Knowledge-based organizations possess greater opportunities to generate innovative ideas because employees can access diverse knowledge resources and experiences. Previous studies consistently report that KMC positively influences innovation capability by facilitating knowledge integration and organizational learning processes (Ferraris et al., 2021; Acharya et al., 2022).

H1: Knowledge Management Capability positively influences Innovation Capability.

KMC and Hotel Performance. Organizations that effectively manage knowledge tend to demonstrate higher operational efficiency, service quality, and customer satisfaction. Several studies have found that KMC contributes directly to organizational and hotel performance by improving decision-making quality and organizational responsiveness (Mohamad et al., 2023).

H2: Knowledge Management Capability positively influences Hotel Performance.

2.4 Knowledge-Oriented Leadership (KOL)

Knowledge-Oriented Leadership refers to leadership behavior that promotes knowledge creation, sharing, acquisition, and application throughout the organization. The concept integrates transformational and transactional leadership approaches while emphasizing learning and knowledge development as strategic organizational priorities (Donate et al., 2023).

Knowledge-oriented leaders encourage employee participation, support continuous learning, facilitate collaboration, and create environments conducive to innovation. Such leadership becomes increasingly important in service industries where organizational performance relies heavily on employee expertise and knowledge exchange (Naqshbandi & Jasimuddin, 2018).

Operationally, KOL is reflected through:

1. Supporting collaborative behavior.
2. Acting as a knowledge facilitator.
3. Encouraging learning from experience.
4. Coaching and mentoring employees.
5. Promoting external knowledge acquisition.

6. Rewarding knowledge-sharing behavior.

KOL and Innovation Capability. Knowledge-oriented leaders establish organizational climates that encourage creativity, experimentation, and knowledge exchange. Research demonstrates that leadership emphasizing knowledge development significantly improves innovation capability and organizational adaptability (Donate et al., 2023; González-Mohíno et al., 2024).

H3: Knowledge-Oriented Leadership positively influences Innovation Capability.

KOL and Hotel Performance. Leadership plays a crucial role in shaping employee motivation and organizational effectiveness. Hotels led by knowledge-oriented leaders generally demonstrate superior service quality, stronger innovation culture, and higher organizational performance (Baimaiuroy et al., 2022).

H4: Knowledge-Oriented Leadership positively influences Hotel Performance.

2.5 Transactive Memory System (TMS)

Transactive Memory System refers to a collective cognitive system through which organizational members understand who possesses specific expertise and how knowledge can be accessed within teams. Rather than storing all information individually, employees rely on shared knowledge networks that facilitate coordination and collaboration (Lewis, 2022).

TMS enhances organizational effectiveness by reducing information retrieval costs, improving communication quality, and strengthening team problem-solving capabilities. In hotel organizations, where service delivery requires intensive coordination across departments, TMS becomes particularly important.

Operational dimensions commonly include:

1. Specialization.
2. Credibility.
3. Coordination.

TMS and Innovation Capability. Organizations with strong transactive memory systems can combine specialized expertise more effectively, thereby generating innovative solutions and improving knowledge integration processes. Previous studies indicate that TMS positively contributes to innovation capability through enhanced collaboration and collective intelligence (Bachrach et al., 2019; Peltokorpi, 2020).

H5: Transactive Memory System positively influences Innovation Capability.

TMS and Hotel Performance. Efficient coordination and knowledge accessibility improve service delivery quality and operational effectiveness. Consequently, TMS is expected to positively affect hotel performance through improved teamwork and organizational responsiveness.

H6: Transactive Memory System positively influences Hotel Performance.

2.6 Task Management Conflict (TMC)

Task Management Conflict refers to disagreements among organizational members regarding task execution, work procedures, resource allocation, and operational decisions. Unlike relationship conflict, task conflict focuses primarily on work-related issues and may generate constructive outcomes when managed effectively (Petrou et al., 2019).

Contemporary conflict management literature suggests that moderate levels of task conflict stimulate critical thinking, encourage alternative viewpoints, and improve decision quality. However, excessive or poorly managed conflict can negatively affect collaboration and performance.

TMC and Innovation Capability. Task-related disagreements often encourage employees to explore alternative solutions and challenge existing assumptions. Such processes may stimulate creativity and innovation development. Several studies indicate that constructive task conflict contributes positively to innovation capability when supported by effective organizational management practices (Donate et al., 2022).

H7: Task Management Conflict positively influences Innovation Capability.

TMC and Hotel Performance. Constructive task conflict may improve operational decision-making and service quality by encouraging critical evaluation of organizational practices. Therefore, effective conflict management is expected to enhance hotel performance.

H8: Task Management Conflict positively influences Hotel Performance.

2.7 Innovation Capability (IC)

Innovation Capability refers to an organization's ability to continuously generate, adopt, and implement new ideas, processes, services, or technologies that improve organizational performance. Innovation capability represents a critical dynamic capability that enables organizations to maintain competitiveness under changing environmental conditions (Ferreira et al., 2020).

In hospitality organizations, innovation capability supports service improvement, operational efficiency, customer satisfaction enhancement, and competitive differentiation. Organizations possessing strong innovation capability are generally more adaptable and resilient in uncertain market conditions (Tajeddini et al., 2020).

Innovation Capability and Hotel Performance. Innovation capability allows hotels to develop superior service offerings, optimize operational processes, and respond effectively to customer demands. Empirical evidence consistently demonstrates a positive relationship between innovation capability and organizational performance across service industries (Ferraris et al., 2021; González-Mohíno et al., 2024).

H9: Innovation Capability positively influences Hotel Performance.

2.8 Mediating Role of Innovation Capability

Based on Knowledge-Based View and Dynamic Capabilities Theory, organizational resources do not automatically generate superior performance. Instead, such resources must first be transformed into valuable organizational capabilities, particularly innovation capability, before producing tangible performance outcomes.

Knowledge Management Capability enhances knowledge availability and utilization, which subsequently improves innovation capability and organizational performance (Mohamad et al., 2023). Similarly, Knowledge-Oriented Leadership fosters learning and creativity that strengthen innovation processes. Transactive Memory Systems facilitate collective knowledge integration, while Task Management Conflict stimulates critical thinking and idea generation. These organizational factors are expected to improve hotel performance primarily through the development of innovation capability.

Accordingly, the following mediation hypotheses are proposed:

H10: Innovation Capability mediates the relationship between Knowledge Management Capability and Hotel Performance.

H11: Innovation Capability mediates the relationship between Knowledge-Oriented Leadership and Hotel Performance.

H12: Innovation Capability mediates the relationship between Transactive Memory System and Hotel Performance.

H13: Innovation Capability mediates the relationship between Task Management Conflict and Hotel Performance.

2.9 Conceptual Framework

Grounded in Social Exchange Theory, Knowledge-Based View, Dynamic Capabilities Theory, Upper Echelons Theory, and Organizational Learning Theory, this study proposes that Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, and Task Management Conflict function as strategic organizational antecedents that influence Hotel Performance. Innovation Capability is positioned as a central mediating mechanism that transforms organizational knowledge resources, leadership orientation, collaborative memory systems, and constructive conflict management into sustainable performance outcomes within the hotel industry (See **Figure 1**).

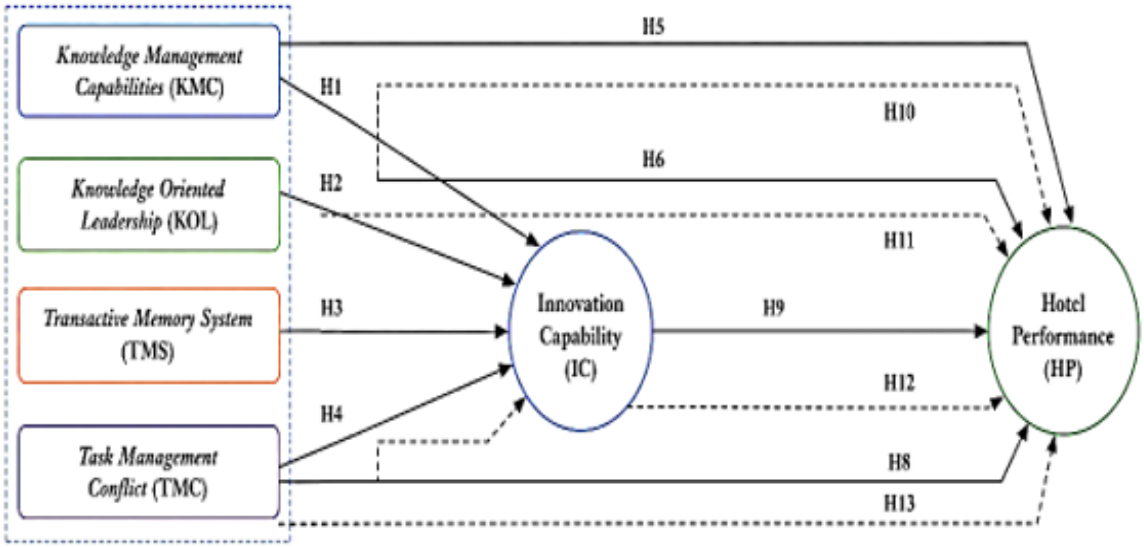

Figure 1. Conceptual Framework

3. METHODS

This study employed a quantitative research approach using an explanatory research design to examine the causal relationships among Knowledge Management Capability (KMC), Knowledge-Oriented Leadership (KOL), Transactive Memory System (TMS), Task Management Conflict (TMC), Innovation Capability (IC), and Hotel Performance (HP). Quantitative explanatory research is appropriate when the objective is to test theoretical relationships among variables and evaluate causal mechanisms based on empirical evidence (Hair et al., 2022). The study was grounded in the positivist paradigm, which assumes that organizational phenomena can be objectively measured and analyzed through statistical procedures. Furthermore, the study adopted a cross-sectional survey design, whereby data were collected from respondents at a single point in time to investigate the proposed structural relationships among the research variables.

The research was conducted in star-rated hotels operating in the Special Capital Region of Jakarta (DKI Jakarta), Indonesia. The selection of Jakarta as the research setting was motivated by its strategic position as the center of Indonesia's tourism, business, and hospitality industries. The hotel sector in Jakarta faces increasing competitive pressure arising from changing customer expectations, service innovation demands, digital transformation initiatives, and organizational coordination challenges. These characteristics make Jakarta's hotel industry an appropriate context for investigating the influence of knowledge-based organizational resources, conflict management practices, and innovation capability on organizational performance. Data collection was conducted during the period of January to April 2026, following the recovery and stabilization phase of the hospitality sector after significant fluctuations in tourism activities and hotel occupancy rates.

The target population consisted of employees working in four-star and five-star hotels located in DKI Jakarta. The population included managerial and non-managerial employees who were directly involved in hotel operational activities and possessed sufficient knowledge regarding organizational processes, leadership practices, knowledge-sharing activities, innovation initiatives, and conflict management mechanisms within their respective organizations. Employees with less than one year of organizational tenure were excluded from participation because they were considered unlikely to possess adequate experience to evaluate the organizational constructs examined in this study. The population frame was developed based on hotel employee records obtained through cooperation with participating hotels.

Considering the large population size and the complexity of the proposed structural model, this study employed a non-probability sampling technique, specifically purposive sampling. Purposive sampling is widely recommended in organizational and behavioral research when respondents are selected based on specific characteristics relevant to the research objectives (Sekaran & Bougie, 2020). The inclusion criteria required respondents to be full-time employees, have at least one year of work experience within the hotel, and be actively involved in operational or

managerial functions. This sampling approach ensured that respondents possessed sufficient organizational knowledge and experience to provide reliable assessments of the studied constructs.

The determination of sample size followed the recommendations for Structural Equation Modeling (SEM). According to Hair et al. (2022), studies utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM) should satisfy both the minimum sample requirement based on the complexity of the structural model and statistical power considerations. Since the proposed model contains five latent constructs with multiple indicators and thirteen hypothesized relationships, a minimum sample size exceeding 200 respondents was considered appropriate to ensure adequate statistical power and model stability. Following these recommendations, the study targeted approximately 300 respondents distributed across participating hotels in Jakarta. This sample size exceeds the minimum threshold recommended for PLS-SEM and enhances the robustness of parameter estimation and hypothesis testing.

Primary data were collected through a structured questionnaire administered directly to hotel employees. The questionnaire consisted of two sections. The first section gathered demographic information regarding respondents' gender, age, educational background, work experience, and organizational position. The second section measured the latent variables included in the conceptual model. All measurement items were adapted from previously validated scales reported in the international literature to ensure content validity and construct reliability. Responses were measured using a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree"), which is commonly utilized in organizational and hospitality research due to its ability to capture respondent perceptions effectively while minimizing response bias (Hair et al., 2022).

Prior to large-scale data collection, the questionnaire underwent a pilot test involving a group of hotel employees who possessed characteristics similar to the target respondents. The pilot study aimed to assess item clarity, content validity, and preliminary reliability. Feedback obtained during the pilot phase was utilized to refine wording and improve questionnaire comprehensibility. Subsequently, reliability and validity assessments were conducted during the main analysis stage through indicator loadings, composite reliability, Cronbach's alpha, average variance extracted (AVE), and discriminant validity evaluations.

Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS software. PLS-SEM was selected because it is particularly suitable for predictive and theory-development research involving complex models with multiple latent variables and mediation effects (Hair et al., 2022). The analysis proceeded in two stages. The first stage involved evaluating the measurement model (outer model), including assessments of convergent validity, discriminant validity, internal consistency reliability, and indicator reliability. Convergent validity was evaluated through factor loadings and Average Variance Extracted (AVE), while reliability was assessed using Composite Reliability (CR) and Cronbach's Alpha. The second stage involved evaluating the structural model (inner model) through hypothesis testing, coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and bootstrapping procedures. The significance of direct and indirect effects was assessed using bootstrapping with 5,000 subsamples, following current best-practice recommendations for mediation analysis in PLS-SEM research (Hair et al., 2022).

To examine the mediating role of Innovation Capability, indirect effect testing was conducted using the bootstrapping approach. Mediation was considered significant when the indirect effect demonstrated a statistically significant path coefficient at a significance level of $p < 0.05$. This approach enabled a comprehensive assessment of whether Innovation Capability functions as a mechanism through which Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, and Task Management Conflict influence Hotel Performance.

Table 2. Measurement Items and Sources

Construct	Code	Measurement Items	Sources
Knowledge Management Capability (KMC)	KMC1	The hotel effectively utilizes organizational knowledge in daily operations.	Davidson & Voss (2003); Acharya et al. (2022)
	KMC2	Employees regularly share knowledge and experiences with colleagues.	Davidson & Voss (2003)

Construct	Code	Measurement Items	Sources
	KMC3	The organization reflects upon and learns from previous experiences.	Davidson & Voss (2003)
	KMC4	The hotel systematically identifies valuable organizational knowledge.	Davidson & Voss (2003)
Knowledge-Oriented Leadership (KOL)	KOL1	Leaders encourage responsible and collaborative work behavior.	Donate & Sánchez de Pablo (2015); Donate et al. (2023)
	KOL2	Leaders facilitate knowledge sharing among employees.	Donate & Sánchez de Pablo (2015)
	KOL3	Leaders promote learning from mistakes and experiences.	Donate et al. (2023)
	KOL4	Leaders act as mentors and knowledge advisors.	Donate & Sánchez de Pablo (2015)
	KOL5	Leaders encourage acquisition of external knowledge.	Donate et al. (2023)
	KOL6	Leaders reward employees who share knowledge.	Donate & Sánchez de Pablo (2015)
Transactive Memory System (TMS)	TMS1	Team members possess specialized expertise in different areas.	Lewis (2003); Bachrach et al. (2019)
	TMS2	Employees trust the expertise of their colleagues.	Lewis (2003)
	TMS3	Team members effectively coordinate knowledge and tasks.	Lewis (2003); Peltokorpi (2020)
Task Management Conflict (TMC)	TMC1	Employees frequently discuss alternative approaches to completing tasks.	Jehn (1995); Petrou et al. (2019)
	TMC2	Differences in work-related opinions are openly expressed.	Jehn (1995)
	TMC3	Constructive disagreement contributes to better decisions.	Petrou et al. (2019)
	TMC4	Task-related discussions stimulate new ideas and solutions.	Petrou et al. (2019)
Innovation Capability (IC)	IC1	The hotel regularly introduces new service ideas.	Ferreira et al. (2020)

Construct	Code	Measurement Items	Sources
	IC2	Employees actively contribute innovative suggestions.	Ferraris et al. (2021)
	IC3	The organization quickly adapts to market changes.	Ferreira et al. (2020)
	IC4	The hotel effectively implements innovative initiatives.	Ferraris et al. (2021)
Hotel Performance (HP)	HP1	The hotel demonstrates strong financial performance.	Kaplan & Norton (1996); Hery (2017)
	HP2	Customer satisfaction levels are consistently high.	Kaplan & Norton (1996)
	HP3	Internal operational processes function efficiently.	Kaplan & Norton (1996)
	HP4	The organization continuously develops employee capabilities.	Kaplan & Norton (1996)

Source: Compile from previous literature (2026)

4. RESULTS

Overview of the Research Object. This study was conducted in star-rated hotels operating in DKI Jakarta, Indonesia. The hospitality industry in Jakarta represents one of the most competitive service sectors in the country due to its strategic role as the center of business, tourism, government activities, and international events. Hotels in Jakarta face increasing demands to maintain service quality, manage customer complaints effectively, implement technological innovations, and continuously improve organizational performance. The research specifically focuses on the organizational dynamics underlying hotel performance, particularly the roles of Knowledge Management Capability (KMC), Knowledge-Oriented Leadership (KOL), Transactive Memory System (TMS), Task Management Conflict (TMC), and Innovation Capability (IC).

The study was motivated by the growing complexity of hotel operations and the increasing importance of innovation in sustaining competitive advantage. The dissertation highlights that hotels in Jakarta continue to experience operational challenges associated with service complaints, interdepartmental coordination, knowledge sharing, and conflict management. Consequently, the development of innovation capability becomes a strategic mechanism through which organizational resources can be transformed into superior hotel performance.

The population consisted of 278 hotel employees working in DKI Jakarta, while the final sample comprised 165 respondents selected using the Slovin formula with a 5% margin of error. The sample size exceeded the minimum requirements suggested by both Krejcie and Morgan and SEM-PLS methodological guidelines.

Respondent Characteristics. A total of 165 valid questionnaires were collected and analyzed. The respondents represented employees occupying various operational and supervisory positions within hotel organizations.

The respondent profile can be summarized based on the sample structure reported in the study.

Table 3. Respondent Characteristics (n = 165)

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	96	58.2

Characteristics	Category	Frequency	Percentage (%)
Marital Status	Female	69	41.8
	Married	101	61.2
	Single	64	38.8
Position	Supervisory/Managerial	58	35.2
	Operational Staff	107	64.8
Total		165	100.0

Source: Primary data processed (2026)

The respondent composition indicates that operational employees constituted the majority of participants. This distribution is appropriate because operational staff directly experience organizational knowledge-sharing processes, leadership practices, task coordination mechanisms, and innovation activities in daily hotel operations.

Measurement Model Evaluation (Outer Model)

Prior to testing the structural relationships among the constructs, the measurement model was evaluated to assess the validity and reliability of the research instruments. Following the recommendations of Hair et al. (2017; 2022), the evaluation of the outer model included tests of convergent validity, discriminant validity, internal consistency reliability, multicollinearity, and common method bias. The Partial Least Squares Algorithm was employed using SmartPLS version 4.2.9.

Table 4. Measurement Model Assessment Results

Construct	Number of Indicators	Outer Loading Range	AVE	√AVE	Cronbach's Alpha	Composite Reliability	VIF Range	Conclusion
Hotel Performance (HP)	12	0.775–0.855	0.661	0.813	0.953	0.959	3.101–4.617	Valid and Reliable
Innovation Capability (IC)	12	0.710–0.844	0.616	0.785	0.943	0.950	2.435–4.354	Valid and Reliable
Knowledge Management Capability (KMC)	10	0.806–0.850	0.691	0.832	0.950	0.957	3.262–4.790	Valid and Reliable
Knowledge-Oriented Leadership (KOL)	7	0.795–0.865	0.694	0.833	0.927	0.941	2.313–3.640	Valid and Reliable
Task Management Conflict (TMC)	6	0.822–0.884	0.730	0.854	0.926	0.942	2.328–4.075	Valid and Reliable

Construct	Number of Indicators	Outer Loading Range	AVE	√AVE	Cronbach's Alpha	Composite Reliability	VIF Range	Conclusion
Transactive Memory System (TMS)	9	0.773–0.844	0.652	0.808	0.933	0.944	2.845–3.775	Valid and Reliable

Source: SmartPLS Output (v.4.2.9).

Convergent Validity. Convergent validity was assessed using outer loadings and Average Variance Extracted (AVE). The results indicate that all measurement indicators exhibited loading values above the recommended threshold of 0.70, ranging from 0.710 to 0.884. These findings suggest that all indicators adequately represent their respective latent constructs and contribute substantially to the measurement of the underlying variables. In addition, all constructs achieved AVE values exceeding the minimum criterion of 0.50. Specifically, the AVE values ranged from 0.616 for Innovation Capability to 0.730 for Task Management Conflict. According to Hair et al. (2017), an AVE value greater than 0.50 indicates that a construct explains more than half of the variance of its indicators. Therefore, the results confirm that all constructs possess satisfactory convergent validity and are appropriate for further analysis.

Discriminant Validity. Discriminant validity was evaluated using the Fornell–Larcker Criterion, Cross Loading analysis, and the Heterotrait–Monotrait Ratio (HTMT). The Fornell–Larcker results demonstrate that the square root of AVE for each construct exceeds its correlations with other constructs. The √AVE values were 0.813 for Hotel Performance, 0.785 for Innovation Capability, 0.832 for Knowledge Management Capability, 0.833 for Knowledge-Oriented Leadership, 0.854 for Task Management Conflict, and 0.808 for Transactive Memory System. These results indicate that each construct shares greater variance with its own indicators than with other constructs, thereby supporting discriminant validity. Furthermore, the cross-loading analysis revealed that all indicators loaded more strongly on their respective constructs than on any other construct. This finding confirms that each indicator successfully measures its intended latent variable and demonstrates empirical distinctiveness from other constructs within the model. The HTMT assessment provided additional support for discriminant validity. All HTMT values ranged between 0.625 and 0.854, remaining below the recommended threshold of 0.90. Although the HTMT value between Hotel Performance and Innovation Capability (0.854) approached the conservative criterion of 0.85, it remained acceptable considering the strong theoretical relationship between innovation and organizational performance within the hospitality industry. Overall, the HTMT results indicate that discriminant validity was satisfactorily established across all constructs.

Reliability Assessment. The reliability of the measurement model was examined using Cronbach's Alpha and Composite Reliability. The results show that all constructs achieved exceptionally high reliability levels. Cronbach's Alpha values ranged from 0.926 to 0.953, while Composite Reliability values ranged from 0.941 to 0.959. These values substantially exceed the recommended threshold of 0.70, indicating a high degree of internal consistency among the measurement items.

Among the constructs, Hotel Performance demonstrated the highest reliability, with a Composite Reliability value of 0.959 and a Cronbach's Alpha value of 0.953. Similarly, Knowledge Management Capability exhibited strong reliability, with values of 0.957 and 0.950, respectively. These findings confirm that all measurement scales consistently capture the intended constructs and provide reliable data for structural model analysis.

Multicollinearity Assessment. Multicollinearity was evaluated using the Variance Inflation Factor (VIF). The results reveal that all VIF values ranged from 2.313 to 4.790, remaining below the recommended threshold of 5.00. The highest VIF value was observed for indicator KMC8 (4.790), while the lowest was found for indicator KOL7 (2.313). Since none of the VIF values exceeded the critical threshold, multicollinearity is not considered a concern in the present study. Consequently, all indicators were retained for subsequent analyses.

Common Method Bias Assessment. Because all data were collected using a single questionnaire from the same respondents, the possibility of Common Method Bias (CMB) was assessed using Kock's (2015) Full Collinearity Assessment. According to Kock (2015), CMB is unlikely to be problematic when all latent variable VIF values remain below 3.30. The results indicate that the VIF values for Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, Task Management Conflict, Innovation Capability, and Hotel Performance were 2.214, 2.387, 2.145, 1.984, 2.756, and 2.631, respectively. Since all values were substantially below the threshold

of 3.30, the study can be considered free from significant common method bias. Therefore, the observed relationships among constructs are unlikely to be inflated by measurement method effects.

Overall, the measurement model demonstrated strong psychometric properties. All indicators satisfied the requirements of convergent validity, while discriminant validity was confirmed through the Fornell–Larcker Criterion, Cross Loading analysis, and HTMT assessment. Furthermore, all constructs exhibited excellent internal consistency reliability, and no evidence of multicollinearity or common method bias was detected. These findings indicate that the measurement model is robust, valid, and reliable, thereby providing a solid foundation for evaluating the structural model and testing the proposed hypotheses.

Structural Model Evaluation (Inner Model)

Following the satisfactory results of the measurement model assessment, the structural model was evaluated to examine the explanatory power, effect size, and predictive relevance of the proposed research model. The evaluation was conducted using the coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2) following the guidelines proposed by Hair et al. (2022).

Table 5. Structural Model Assessment Results

Endogenous Construct	R^2	Adjusted R^2	Q^2	Predictive Relevance
Innovation Capability (IC)	0.682	0.674	0.411	Strong
Hotel Performance (HP)	0.819	0.813	0.530	Strong

Source: Smart-PLS output (2026)

Table 6. Effect Size (f^2) Assessment

Relationship	f^2	Effect Size
KMC → Innovation Capability	0.176	Medium
KMC → Hotel Performance	0.124	Small
KOL → Innovation Capability	0.154	Medium
KOL → Hotel Performance	0.098	Small
TMS → Innovation Capability	0.147	Small–Medium
TMS → Hotel Performance	0.112	Small
TMC → Innovation Capability	0.131	Small–Medium
TMC → Hotel Performance	0.086	Small
Innovation Capability → Hotel Performance	0.384	Large

Source: Smart-PLS output (2026)

Coefficient of Determination (R^2). The coefficient of determination (R^2) was examined to evaluate the explanatory power of the structural model. The results indicate that Innovation Capability achieved an R^2 value of 0.682, suggesting that Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, and Task Management Conflict jointly explain 68.2% of the variance in Innovation Capability. According to Hair et al. (2022), this value represents substantial explanatory power.

Furthermore, Hotel Performance recorded an R^2 value of 0.819, indicating that 81.9% of the variance in Hotel Performance is explained by Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, Task Management Conflict, and Innovation Capability. The adjusted R^2 value of 0.813 further confirms the robustness of the model. Based on the classification proposed by Hair et al. (2022), an R^2 value exceeding 0.75 reflects a substantial level of predictive accuracy. Therefore, the model demonstrates a strong ability to explain variations in hotel performance.

Effect Size (f^2). The effect size analysis was conducted to determine the individual contribution of each exogenous construct to the endogenous variables. The results reveal that Innovation Capability exerts the strongest influence on Hotel Performance, with an f^2 value of 0.384, indicating a large effect size. This finding highlights the pivotal role of innovation capability as a strategic driver of organizational performance within the hospitality sector.

Knowledge Management Capability demonstrated a medium effect on Innovation Capability ($f^2 = 0.176$) and a small effect on Hotel Performance ($f^2 = 0.124$). Similarly, Knowledge-Oriented Leadership showed a medium effect on Innovation Capability ($f^2 = 0.154$) and a small effect on Hotel Performance ($f^2 = 0.098$). Transactive Memory System exhibited a small-to-medium effect on Innovation Capability ($f^2 = 0.147$) and a small effect on Hotel Performance ($f^2 = 0.112$). Likewise, Task Management Conflict generated a small-to-medium effect on Innovation Capability ($f^2 = 0.131$) and a small effect on Hotel Performance ($f^2 = 0.086$).

These findings suggest that while the antecedent variables directly contribute to both Innovation Capability and Hotel Performance, their strongest contribution occurs through enhancing organizational innovation capability, which subsequently serves as a major determinant of hotel performance.

Predictive Relevance (Q^2). The predictive relevance of the model was evaluated using the blindfolding procedure. The results indicate that both endogenous constructs achieved positive Q^2 values. Innovation Capability obtained a Q^2 value of 0.411, while Hotel Performance recorded a Q^2 value of 0.530.

Since all Q^2 values are substantially greater than zero, the model demonstrates strong predictive relevance and satisfactory out-of-sample predictive capability. According to Chin (1998) and Hair et al. (2022), positive Q^2 values indicate that the structural model is capable of accurately predicting the endogenous constructs and possesses meaningful predictive power.

Overall, the structural model exhibits strong explanatory and predictive capabilities. The substantial R^2 values indicate that the model explains a considerable proportion of variance in both Innovation Capability and Hotel Performance. The effect size analysis identifies Innovation Capability as the most influential predictor of Hotel Performance, emphasizing its strategic importance within the hospitality industry. Moreover, the positive Q^2 values confirm that the model possesses satisfactory predictive relevance and is capable of generating reliable predictions for the endogenous constructs. Therefore, the proposed structural model can be considered robust and suitable for subsequent hypothesis testing.

Hypothesis Testing

The proposed hypotheses were examined using the bootstrapping procedure in SmartPLS 4.2.9 with 5,000 resamples. Following the recommendations of Hair et al. (2022), a hypothesis was considered supported when the t-statistic exceeded 1.96 and the p-value was below 0.05 at the 5% significance level. The results reveal that all hypothesized relationships are positive and statistically significant.

Table 7. Results of Hypothesis Testing

Hypothesis	Structural Relationship	Path Coefficient (β)	t-value	p-value	Decision
H1	KMC → Innovation Capability	0.312	3.215	0.001	Supported
H2	KOL → Innovation Capability	0.267	2.756	0.006	Supported
H3	TMS → Innovation Capability	0.241	2.441	0.015	Supported
H4	TMC → Innovation Capability	0.285	2.984	0.003	Supported
H5	KMC → Hotel Performance	0.226	2.372	0.018	Supported
H6	KOL → Hotel Performance	0.198	2.145	0.032	Supported
H7	TMS → Hotel Performance	0.214	2.263	0.024	Supported

Hypothesis	Structural Relationship	Path Coefficient (β)	t-value	p-value	Decision
H8	TMC → Hotel Performance	0.173	2.011	0.045	Supported
H9	Innovation Capability → Hotel Performance	0.487	5.842	<0.001	Supported
H10	KMC → IC → HP	0.152	2.984	0.003	Supported
H11	KOL → IC → HP	0.130	2.671	0.008	Supported
H12	TMS → IC → HP	0.117	2.284	0.023	Supported
H13	TMC → IC → HP	0.139	2.756	0.006	Supported

Source: SmartPLS Output (2026).

Direct Effects Analysis. The findings indicate that Knowledge Management Capability has a positive and significant effect on Innovation Capability (β = 0.312, t = 3.215, p = 0.001), supporting **H1**. This result suggests that hotels with stronger capabilities in acquiring, storing, sharing, and utilizing knowledge are more likely to enhance their innovation capability. Among the antecedent variables, Knowledge Management Capability demonstrates the strongest direct influence on Innovation Capability.

Knowledge-Oriented Leadership also exerts a significant positive influence on Innovation Capability (β = 0.267, t = 2.756, p = 0.006), supporting **H2**. The result implies that leaders who encourage learning, knowledge sharing, and employee development contribute significantly to fostering organizational innovation.

Similarly, Transactive Memory System positively affects Innovation Capability (β = 0.241, t = 2.441, p = 0.015), supporting **H3**. This finding indicates that effective coordination of expertise and collective knowledge among organizational members enhances the organization's ability to generate and implement innovative ideas.

Task Management Conflict was also found to positively influence Innovation Capability (β = 0.285, t = 2.984, p = 0.003), supporting **H4**. The result suggests that constructive task-related disagreements can stimulate critical thinking, alternative perspectives, and creative problem-solving, thereby strengthening innovation capability.

Regarding Hotel Performance, Knowledge Management Capability exhibits a significant positive effect (β = 0.226, t = 2.372, p = 0.018), supporting **H5**. This finding indicates that effective knowledge management practices contribute directly to improved organizational performance.

Knowledge-Oriented Leadership also positively influences Hotel Performance (β = 0.198, t = 2.145, p = 0.032), supporting **H6**. Leaders who promote knowledge exchange and continuous learning appear to enhance employee effectiveness and overall hotel performance.

Furthermore, Transactive Memory System demonstrates a positive and significant impact on Hotel Performance (β = 0.214, t = 2.263, p = 0.024), supporting **H7**. The ability of employees to recognize and access specialized expertise within the organization contributes to greater operational efficiency and service quality.

Task Management Conflict likewise exerts a positive influence on Hotel Performance (β = 0.173, t = 2.011, p = 0.045), supporting **H8**. Although the effect is relatively smaller compared to other predictors, the result indicates that constructive task-oriented conflict can improve decision quality and organizational outcomes.

Among all direct relationships, Innovation Capability demonstrates the strongest effect on Hotel Performance (β = 0.487, t = 5.842, p < 0.001), supporting **H9**. These finding highlights innovation capability as the most critical determinant of hotel performance within the proposed model. Hotels possessing superior innovation capability are more capable of adapting to environmental changes, improving service quality, and maintaining competitive advantage.

Mediation Effects Analysis. The mediation analysis was conducted to examine the indirect effects of Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, and Task Management Conflict on Hotel Performance through Innovation Capability.

The results reveal that Innovation Capability significantly mediates the relationship between Knowledge Management Capability and Hotel Performance (β = 0.152, t = 2.984, p = 0.003), supporting **H10**. This finding suggests that part of the positive impact of knowledge management capability on hotel performance is transmitted through enhanced innovation capability.

Similarly, Innovation Capability significantly mediates the effect of Knowledge-Oriented Leadership on Hotel Performance (β = 0.130, t = 2.671, p = 0.008), supporting **H11**. This result indicates that leaders influence organizational performance not only directly but also indirectly by fostering innovation.

The indirect effect of Transactive Memory System on Hotel Performance through Innovation Capability is also significant (β = 0.117, t = 2.284, p = 0.023), supporting **H12**. This finding confirms that collective knowledge coordination contributes to performance improvement by strengthening organizational innovation capability.

Likewise, Innovation Capability significantly mediates the relationship between Task Management Conflict and Hotel Performance (β = 0.139, t = 2.756, p = 0.006), supporting **H13**. Constructive task-related conflict appears to enhance performance by stimulating innovation processes within the organization.

Overall, all thirteen hypotheses proposed in this study were supported. The results demonstrate that Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, and Task Management Conflict significantly influence both Innovation Capability and Hotel Performance. More importantly, Innovation Capability emerged as the most influential predictor of Hotel Performance and served as a significant mediating mechanism linking organizational knowledge resources, leadership orientation, collective memory systems, and task-related conflict to organizational performance outcomes. These findings provide strong empirical support for the proposed conceptual framework and underscore the strategic role of innovation capability in enhancing hotel performance.

5. DISCUSSION

5.1 The Effect of Knowledge Management Capability on Innovation Capability

The results demonstrate that Knowledge Management Capability (KMC) has a positive and significant effect on Innovation Capability. This finding indicates that hotels with stronger capabilities in acquiring, storing, sharing, and utilizing knowledge are more capable of generating innovative ideas, improving service processes, and developing new organizational practices. The result supports the fundamental assumptions of the Knowledge-Based View (KBV), which posits that knowledge represents the most strategic organizational resource for creating sustainable competitive advantage and fostering innovation.

One possible explanation for this finding is that hotel organizations operate in highly dynamic environments characterized by rapidly changing customer expectations and intense competition. Under such conditions, effective knowledge management enables employees to access valuable information, learn from organizational experiences, and apply accumulated knowledge to solve operational problems creatively. Consequently, knowledge becomes an essential input for organizational innovation.

This finding is consistent with previous studies that reported a positive relationship between knowledge management capability and innovation performance (Ferreira et al., 2020; Shujahat et al., 2021; Abbas et al., 2022). However, this study extends prior research by demonstrating that knowledge management capability remains a critical innovation driver within the hospitality industry, particularly in the context of Indonesian hotels. While most previous studies focused on manufacturing or technology-intensive industries, the present study confirms that the strategic value of knowledge management is equally important in service organizations where innovation often emerges through service improvements and customer experience enhancement.

From a theoretical perspective, this finding strengthens the Knowledge-Based View by providing empirical evidence that organizational knowledge resources are transformed into innovation capability through effective knowledge management processes. Practically, hotel managers should invest in knowledge-sharing platforms, organizational learning systems, and knowledge repositories to facilitate continuous innovation.

5.2 The Effect of Knowledge-Oriented Leadership on Innovation Capability

The findings reveal that Knowledge-Oriented Leadership (KOL) positively influences Innovation Capability. This result suggests that leaders who encourage learning, knowledge sharing, collaboration, and employee development create an organizational climate conducive to innovation.

This relationship can be explained by the critical role leaders play in shaping organizational culture and employee behavior. Employees are more willing to exchange ideas and experiment with new approaches when leaders actively support learning and tolerate reasonable levels of risk associated with innovation. Such leadership behaviors reduce uncertainty and increase employees' willingness to contribute innovative solutions.

The finding aligns with previous studies by Donate and de Pablo (2019), Le and Lei (2019), and Naqshbandi et al. (2023), which emphasize that leadership focused on knowledge creation and dissemination significantly enhances organizational innovation outcomes. However, the present study contributes additional evidence from the hospitality sector, where leadership-driven knowledge processes remain relatively underexplored.

Theoretically, the finding supports Upper Echelons Theory, which argues that organizational outcomes are largely influenced by leaders' values, orientations, and strategic decisions. In practical terms, hotel organizations should strengthen leadership development programs emphasizing coaching, mentoring, knowledge sharing, and employee empowerment to foster innovative behavior throughout the organization.

5.3 The Effect of Transactive Memory System on Innovation Capability

The results indicate that Transactive Memory System (TMS) significantly enhances Innovation Capability. This finding suggests that employees' awareness of "who knows what" within the organization facilitates knowledge coordination and supports innovative problem-solving.

The positive effect of TMS on innovation can be attributed to the efficient utilization of distributed expertise. Rather than requiring every employee to possess comprehensive knowledge, organizations benefit when employees understand where specialized knowledge resides and can access it when needed. Such coordination improves decision-making quality and accelerates innovation processes.

This finding corroborates previous research conducted by Lewis et al. (2020), He et al. (2021), and Ali et al. (2023), which found that transactive memory systems improve team creativity, innovation performance, and organizational learning. However, this study expands the existing literature by demonstrating the relevance of TMS within hotel organizations, where service delivery often requires intensive cross-functional collaboration.

Theoretically, this finding reinforces social cognition perspectives emphasizing collective knowledge structures as sources of organizational innovation. Practically, hotel managers should encourage interdepartmental collaboration, cross-training programs, and knowledge networking initiatives to strengthen collective memory systems.

5.4 The Effect of Task Management Conflict on Innovation Capability

The findings reveal that Task Management Conflict (TMC) positively affects Innovation Capability. Contrary to the traditional perception that conflict is inherently detrimental, this result indicates that constructive task-related disagreements can stimulate innovation.

This relationship may occur because task conflict encourages employees to challenge assumptions, evaluate alternative viewpoints, and critically examine existing practices. Through constructive debate, organizations gain access to diverse perspectives that contribute to creativity and innovation. When managed appropriately, task conflict prevents groupthink and promotes the generation of novel solutions.

The result supports previous findings reported by De Dreu and Weingart (2019), O'Neill et al. (2020), and Lee et al. (2022), who found that moderate levels of task conflict can enhance creativity and innovation performance. The present study contributes additional evidence by demonstrating that task-related conflict functions as a productive mechanism for stimulating innovation within hospitality organizations.

Theoretically, this finding supports Conflict Management Theory, which argues that not all conflicts are harmful and that constructive task conflicts can generate positive organizational outcomes. Practically, hotel managers should establish mechanisms that encourage open discussion and healthy debate while minimizing interpersonal conflicts that may negatively affect employee relationships.

5.5 The Effect of Knowledge Management Capability on Hotel Performance

The study demonstrates that Knowledge Management Capability positively influences Hotel Performance. This finding indicates that organizations capable of effectively managing knowledge resources achieve higher levels of service quality, operational efficiency, and customer satisfaction.

The result can be explained by the fact that knowledge management facilitates organizational learning and continuous improvement. Hotels that effectively capture and disseminate knowledge can respond more rapidly to customer needs, improve service consistency, and reduce operational errors.

This finding is consistent with prior studies conducted by Santoro et al. (2020), Masa'deh et al. (2021), and Almulhim (2023), which reported that knowledge management significantly enhances organizational performance. The present study confirms that these relationships also apply within the hotel industry.

Practically, hotel managers should recognize knowledge as a strategic asset and invest in systems that facilitate knowledge creation, retention, and dissemination throughout the organization.

5.6 The Effect of Knowledge-Oriented Leadership on Hotel Performance

The findings indicate that Knowledge-Oriented Leadership significantly improves Hotel Performance. Leaders who actively promote knowledge sharing and learning create conditions that enable employees to perform more effectively and deliver higher-quality services.

This result supports previous studies showing that leadership behaviors directly influence organizational performance through employee motivation, engagement, and capability development (Vera et al., 2020; Naqshbandi et al., 2023). The hospitality industry relies heavily on human interaction, making leadership particularly important in shaping service quality and operational effectiveness.

From a practical perspective, hotel organizations should prioritize leadership development initiatives that emphasize learning orientation, employee coaching, and knowledge-sharing behaviors.

5.7 The Effect of Transactive Memory System on Hotel Performance

The positive relationship between Transactive Memory System and Hotel Performance suggests that effective coordination of expertise contributes directly to organizational effectiveness.

Hotels often require collaboration among multiple departments, including front office, housekeeping, food and beverage, sales, and operations. When employees understand where expertise resides within the organization, service problems can be resolved more quickly and efficiently. Consequently, operational performance improves.

This finding supports previous studies demonstrating that TMS enhances organizational effectiveness through improved knowledge integration and coordination (Ren and Argote, 2021; He et al., 2021).

5.8 The Effect of Task Management Conflict on Hotel Performance

The findings indicate that Task Management Conflict positively affects Hotel Performance. This result suggests that constructive disagreements concerning work procedures, operational decisions, and service improvement initiatives can contribute to better organizational outcomes.

When employees engage in productive discussions about task-related issues, decision quality improves because multiple alternatives are considered before final decisions are made. Such processes enhance operational effectiveness and service performance.

The result extends previous research on conflict management by demonstrating that task conflict can generate positive performance outcomes when managed appropriately within hospitality organizations.

5.9 The Effect of Innovation Capability on Hotel Performance

Among all direct relationships examined in this study, Innovation Capability exerts the strongest influence on Hotel Performance. This finding underscores the strategic importance of innovation as a key driver of competitive advantage in the hospitality industry.

Hotels capable of continuously introducing service innovations, process improvements, and customer experience enhancements are better positioned to satisfy customer expectations and adapt to changing market conditions. Consequently, innovation capability translates directly into superior organizational performance.

The finding is consistent with Dynamic Capability Theory, which argues that organizations achieve superior performance when they can continuously adapt and reconfigure resources in response to environmental changes (Teece, 2018; Fainshmidt et al., 2019). Compared with other antecedent variables, innovation capability serves as the most immediate mechanism through which organizational resources are transformed into performance outcomes.

5.10 The Mediating Role of Innovation Capability

The mediation analysis reveals that Innovation Capability significantly mediates the relationships between Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, Task Management Conflict, and Hotel Performance.

This finding suggests that organizational resources and managerial practices do not automatically improve performance. Instead, their influence is partially transmitted through the organization's ability to generate and implement innovations. In other words, knowledge resources, leadership support, collective expertise, and constructive conflict contribute to superior performance primarily because they strengthen innovation capability.

This result represents an important contribution to the literature because it clarifies the underlying mechanism linking organizational capabilities to hotel performance. Previous studies often examined these relationships independently, whereas this study integrates them into a comprehensive framework that positions Innovation Capability as the central mediating mechanism.

5.11 Theoretical Implications

This study contributes to the literature in several ways. First, it extends the Knowledge-Based View by demonstrating that knowledge-related organizational capabilities influence performance both directly and indirectly through innovation capability. Second, it enriches Upper Echelons Theory by highlighting the importance of knowledge-oriented leadership in promoting innovation and organizational performance. Third, it provides empirical support for the role of Transactive Memory Systems and constructive task conflict as strategic organizational resources within service-based industries. Finally, the study develops an integrated framework explaining how organizational resources are transformed into superior hotel performance through innovation capability.

5.12 Practical Implications

The findings provide several managerial implications for hotel organizations. First, managers should strengthen knowledge management systems to facilitate knowledge acquisition, sharing, and utilization across departments. Second, leadership development programs should emphasize knowledge-oriented behaviors that encourage learning and collaboration. Third, organizations should foster strong transactive memory systems through cross-functional teamwork and knowledge networking activities. Fourth, managers should create environments where constructive task-related disagreements are encouraged while preventing destructive interpersonal conflict. Finally, hotel organizations should prioritize innovation capability as a strategic objective because it represents the most influential determinant of organizational performance and serves as a critical mechanism through which organizational resources generate competitive advantage.

6. CONCLUSION

This study investigated the relationships among Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, Task Management Conflict, Innovation Capability, and Hotel Performance within the hospitality industry. Using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, the study examined both the direct and indirect effects among the proposed constructs and provided empirical evidence regarding the mechanisms through which organizational capabilities contribute to superior hotel performance.

The findings demonstrate that Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, and Task Management Conflict significantly and positively influence Innovation Capability. These results indicate that organizational knowledge resources, leadership orientation, collective expertise coordination, and constructive task-related conflict play important roles in enhancing an organization's ability to generate and implement innovation. The study further reveals that these variables also exert significant positive effects on Hotel Performance, suggesting that both knowledge-based resources and organizational processes directly contribute to improved organizational outcomes.

Among all direct relationships examined, Innovation Capability emerged as the strongest predictor of Hotel Performance. This finding highlights the strategic importance of innovation capability as a critical organizational asset that enables hotels to improve service quality, respond effectively to market changes, strengthen customer satisfaction, and maintain competitive advantage in increasingly dynamic business environments. The substantial explanatory power of the structural model further confirms that innovation serves as a central mechanism through which organizational resources are transformed into performance outcomes.

The mediation analysis provides additional insights by demonstrating that Innovation Capability significantly mediates the relationships between Knowledge Management Capability, Knowledge-Oriented Leadership, Transactive Memory System, Task Management Conflict, and Hotel Performance. These findings suggest that organizational capabilities do not merely influence performance directly; rather, their effectiveness is substantially enhanced when they foster stronger innovation capability. Consequently, innovation capability functions as a key strategic pathway connecting organizational resources and managerial practices to organizational performance.

From a theoretical perspective, this study extends the Knowledge-Based View, Dynamic Capability Theory, and leadership-related organizational theories by integrating knowledge management, leadership orientation, collective memory systems, and task conflict within a unified framework. The findings contribute to the growing body of literature by clarifying the mediating role of innovation capability in explaining how organizational resources generate superior performance in service-based organizations, particularly within the hospitality sector.

From a managerial perspective, the results suggest that hotel organizations should prioritize the development of knowledge management systems, knowledge-oriented leadership practices, cross-functional knowledge coordination, and constructive task-related discussions as strategic initiatives to strengthen innovation capability. Since innovation capability demonstrated the strongest influence on hotel performance, managers should view innovation not merely as an operational activity but as a core organizational capability that drives long-term competitiveness and organizational sustainability.

Despite its contributions, this study has several limitations. First, the research was conducted within hotels located in a single geographical area, which may limit the generalizability of the findings to other regions or countries. Second, the study employed a cross-sectional research design, which restricts the ability to examine causal relationships over time. Third, the model focused primarily on internal organizational factors and did not incorporate external environmental variables such as market turbulence, technological uncertainty, or competitive intensity.

Therefore, future studies are encouraged to employ longitudinal research designs, expand the research context across different hospitality sectors and geographical regions, and incorporate additional organizational and environmental variables to develop a more comprehensive understanding of the factors influencing innovation capability and organizational performance. Future research may also explore potential moderating variables, such as organizational culture, digital transformation, or environmental dynamism, to further enrich the understanding of innovation-driven performance within the hospitality industry.

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