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Strategic Leadership and Innovation Culture in Enhancing the Performance of Government Apparatus at the Ministry of Tourism

Bayu Aji¹, Ahman Sya², Dedi Purwana³

¹²³Doctoral Program in Management Science, Universitas Negeri Jakarta.

Email: bayuaji@kemenpar.go.id

Abstract. This study aims to analyse the influence of strategic leadership and innovation culture on improving the performance of government officials within the Ministry of Tourism. In the context of public bureaucracy facing digital transformation and demands for adaptive public services, strategic leadership plays a critical role in shaping organizational vision, direction, and commitment. Meanwhile, innovation culture serves as the foundation that encourages creativity, collaboration, and the willingness of civil servants to develop new solutions in their work processes. The study employed a quantitative explanatory research design. Data were collected through a survey of 250 civil servants across various departments of the Ministry of Tourism. The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) to examine the causal relationships among the variables. Research instruments were developed based on theoretical indicators of strategic leadership, innovation culture, and employee performance, all of which were validated through reliability and validity testing. The findings reveal that strategic leadership has a positive and significant effect on both innovation culture and employee performance. Furthermore, innovation culture mediates the relationship between strategic leadership and performance improvement. These results highlight the crucial role of leaders in fostering an organizational environment that supports innovation and continuous learning. The practical implication of this study is the need to strengthen strategic leadership capabilities and build an innovative ecosystem within the Ministry of Tourism to enhance bureaucratic reform and improve the quality of public service performance.

Keywords: strategic leadership, innovation culture, employee performance, Ministry of Tourism, SEM-PLS

I. Introduction

The rapid advancement of digital technologies and the increasing complexity of global dynamics have fundamentally transformed the way public sector organizations operate. Governments are no longer solely expected to perform administrative functions, but also to demonstrate adaptive capacity, innovation capability, and strategic responsiveness in addressing evolving societal and economic challenges. In this context, the tourism sector has emerged as a highly dynamic and competitive domain, requiring not only policy agility but also high-performing public institutions capable of sustaining long-term development.

The Ministry of Tourism, as a key institution in driving national economic growth and destination competitiveness, faces substantial challenges in enhancing the performance of its public officials. Despite the significant recovery of tourism indicators in the post-pandemic period, such as the increase in international tourist arrivals, these improvements do not necessarily reflect the underlying quality of bureaucratic performance. Instead, they often indicate short-term recovery rather than the existence of a resilient and adaptive institutional system. Empirical conditions reveal persistent issues, including limited decision-making efficiency, weak inter-unit coordination, and insufficient development of outcome-oriented policies.

This condition highlights a structural gap between strategic national objectives—such as those outlined in the National Tourism Development Master Plan (RIPPARNAS)—and their effective implementation at the organizational level. Furthermore, ongoing initiatives toward digital governance, smart tourism, and Tourism 4.0 have not yet achieved optimal outcomes due to internal organizational constraints. Among the most critical challenges are the limited effectiveness of strategic leadership and the underdeveloped innovation culture within the institution.

From a theoretical standpoint, strategic leadership is recognized as a key determinant of organizational performance, particularly in complex and uncertain environments. It encompasses the ability of leaders to formulate long-term vision, align organizational resources, manage change, and create strategic coherence. In public sector organizations, strategic leaders function not only as

decision-makers but also as change agents who shape organizational direction and foster adaptive capacity.

At the same time, innovation culture plays a pivotal role in enabling organizations to translate strategic intent into tangible outcomes. It reflects a system of shared values, norms, and practices that encourage creativity, collaboration, experimentation, and continuous learning. In the public sector, a strong innovation culture is essential for improving service delivery, enhancing policy effectiveness, and strengthening public trust. Without such a culture, strategic initiatives often fail to be implemented effectively, resulting in suboptimal performance.

The interaction between strategic leadership and innovation culture is therefore critical. Strategic leadership provides direction and motivation, while innovation culture acts as an enabling mechanism that facilitates the execution of strategic objectives. In this relationship, innovation culture is not merely an independent factor but also functions as a mediating variable that bridges leadership and performance outcomes.

Although previous studies have examined leadership and innovation separately, limited research has integrated these variables within a single analytical framework, particularly in the context of public sector organizations in the tourism domain. Most existing studies focus on private sector settings or general public administration, leaving a significant gap in understanding how strategic leadership and innovation culture interact to influence performance in dynamic, cross-sectoral environments such as tourism governance.

Therefore, this study aims to analyze the effect of strategic leadership on public sector performance, examine the role of innovation culture in enhancing organizational outcomes, and investigate its mediating function in the relationship between leadership and performance. By developing an integrative conceptual model, this research is expected to contribute to the advancement of strategic management and public administration literature, while also providing practical insights for strengthening governance and institutional performance in the tourism sector.

II. Literature Review

1. Strategic Management Theory

Strategic Management Theory provides a fundamental framework for understanding how organizations formulate, implement, and evaluate strategies to achieve long-term objectives. It emphasizes the alignment between internal resources and external environmental dynamics to achieve sustainable competitive advantage (Wheelen et al., 2018; David & David, 2020). In the public sector, this theory extends beyond efficiency to include public value creation and institutional sustainability (Bryson, 2018).

The strategic management process consists of strategy formulation, implementation, and evaluation, in which leadership plays a central role in directing organizational actions and ensuring strategic alignment. Organizational performance is therefore highly dependent on the effectiveness of leadership in managing these processes.

2. Strategic Leadership Theory

Strategic leadership refers to a leader's ability to anticipate, envision, maintain flexibility, and empower others to create strategic change (Ireland & Hitt, 2005). It emphasizes long-term orientation, adaptability, and the integration of organizational resources to respond to dynamic environments (Hitt et al., 2021).

In the public sector, strategic leadership involves not only decision-making but also fostering collaboration, managing change, and creating public value (Van Wart, 2013). Leaders act as change agents who shape organizational direction and build adaptive capacity. Effective strategic leadership has been shown to positively influence organizational performance through improved coordination, innovation, and decision-making processes (Boal & Schultz, 2007).

3. Innovation Culture Theory

Innovation culture is defined as a set of shared values, beliefs, and norms that support creativity, experimentation, and knowledge sharing within organizations (Martins & Terblanche, 2003). It reflects the extent to which an organization encourages risk-taking, collaboration, and continuous improvement.

In the public sector, innovation culture plays a critical role in enhancing service delivery and policy effectiveness. Organizations with strong innovation cultures are better able to adapt to change and generate innovative solutions (Jaskyte, 2010). Leadership is a key factor in shaping innovation culture by promoting openness, empowering employees, and supporting learning processes (Donate & de Pablo, 2015).

4. Public Sector Performance Theory

Public sector performance has evolved from a focus on administrative compliance to an emphasis on efficiency, effectiveness, and public value creation. The New Public Management paradigm introduced performance measurement based on outputs and efficiency (Hood, 1991), while the New Public Service perspective emphasizes citizen-centered outcomes and public value (Denhardt & Denhardt, 2015). More recently, the concept of public value highlights that performance should be assessed based on its contribution to societal well-being (Moore, 1995). In the era of digital transformation, public sector performance also includes adaptability, innovation capability, and digital competence (Mergel et al., 2019).

5. Theoretical Relationship Between Variables

The relationship between strategic leadership, innovation culture, and public sector performance can be understood through an integrated theoretical perspective. Strategic leadership influences organizational direction and shapes internal culture, particularly in fostering an innovation-oriented environment (Hitt et al., 2021).

Innovation culture acts as a mediating mechanism that translates leadership vision into actionable outcomes by promoting creativity, collaboration, and adaptive behavior (Donate & de Pablo, 2015). In turn, a strong innovation culture enhances organizational performance by improving efficiency, responsiveness, and service quality (Jaskyte, 2010).

Thus, this study positions innovation culture as a mediating variable linking strategic leadership and public sector performance, providing a more comprehensive understanding of organizational effectiveness in the public sector.

Conceptual Framework And Hypotheses

This study develops a conceptual framework based on Structural Equation Modeling (SEM) to examine the relationships between strategic leadership, innovation culture, and public sector performance within the Ministry of Tourism. The model integrates both the measurement model (outer model) and the structural model (inner model) to provide a comprehensive understanding of the relationships among latent variables.

In this framework, strategic leadership is conceptualized as a latent variable measured by multiple observable indicators that reflect leadership capability in formulating vision, aligning organizational resources, and managing change. Strategic leadership is positioned as an exogenous variable that directly and indirectly influences organizational performance.

Innovation culture is conceptualized as a latent mediating variable, measured by indicators that represent organizational values and practices such as creativity, collaboration, and continuous learning. This variable serves as a mechanism through which leadership practices are translated into organizational outcomes.

Public sector performance is defined as a latent endogenous variable measured by indicators such as effectiveness, efficiency, adaptability, and service quality. It reflects the ability of public officials to achieve organizational goals in a dynamic and complex environment.

Based on the SEM structure, the model consists of two components:

- 1. Measurement Model (Outer Model)**

The measurement model specifies the relationship between latent variables and their respective indicators. Each construct—strategic leadership, innovation culture, and public sector performance—is represented by multiple reflective indicators, indicating that the latent variables are inferred from observable measures.

- 2. Structural Model (Inner Model)**

The structural model describes the causal relationships among latent variables. Strategic leadership is hypothesized to influence innovation culture and public sector performance directly. In addition, innovation culture is expected to influence public sector performance,

thereby acting as a mediating variable in the relationship between leadership and performance.

The proposed SEM model is illustrated in Figure 1.

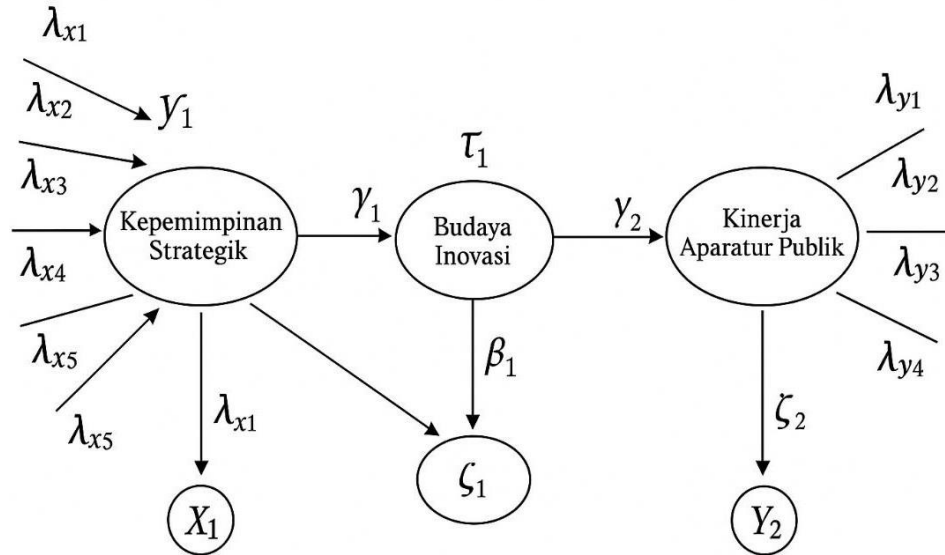


Figure 1. Structural Equation Model of the Study

Hypotheses Development

Based on the conceptual framework and SEM structure, the following hypotheses are proposed:

Direct Effects

H1: Strategic leadership has a positive and significant effect on innovation culture. This hypothesis is based on the assumption that leadership plays a key role in shaping organizational values and fostering an environment that supports creativity and collaboration.

H2: Innovation culture has a positive and significant effect on public sector performance. Organizations with strong innovation cultures are expected to be more adaptive, efficient, and capable of delivering high-quality public services.

H3: Strategic leadership has a positive and significant effect on public sector performance. Strategic leadership is expected to directly enhance organizational effectiveness through better coordination, decision-making, and strategic alignment.

Mediating Effect

H4: Innovation culture mediates the relationship between strategic leadership and public sector performance.

This hypothesis suggests that strategic leadership influences performance not only directly but also indirectly through the development of an innovation-oriented organizational culture.

III. Research Method

This study employs a quantitative research approach to examine the relationships between strategic leadership, innovation culture, and public sector performance. The research design is explanatory, aiming to test causal relationships and validate the proposed conceptual framework.

Research Design and Approach

A cross-sectional survey method is used to collect primary data from respondents within the Ministry of Tourism. This approach allows for the measurement of perceptions regarding leadership practices, organizational culture, and performance at a specific point in time.

Population and Sample

The population of this study consists of public officials working within the Ministry of Tourism. The unit of analysis is individual employees, while the unit of observation is their perception of leadership, innovation culture, and performance. A purposive sampling technique is applied to select respondents who are directly involved in organizational processes and decision-making activities.

The sample size is determined based on the requirements of Structural Equation Modeling (SEM), ensuring sufficient representation for robust statistical analysis.

Variables and Measurement

This study involves three main variables:

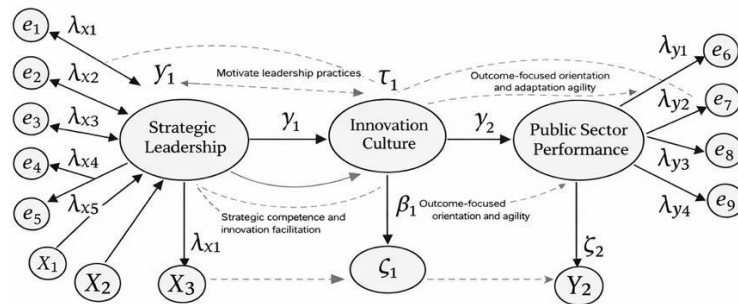
1. Strategic Leadership (independent variable)
Measured through indicators such as vision formulation, strategic alignment, change management, and resource optimization.
 2. Innovation Culture (mediating variable)
Measured by indicators including openness to new ideas, collaboration, risk-taking, and organizational learning.
 3. Public Sector Performance (dependent variable)
Measured based on effectiveness, efficiency, adaptability, and outcome-based performance.
- All variables are measured using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

IV. Results And Discussion

1. Structural Model Overview

This study proposes a Structural Equation Model (SEM) that integrates three key constructs: Strategic Leadership as the exogenous variable, Innovation Culture as the mediating variable, and Public Sector Performance as the endogenous variable. The model is designed to capture both direct and indirect relationships, reflecting a comprehensive mechanism through which leadership influences organizational outcomes.

As this study is currently at the proposal stage, the following section presents the expected results derived from theoretical foundations and prior empirical studies. The model assumes that strategic leadership plays a central role not only in directly enhancing performance but also in shaping an innovation-oriented organizational environment that subsequently influences performance outcomes.



Picture 2. Structural Equation Model of Strategic Leadership, Innovation Culture, and Public Sector Performance

2. Expected Direct Effects

2.1 Strategic Leadership → Public Sector Performance

Strategic leadership is expected to have a direct and positive influence on public sector performance. This relationship is grounded in the premise that leaders who possess strong strategic capabilities are able to formulate a clear organizational vision, align resources effectively, and guide the organization through complex and dynamic environments (John Adair, 2010; Gerry Johnson et al., 2017). Strategic leadership enables organizations to respond to uncertainty and maintain long-term performance by integrating strategic thinking with operational execution (Michael A. Hitt et al., 2017). In the context of public organizations, particularly within the Ministry of Tourism, strategic leadership is essential for improving coordination across units, accelerating decision-making

processes, and ensuring that policies are aligned with national development goals. Effective public leaders are required to manage complexity, foster inter-agency collaboration, and ensure policy coherence across multiple stakeholders (Mark H. Moore, 1995; Geert Bouckaert & Christopher Pollitt, 2017). Leaders who demonstrate strategic orientation are also more capable of anticipating environmental changes, thereby enabling the organization to respond proactively rather than reactively (John M. Bryson, 2018).

Therefore, it is expected that improvements in leadership quality will directly contribute to higher levels of organizational effectiveness, efficiency, and adaptability. Empirical studies have shown that strategic leadership significantly influences public sector performance outcomes, including service quality, organizational responsiveness, and institutional capacity (Richard M. Walker et al., 2011; Boyne George et al., 2016).

2.2 Strategic Leadership → Innovation Culture

Strategic leadership is also expected to significantly influence the development of innovation culture within the organization. Leaders play a critical role in shaping organizational values, norms, and behaviors, particularly in fostering an environment that encourages creativity, collaboration, and continuous learning (Edgar H. Schein, 2010; Bernard M. Bass & Bruce J. Avolio, 1994). Organizational culture is largely influenced by leadership actions and decisions, as leaders act as role models who embed and transmit innovation-oriented values across the organization.

Through supportive leadership practices such as empowering employees, promoting knowledge sharing, and tolerating calculated risk-taking leaders can cultivate a culture that is conducive to innovation. These practices are consistent with transformational and strategic leadership approaches, which emphasize empowerment, intellectual stimulation, and openness to change as key drivers of innovation performance (James MacGregor Burns, 1978; Gary Yukl, 2013). Furthermore, leadership support has been found to enhance knowledge exchange and organizational learning, both of which are essential components of an innovation culture (Ikujiro Nonaka & Hirotaka Takeuchi, 1995).

In bureaucratic settings, where rigid structures often limit flexibility, the role of leadership becomes even more important in driving cultural transformation. Strategic leaders are required to challenge existing routines, reduce structural inertia, and create adaptive environments that support innovation and change (Henry Mintzberg, 2009; John P. Kotter, 2012). Without strong leadership commitment, innovation initiatives in public sector organizations tend to face resistance and slow adoption.

Thus, the model assumes that strategic leadership acts as a primary driver in establishing an innovation-oriented organizational culture. Empirical studies confirm that leadership significantly influences innovation culture, which in turn affects organizational innovation capability and performance outcomes (Michael J. Mumford et al., 2002; Jing Zhou & Jennifer M. George, 2001).

2.3 Innovation Culture → Public Sector Performance

Innovation culture is expected to have a positive and significant effect on public sector performance. Organizations that embrace innovation are more likely to generate creative solutions, improve service delivery, and adapt effectively to changing environmental conditions (Teresa M. Amabile, 1996; Joe Tidd & John Bessant, 2018). An organizational culture that supports experimentation, learning, and knowledge sharing enables continuous improvement and fosters sustainable performance outcomes.

In the public sector, innovation culture enhances the ability of institutions to move beyond routine administrative functions toward more dynamic and responsive governance practices. It supports the development of outcome-based policies, encourages cross-unit collaboration, and improves the overall quality of public services (Christopher Pollitt & Geert Bouckaert, 2017; Mark H. Moore, 1995). Public organizations that institutionalize innovation are better positioned to deliver public value, increase citizen satisfaction, and respond to complex societal challenges. Furthermore, innovation culture plays a critical role in enhancing organizational adaptability and responsiveness, particularly in environments characterized by uncertainty and rapid change. It enables public institutions to adopt new technologies, redesign service processes, and implement policy innovations more effectively (Christian Bason, 2010; Sanford Borins, 2001). Empirical evidence suggests that innovation-oriented organizations tend to demonstrate higher levels of efficiency, effectiveness, and service quality.

Therefore, it is expected that a strong innovation culture will contribute significantly to improved performance outcomes, particularly in terms of adaptability, responsiveness, and service

effectiveness. Studies in public management confirm that innovation culture is a key determinant of organizational performance and reform success in the public sector (Richard M. Walker et al., 2011; Hal G. Rainey, 2009).

3. Expected Mediation Effect

One of the key contributions of this study lies in examining the mediating role of innovation culture. The model assumes that innovation culture mediates the relationship between strategic leadership and public sector performance.

This mediation mechanism suggests that leadership does not influence performance solely through direct intervention, but also through its ability to shape the organizational environment. In other words, strategic leadership creates the conditions necessary for innovation to emerge, and it is this innovation culture that ultimately drives performance improvements.

Conceptually, the mediation process can be described as follows:

1. Strategic leadership establishes direction, vision, and support systems
2. These elements foster an innovation culture within the organization
3. Innovation culture enhances performance through improved adaptability and problem-solving

This indicates that the effectiveness of leadership is partially dependent on its ability to institutionalize innovation within the organization.

4. Theoretical Discussion

The expected relationships within the SEM model are consistent with several established theoretical perspectives. From the standpoint of Strategic Management Theory, leadership is a key determinant of organizational success, particularly in environments characterized by uncertainty and rapid change. The ability of leaders to align resources, manage change, and formulate long-term strategies directly influences organizational performance.

At the same time, Innovation Culture Theory emphasizes that organizational culture serves as a critical mechanism through which strategies are implemented. Without a supportive culture, even well-formulated strategies may fail to produce desired outcomes. Therefore, the integration of leadership and culture provides a more comprehensive explanation of organizational performance. The mediating role of innovation culture further enriches this theoretical integration by highlighting the indirect pathways through which leadership affects performance. This supports the argument that organizational outcomes are shaped not only by structural factors but also by cultural dynamics.

5. Contextual Interpretation (Ministry of Tourism)

In the specific context of the Ministry of Tourism, the proposed model reflects the need for a more adaptive and innovation-driven bureaucracy. The tourism sector is inherently dynamic, influenced by global trends, technological developments, and shifting consumer preferences. As such, traditional bureaucratic approaches may not be sufficient to address these challenges.

Strategic leadership is required to navigate this complexity by providing clear direction and fostering collaboration across units. However, without a strong innovation culture, these leadership efforts may not be fully translated into effective performance outcomes.

The model therefore suggests that improving performance in the Ministry of Tourism requires a dual focus:

1. Enhancing leadership capacity
2. Building an organizational culture that supports innovation

6. Practical Implications

The expected findings of this study offer several practical implications for public sector organizations:

First, leadership development programs should emphasize strategic thinking, adaptability, and innovation-oriented leadership practices. Leaders need to be equipped not only with managerial skills but also with the ability to drive organizational transformation.

Second, organizations should actively cultivate an innovation culture by encouraging collaboration, supporting experimentation, and promoting continuous learning. This can be achieved through policy reforms, organizational restructuring, and the implementation of innovation-supporting systems.

Third, performance management systems should incorporate innovation-related indicators to ensure that organizational efforts are aligned with long-term strategic goals.

7. Summary of Expected Findings

Overall, this study expects that:

1. Strategic leadership will positively influence public sector performance
2. Strategic leadership will significantly shape innovation culture
3. Innovation culture will enhance organizational performance
4. Innovation culture will mediate the relationship between leadership and performance

These relationships highlight the importance of integrating leadership and cultural dimensions in improving public sector performance, particularly in dynamic and complex sectors such as tourism.

V. Conclusion

This study develops a Structural Equation Model (SEM) to examine the relationships between strategic leadership, innovation culture, and public sector performance within the Ministry of Tourism. The model integrates both measurement and structural components to provide a comprehensive understanding of how leadership influences organizational outcomes.

Conceptually, the study highlights that strategic leadership plays a critical role in shaping organizational performance, both directly and indirectly. As an exogenous construct, strategic leadership is expected to influence innovation culture as well as public sector performance. This indicates that leadership not only determines organizational direction but also contributes to the development of an environment that supports innovation.

Innovation culture, as a mediating construct, is expected to play a significant role in enhancing public sector performance. It functions as a mechanism that translates leadership practices into tangible outcomes by fostering creativity, collaboration, and continuous learning within the organization.

The integration of measurement and structural models further strengthens the understanding that organizational performance is not solely determined by leadership actions, but also by how these actions are reflected through observable indicators and internalized within organizational culture.

Overall, this study emphasizes that improving public sector performance requires a synergistic relationship between strategic leadership and innovation culture. The SEM approach provides a robust framework for analyzing these relationships and offers a more systematic explanation of performance improvement in the public sector.

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