

ABSTRACT

Sustainable tourism industry is a strategic sector that plays an important role in driving economic growth, preserving cultural heritage, and protecting the environment. However, the development of tourism villages in Indonesia still faces significant challenges, such as low organizational performance of tourism village managers due to limited human resources, ineffective training, manual administrative systems, and lack of promotion. This study aims to develop and formulate performance improvement strategies for the tourism industry through a conceptual model that integrates Innovation Capability (IC), Open Innovation (OI), Organizational Creativity (OC), and Organizational Performance (OP) to enhance the sustainability of the tourism industry (Sustainable Tourism Industry/STI). The research employed a quantitative method using Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze the relationships among the five variables, involving tourism village managers in the Special Region of Yogyakarta Province and Bandung Regency. The results show that IC does not have a significant positive influence on OP. Meanwhile, both OI and OC have a significant positive impact on OP, and OP positively influences STI, which directly contributes to achieving a sustainable tourism industry. These findings highlight the importance of internal innovation, openness to external collaboration, and the creation of a creative organizational culture within tourism village management. The strategic recommendations, as practical implications, include inclusive digital literacy programs for senior tourism village managers, strengthening cross-sector collaboration, and innovation in digital promotion. This study provides a theoretical contribution through the development of an integrative model for sustainable tourism and offers practical guidance for tourism stakeholders in enhancing the competitiveness of tourism villages in Indonesia.

Keywords - Innovation Capability, Open Innovation, Organizational Creativity, Organizational Performance, Sustainable Tourism Industry, PLS-SEM