INCLUSIVE LEADERSHIP AND ORGANIZATIONAL PERFORMANCE: THE ROLE OF EXPLOITATIVE INNOVATION STRATEGY

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Abstract

This research tests a new variable developed using dynamic capability theory, namely the exploitative innovation capability (*EIC*) variable which is thought to be able to mediate and improve organizational performance (*OP*) in relation to inclusive leadership (*IL*). Inclusive leadership is believed to be a variable that is able to have a good impact on human resource performance so that it will indirectly have a good impact on improving organizational performance (Siyal et al., 2023; Gong et al., 2021; Al-Atwi & Al-Hassani, 2021), but this research has not been completed due to research by Mitchell et al. (2015) and Xiaotao et al. (2018) stating different results. This research will prove the role of inclusive leadership in improving organizational performance by testing the role of exploitative innovation capability. Data were collected from 110 respondents in the tourism services sector in Central Java, Indonesia. This research approach is structural equation modeling partial least squares (SEM-PLS) which is useful for exploring inclusive leadership and organizational performance. Then a mediation test is used to test the mediating role of exploitative innovation capability. This research finds that exploitative innovation capability is able to mediate the relationship between inclusive leadership and organizational performance, and is able to improve organizational performance through a mediating relationship.

Keywords: Inclusive Leadership, Exploitative Innovation Capabilities, Organizational Performance

Authors' individual contribution: Conceptualization — D.M.V.; Methodology — D.M.V.; Validation — S.S. and I.D.; Formal Analysis — D.M.V.; Investigation — D.M.V.; Supervision — S.S. and I.D.

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1. INTRODUCTION

Organizational performance (OP) is still a very relevant topic in organizational studies (Wang et al., 2015; Masa'deh et al., 2016; Zabłocka-Kluczka & Sałamacha, 2023). Several previous studies show that organizational performance is indicated by productivity, growth, creativity, and competitive advantage (Abdul Halim & Che Ha, 2010; Wang et al., 2015; Dahleez & Abdelmuniem Abdelfattah, 2021). This mechanism is accommodated by dynamic capability theory which explains that organizations that have better dynamic capabilities will be able to outperform organizations that have less dynamic capabilities (Zabłocka-Kluczka & Sałamacha, 2023). Competition shows that the basis of competitive advantage or sustainable organizational performance lies in how the organization is able to utilize its resources to achieve its targets Alfawaire and Atan (2021) and is able to integrate, build, and reconfigure an organization's specific internal and external capabilities in response to changes in its

environment. Therefore, leadership is a well-recognized factor that influences competitive advantage and sustainable organizational success (Alkhadra et al., 2023). The presence of leaders in organizational management has a function that cannot be ignored (Fan et al., 2022).

Recently, there has been a leadership style that can be relied upon, namely inclusive leadership (IL) (Gupta et al., 2022; AlMulhim & Mohammed, 2023; Orekoya, 2024). Inclusive leadership is believed to provide benefits because this style is a special form of relational leadership style, which is able to pay attention to its members, be a good listener, meet the expectations of its members, and show openness in interactions (Carmeli et al., 2010). This research focuses on finding methods to improve organizational performance. For sustainable organizational success, the organization must be able to present leaders who can realize organizational targets are beneficial to the organization and are able to make organizational members more enthusiastic about working (Shore et al., 2018).

This research focuses on finding methods to improve organizational performance. Several previous studies believe that sustainable organizational success, cannot be separated from the field of innovation which is able to provide a role for its members (Qu et al., 2017). In an increasingly developing situation, innovation can have a positive impact on the organization's achievement of being more successful (Javed et al., 2019). One innovation that must be considered to increase competitiveness and organizational survival is exploitative innovation (Su et al., 2022).

Research topics on inclusive leadership that influence organizational performance are still very limited. Inclusion in leadership is related to its role in managing both physical and non-physical resources owned by the organization and interpreting the opportunities that will be obtained optimally. Additionally, organizations that successfully promote inclusion will also enjoy a competitive advantage.

There is no agreement regarding research findings on the topic of inclusive leadership and organizational performance. Siyal et al. (2023), Gong et al. (2021), Al-Atwi and Al-Hassani (2021), Qi and Liu (2017) found inclusive leadership influenced organizational performance, in contrast to research by Xiaotao et al. (2018) with inverted U-findings on inclusive leadership and performance. In a study by Xiaotao et al. (2018), the inverted U-shaped relationship between inclusive leadership and task performance showed that employee task performance increased as inclusive leadership from low to moderate levels, but decreased as inclusive leadership from moderate to high levels. That is, a moderate level of inclusive leadership can improve employee task performance, but if inclusive leadership is too high, task performance can actually decrease. Research by Mitchell et al. (2015) said that inclusive leadership has no influence on performance. It can be concluded that there are still differences in results regarding the influence of inclusive leadership on organizational performance, and there is still little research in the service sector, especially tourism services, regarding research on inclusive leadership. This study attempts to overcome research gaps from previous researchers by offering a new concept that is expected to provide a solution to this gap. This new concept is related to exploitative innovation.

The structure of this article consists of several sections. Section 1 contains an introduction, which explains the introduction and background of this article. Section 2 presents a literature review, which provides an explanation of the relevant literature. Section 3 proposes the research methodology which explains the process, participants, and measurements carried out in this research. Section 4 introduces the findings of this research. Section 5 offers research conclusions and recommendations.

2. LITERATURE REVIEW

2.1. Inclusive leadership

Ye et al. (2019) and Zeng et al. (2020) argued that the type of leadership that is recommended and of interest to researchers is inclusive leadership. Inclusive leadership is projected as a special form of leadership that is able to provide joint and active support in managing the organization (Zhao et al., 2023). This leadership style is able to create a sense of comfort for its members so that indirectly members of the organization are facilitated to convey new ideas without any worries. Therefore, organizational members can express their ideas with a sense of security.

Inclusive leadership describes the relationship between superiors and members as having an element of trust, superiors in the organization are able to establish emotional closeness (Srivastava & Singh, 2023). Inclusive leadership in research by Carmeli et al. (2010) conveys the freedom of supporters to access their leaders, followers describe the leader as a good role model for their members (Akhtar et al., 2022). So, in this study, researchers imply that there is a good inclusive relationship between leaders and members of the organization.

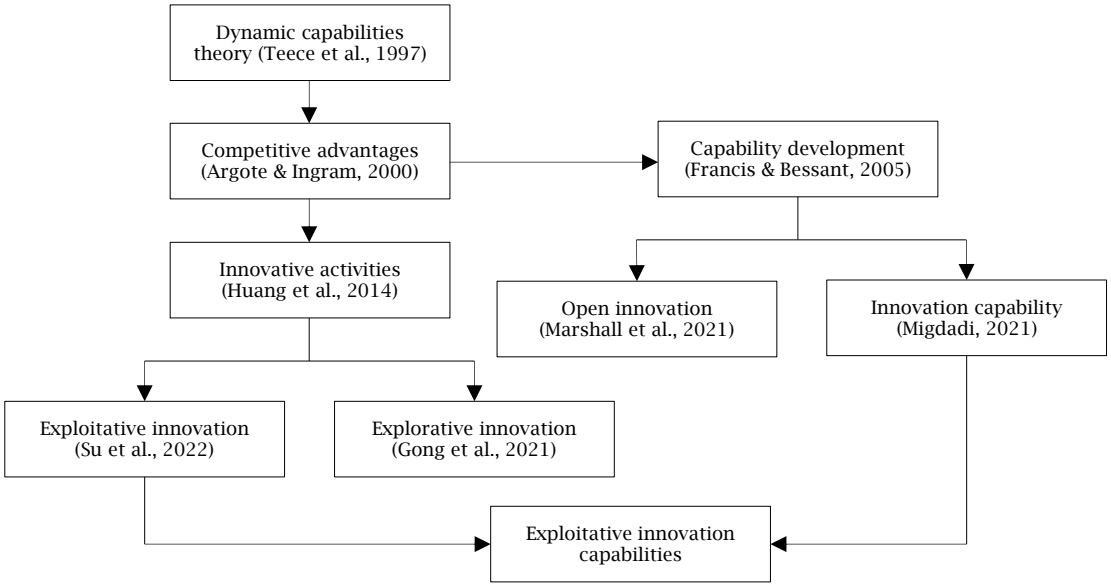
2.2. Exploitative innovation capabilities from the dynamic capabilities theory perspective

The exploitative innovation capability (EIC) proposed in this research are a new concept derived from the dynamic capabilities theory put forward (Teece et al., 1997). The new concept proposed in this research is expected to overcome the gap in previous research between inclusive leadership and organizational performance in tourism services.

The basic theory underlying the emergence of the exploitative innovation capability concept is the dynamic capabilities theory. This theory implies that an organization will be able to perform better if it has higher dynamic capabilities. The aim of this theory emphasizes organizational performance in planning and executing work programs so that it can maintain organizational success by being able to seize good opportunities to improve its performance. An organization is said to have dynamic capabilities when the organization is able to create a concept by utilizing the organization's ability to adapt to ever-changing conditions and realize competitive advantage through the creation of new ideas (Miles, 2012).

The following presents a synthesis of dynamic capabilities theory in developing the exploitative innovation capability concept:

Figure 1. Exploitative innovation capabilities concept synthesis process



Source: Authors' elaboration.

Exploitative innovation capability is a synthesis of the concept of dynamic capability theory, namely creating and maintaining an organization's competitive advantage by responding to and creating appropriate new competencies. Exploitative innovation capabilities are intended to determine the extent of exploitative innovation capability in the research object. The exploitative innovation capability carried out will be able to encourage increased organizational performance. Based on the concepts and theories developed, the dimensions of exploitative innovation capability are exploitative product capabilities, exploitative strategic capabilities, and exploitative technological capabilities.

The new concept proposed in this research is exploitative innovation capability, which is expected to overcome the gap in previous research regarding inclusive leadership on organizational performance. The exploitative innovation capability concept is the ability to create and commercialize products, and services and improve business models based on meeting customer or market needs.

2.3. The mediating role of exploitative innovation capabilities between inclusive leadership and organizational performance

This research uses a dynamic capability theory perspective, therefore, organizations will be able to perform better if they have higher dynamic capabilities (Teece et al., 1997). Innovation can be said to be an organizational strength because, through innovation, organizations are able to utilize their resources so that they are more valuable (Yang et al., 2009; Sanchis Llopis et al., 2024). It is believed that innovation capabilities will be able to enable organizations to achieve sustainable performance (Liao et al., 2017).

Based on previous research findings, exploitative innovation has a strong influence on performance (Gong et al., 2021). Exploitative innovation is designed through expertise and proficiency in optimizing existing structures (Jansen et al., 2006; Zhong et al., 2023). The challenge to improve performance in tourism destinations today is to try to be better than competitors by meeting the needs and desires of tourists.

With inclusive leadership, it emphasizes a mutually inclusive, mutually beneficial relationship between the leader and his subordinates. Inclusive leadership sends a signal to all members to continue to strive for the ability to think critically, make breakthroughs, and make changes. Inclusive leaders focus on differentiating between employee needs and increasing employees' sense of identity in the organization, thus inclusive leadership can support a harmonious work atmosphere so that ultimately inclusive leadership can improve organizational performance.

3. RESEARCH METHODOLOGY

3.1. Procedure

The main respondent was contacted first to ask about their willingness to complete the survey. Afterward, the main respondent was asked about other potential respondents who were willing and met the survey criteria. The survey was conducted directly between April 2023 and October 2023. Respondents in this study were voluntary, meaning anyone who was willing to take part and fill out the survey was allowed. This research carried out random sampling for the reason of minimizing the time required for data collection.

3.2. Participants

This research used a direct survey to distribute 200 questionnaires. A total of 145 respondents agreed to take part in the survey. However, 35 respondents were excluded because they did not complete the required content. The study sample was 110, representing a response rate of 45%. Gender composition, 56.36% men and 43.63% women, with an average age of 25 years old and over.

Table 1. Respondents description

Category		F	%	Category		F	%
Age	< 25 years old	12	10.9	Education	High school	65	59.09
	25–35 years old	49	44.54		Diploma	32	29.09
	36–40 year old	40	36.36		Bachelor	13	11.8
	> 40 years old	9	8.18	Tenure	1–5 years	34	30.90
Gender	Female	48	43.63		6–10 years	68	61.81
	Male	62	56.36		> 10 years	14	12.72

3.3. Measures

This research uses a Likert scale of 1–5, strongly disagree to strongly agree to measure all indicators. Institutional leadership is measured with nine items based on (Carmeli et al., 2010). *EICs* were measured with nine items based on (Jansen et al., 2006; Rr, 2020; Chang et al., 2019). *OP* is measured with five items based on (Abdul Halim & Che Ha, 2010; Singh et al., 2021; Para-González et al., 2018; Muthuveloo et al., 2017). The data analysis technique uses a partial least squares (PLS) approach. Covariance-based structural equation modeling (CB-SEM) focuses more on building models to explain the covariance of all construct indicators. We use outer model evaluation, inner model evaluation, and testing mediation effects.

3.3.1. Outer model evaluation

Outer model evaluation is carried out to assess the reliability and validity of the model. Evaluation is carried out through convergent validity, discriminant validity, and reliability values (Cronbach alpha and composite reliability) (Hair et al., 2017). Several indicators show that the loading factor value in the initial estimate shows a value of < 0.5. Therefore, some invalid indicators will be dropped from the model. The indicator is *IL8*. The following is a summary of the outer loading values in the initial estimation and after modifications, presented in Table 2.

Table 2. Outer loading (convergent validity)

Outer loading	Initial estimated	Modification
IL1	0.806	0.812
IL2	0.693	0.695
IL3	0.748	0.754
IL4	0.706	0.707
IL5	0.743	0.739
IL6	0.700	0.711
IL7	0.779	0.779
IL8	0.401	-
IL9	0.700	0.688
EIC1	0.727	0.727
EIC2	0.691	0.691
EIC3	0.670	0.669
EIC4	0.805	0.805
EIC5	0.837	0.837
EIC6	0.676	0.676
EIC7	0.755	0.755
EIC8	0.810	0.809
EIC9	0.730	0.730
OP1	0.799	0.799
OP2	0.759	0.759
OP3	0.717	0.717
OP4	0.745	0.745
OP5	0.642	0.642

Source: Authors' elaboration.

In the convergent validity test, the indicator is said to be valid if the average variance extracted (AVE) shows a result of ≥ 0.5 (Hair et al., 2017). The results above show that all research variables have an AVE value > 0.5, therefore, it can be concluded that all variables have good convergent validity. The next validity test carried out on structural equation modeling PLS (SEM-PLS) is discriminant validity. The results of the discriminant validity test are presented in Table 3 as follows:

Table 3. Discriminant validity (Fornell-Larcker criterion)

Variables	EIC	IL
EIC	0.747	
IL	0.630	0.737
OP	0.675	0.397

Source: Authors' elaboration.

Discriminant validity testing is carried out by comparing the AVE root value of each indicator with the correlation value between other indicators. If the AVE root value obtained for each indicator is greater than the correlation value between the indicator and other indicators (Fornell-Larcker criteria), then it can be said that the variables determined in the research model are declared valid and feasible (Hair et al., 2017).

Criteria for evaluating reliability can be done using Cronbach's alpha and composite reliability. Reliability testing is acceptable if the Cronbach's alpha value is above 0.6 (Chin, 1998). In reliability testing, Table 4 shows the Cronbach's alpha and composite reliability values for each variable > 0.70. This shows that all research variables have good reliability so they are suitable for use as instruments for further research.

Table 4. Reliability (Cronbach alpha and composite reliability)

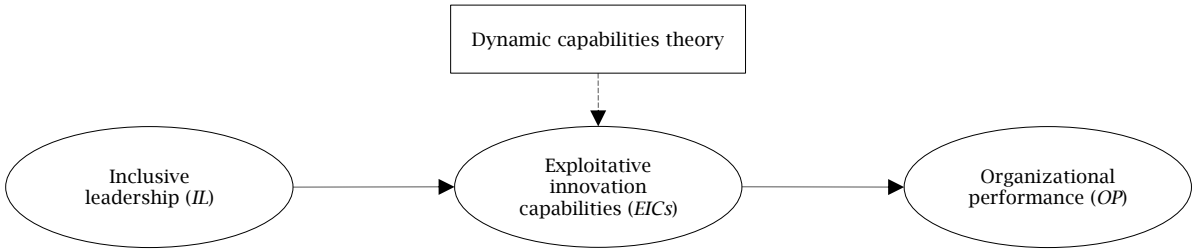
Variables	Cronbach's alpha	rho_A	Composite reliability
EIC	0.899	0.900	0.918
IL	0.879	0.883	0.905
OP	0.785	0.789	0.853

3.3.2. Inner model evaluation

Evaluation is carried out using the path coefficient, and coefficient of determination (R^2) (Hair et al., 2017).

The structural model was evaluated using R^2 to explain the percentage influence of all variables. The results of the R^2 evaluation are presented below, summarized in Table 5 below.

Figure 2. Development of a basic theoretical model



Source: Authors' elaboration.

Table 5. Evaluation of determination coefficient

Variables	*R^2*	*R^2 adjusted*
EIC	0.508	0.499
OP	0.544	0.536

Source: Authors' elaboration.

EICs have an R^2 value of 0.508, meaning *IL* is able to explain *EIC* by 50.8% while the rest (100% – 50.8% = 49.2%) is explained by other variables outside the research model. *OP* has an R^2 value of 0.544, meaning that *IL* and *EIC* are able to explain *OP* by 54.4%, while the remainder (100% – 54.4% = 45.6%) is explained by other variables outside the research model.

3.3.3. Mediation test

Mediation test shows the coefficient of the influence of *IL* on *OP* with *EIC* as mediation is 0.169 with a t-statistic of 3.148 and a p-value of 0.002. It can be concluded that *EIC* is proven to mediate the influence of *IL* on *OP*. The following are the results of the mediation test calculations, presented in Table 6.

Table 6. Mediation test

Variables relationship	*Original sample (O)*	*Sample mean (M)*	*Standard deviation (STDEV)*	*t-statistics (|O / STDEV|)*	*p-values*
IL → EIC → OP	0.169	0.177	0.054	3.148	0.002

Source: Authors' elaboration.

4. RESULTS

4.1. Discussion

Exploitative innovation capability in this research is a novelty that mediates the relationship between inclusive leadership and organizational performance. From the results of empirical testing, novelty has been proven to be a variable that mediates the relationship between inclusive leadership and organizational performance. The extent of the role of exploitative innovation capability can be seen from indicators whose validity has been proven empirically. Indicators of exploitative innovation capability are improving products and services, improving the process of introducing products and services, increasing the efficiency of providing products and services, increasing attractiveness through promotions, increasing cooperation and partnerships, increasing motivation and skills of human resources, adopting technology, and improving service facilities with new systems, and developing new products.

In this research, the exploitative innovation capability variable uses nine indicators, namely improving products and services, introducing products and services well, increasing the efficiency of providing products and services, strengthening promotions, strengthening cooperation and partnerships, increasing motivation and skills of human resources, adopting new technology, improving service facilities, developing new products, using references from (Jansen et al., 2006; Rr, 2020; Chang et al., 2019). After going through the outer model test, the results on convergent validity of all indicators were declared valid and met the requirements.

Based on the loading factor value of each indicator, the overall indicator is declared valid with an outer loading value (0.5 to 0.6), where the highest loading factor value is *EIC5* (strengthening cooperation and partnerships) which shows a value of 0.837; then *EIC8* (improving service facilities) which shows a value of 0.810; then *EIC4* (strengthening promotion) which shows a value of 0.805; then *EIC7* (adopting new technology) which shows a value of 0.755; then *EIC9* (developing a new program) which shows a value of 0.730; then *EIC1* (improving products and services) which shows a value of 0.727; then *EIC2* (introducing good products and services) which shows a value of 0.691; *EIC6* (increasing motivation and human resource skills) which shows a value of 0.676; and finally *EIC3* (increasing the efficiency of providing products and services) which shows a value of 0.670.

Empirical findings on the *EIC5* indicator (strengthening cooperation and partnerships) which shows a value of 0.837, are shown by respondents who assess that exploitative innovation capability in organizations is carried out by designing and collaborating with travel tours, agents, schools, government agencies, village-owned enterprises, and small and medium enterprises. This is in accordance with research by Weber and Heidenreich (2018) which states that collaboration is very beneficial for organizations regarding the success of innovation. Collaboration with partners is essential, as a key driver for internal and external organizational learning.

Empirical findings on the *EIC8* indicator (improving service facilities) which shows a value of 0.810, are shown by respondents who assess that the organization's exploitative innovation capability is to improve service facilities by providing wholehearted service, being friendly to tourists,

using ticket machines, adding supporting facilities for comfort traveler. This is in accordance with research by Yang et al. (2020) which states that hospitality is a unique sector that frequently interacts between customers and employees, and frontline employees play a key role in service delivery. Improving service facilities can be in physical and non-physical forms, in physical form it is realized by adding supporting facilities for customer comfort and satisfaction, in the non-physical form it is realized by attitudes and service standards provided to serve tourists.

Empirical findings on the *EIC4* indicator (strengthening promotion) which shows the value of exploitative innovation capability in organizations to strengthen promotions are carried out through social media, roadshows, pamphlets, and communities by informing the various tourist advantages of each tourist attraction. This is in accordance with research by Florido-Benítez (2022) which states that digital and mobile marketing factors, infrastructure, branding, quality, accessibility, and information about destinations that are most popular with tourists are considered important promotional tools for the tourism industry. Tourism promotion is managing tourism supply resources with market trends and will empower tourists to visit the destination.

Empirical findings on the *EIC7* indicator (adopting new technology) which shows a value of 0.755, are shown by respondents who assess that exploitative innovation capability in organizations by adopting new technology are carried out with digital payment systems, document systems with QR codes, online booking services, online ticket purchasing services, integration of technology in promotions and marketing systems to increase the sustainability of tourist attractions. This is in accordance with research by Florido-Benítez (2022) which states that the power of technology and service innovation in tourism will help develop tourism. New technologies will increase productivity and reduce costs thereby optimizing available resources and information availability to improve tourist experience and satisfaction.

Empirical findings on the *EIC9* indicator (developing new programs) which shows a value of 0.730, are shown by respondents who assess that the exploitative innovation capability of organizations by developing new products is carried out by offering new and additional tourism packages and improving the quality of tourism products. This effort is made to maintain the existence of tourist attractions amidst the many new tourist attractions that are emerging. This is in accordance with research by Del Vecchio et al. (2020) which states that developing new products has been recognized as a source of unique competitive advantage for organizations. Organizations that continue to develop new products and are successful in the market will be able to ensure the survival of the organization.

Empirical findings on the *EIC1* indicator (improving products and services) which shows a value of 0.727, are shown by respondents who assess that the organization's exploitative innovation capability is by improving products and services by packaging tourism products intelligently to add value to tourists, for example, health and tourism kids friendly, involving customers in product/service development through online platforms, collaborating with industry players, continuing to learn, and being sensitive to the needs of today's tourists. This effort is made to continue to provide satisfaction to tourists and maintain the continuity of the organization. This is in accordance with research by Wikhamn et al. (2018) which states that hospitality must be able to survive in a dynamic environment and force it to transform, so it is obliged to adapt to changes and offer updated services or products.

Empirical findings on the *EIC2* indicator (introducing good products and services) which shows a value of 0.691, are shown by respondents who assess that exploitative innovation capability in organizations by introducing good products and services through making certain products and providing certain services, to strive for this are done by reducing internal process costs, tourist attractions introduce products and services through social media, service websites, and promotions through brochures. This effort is made to continue to innovate in order to maintain competitive advantage. This is in accordance with the writing Özsungur (2020) where in business, innovation is needed for sustainable competitive advantage, and for this, it is necessary to improve existing products and services.

Empirical findings on the *EIC6* indicator (increasing motivation and human resource skills) show a value of 0.676; indicated by respondents who considered that the capability of exploitative innovation in organizations to increase the motivation and skills of human resources was carried out by following training held by internal organizations, tourism services and the Borobudur Authority, organizational leaders also always provided direction and guidance to motivate their members, meetings were held informal to build closeness, provide members with opportunities to advance and provide adequate rewards. This effort is made to increase the motivation and skills of human resources so that they can foster creativity and innovation to support the performance of tourist attractions. This is in accordance with research Shin et al. (2022) which states that managerial actions to improve human resource capabilities can add value by supporting organizational innovation.

Empirical findings on the *EIC3* indicator (increasing the efficiency of providing products and services) show a value of 0.670; indicated by respondents who assessed that the exploitative innovation capability of organizations to increase the provision of products and services is carried out by developing smart and future-oriented tourism, efficiency through technology investment, focusing on environmentally friendly and sustainable tourism products, empowering local potential and collaborating with regions to display events or attractions. This effort is made to increase competitiveness, favoring local products which are expected to increase efficiency and create unique value from each tourist attraction. This is in accordance with research by Shin et al. (2022) which states that providing services by continuing to look for new ways to exploit potential will be able to improve tourism performance.

4.2. Theoretical implications

This research provides a solution that the construct of exploitative innovation capability can be a mediator between inclusive leadership and organizational performance. This has been proven

empirically through tests carried out on exploitative innovation capability which makes it a new concept (novelty). The road map for explaining the influence of inclusive leadership on organizational performance as a mediator of exploitative innovation capability is as follows:

1. The influence of inclusive leadership on exploitative innovation capability is supported by research (Gong et al., 2021). Ontologically, this research model shows that the inclusive leadership variable is an antecedent variable that has a direct influence on exploitative innovation capability. This means that the more the organization is led by an inclusive leader, the more exploitative innovation capability will increase. Based on the epistemology of this research, empirically positive and significant evidence has been obtained that inclusive leadership is able to increase exploitative innovation capability. Furthermore, from the axiological aspect, the strategy for increasing exploitative innovation capability requires implementing inclusive leadership, where inclusive leadership is able to pay attention to new opportunities to improve work processes, encourage subordinates to come up with new ideas and be open to listening to new ideas submitted by subordinates, then can facilitate employees to emerge exploitative innovation capability.

2. The influence of exploitative innovation capability on organizational performance is supported by research by Jansen et al. (2009) and Berraies et al. (2014). This research model, from an ontology perspective, shows that exploitative innovation capability is an antecedent variable that has a direct influence on organizational performance. Epistemologically, this research has empirically obtained evidence of a positive and significant influence, namely that the more an organization is able to increase its exploitative innovation capability, the more organizational performance will increase. Furthermore, from an axiological point of view, a strategy to improve organizational performance requires increasing exploitative innovation capability. Increasing exploitative innovation capability can be realized through the organization's ability to improve service facilities with new systems to make it easier for tourists to enjoy products and services, adopting new technology to produce new approaches that are able to encourage the realization of tourism that is easily accessible and in accordance with tourist needs then it can facilitate organizations to improve organizational performance.

4.3. Managerial implications

This research has managerial implications that can provide input for the tourism services industry. The findings of this research provide managerial guidance for focusing resources for better organizational performance by building exploitative innovation capability. Organizational performance in tourism services can be improved by implementing inclusive leadership patterns. Organizations must realize the role of inclusive leadership in innovation and organizational performance. Inclusive leadership is able to encourage subordinates to come up with new ideas and is open to listening to new ideas so that subordinates are unable to convey them comfortably and the organization gets lots of fresh ideas for improving service quality. Inclusive leadership can be implemented by paying attention to new opportunities to improve work processes, discussing desired goals and new ways to achieve work goals, and, being willing to facilitate consultation by providing a sense of comfort to subordinates. An inclusive leadership pattern can lead to the creation of exploitative innovation capability.

The emphasis on exploitative innovation capability as a means of achieving organizational performance is the ability to create exploitative innovations, exploitative characteristics are characterized by being able to create and commercialize products, and services, and improve business models based on meeting customer or market needs. In tourism destinations, exploitative innovation capability includes product or service (i.e., improving tourism products or services provided), strategic (i.e., strengthening promotion, cooperation, motivation to support tourist attractions), and technological (i.e., adopting technology to produce new approaches, developing programs new and improve service facilities with a new system that is able to encourage the realization of tourism in accordance with tourist needs).

5. CONCLUSION

This research was conducted as an effort to answer problematic questions as well as build a new model that can bridge the research gap between inclusive leadership and organizational performance by developing a new concept in the form of exploitative innovation capabilities. The construct of exploitative innovation capabilities as a mediating variable is proven to function optimally according to predictions and is a solution to this research gap. These findings also overcome the controversy and inconsistency of previous research results on the relationship between inclusive leadership and organizational performance. From the results of this research, it turns out that it is convincingly able to answer the research problems asked in improving organizational performance.

This research has managerial implications that can provide input for the tourism services industry, especially in Central Java. The findings of this research provide managerial guidance for focusing resources for better organizational performance by building exploitative innovation capabilities. Organizational performance in tourist destinations can be improved by implementing inclusive leadership patterns. Organizations must realize the role of inclusive leadership in innovation and organizational performance. Inclusive leadership is able to encourage subordinates to come up with new ideas and be open to listening to new ideas so that subordinates are unable to convey them comfortably and the organization gets lots of fresh ideas for improving service quality. Inclusive leadership can be implemented by paying attention to new opportunities to improve work processes, discussing desired goals and new ways to achieve work goals, and, being willing to facilitate consultation by providing a sense of comfort to subordinates. An inclusive leadership pattern can lead to the creation of exploitative innovation capabilities.

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The limitation of this research is that the data analyzed is based on respondents' perception answers, which may result in bias in perceptions of innovation. From a methodology perspective, because the data were collected via a single survey at a time, the results may be influenced by unique timing and/or circumstances. Future research can expand its scope by collecting data in the hospitality sector, not only on tourist attractions but also on hotels and food and beverages.

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