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The Impact of Knowledge Management and Strategic Planning Towards Organizational Innovativeness and Organizational Competitiveness on Bed And Breakfast Industries in Kota Wisata Batu

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Abstract: The dynamic of competition forced companies to focus on strategies and analysis of the current environment. The focus can be done in the form of Knowledge Management and Strategic Planning. Knowledge management focuses how an organization manages the process of creating, store, access and also disseminate important information and resources throughout the organization. Strategic planning is the process of how companies and organizations analyze internal and external environment. This focus will enable companies to improve Organizational Innovativeness that later will improve Organizational Competitiveness. The object of this research is Bed and Breakfast Industry in Kota Wisata Batu. Tourism is a promising industry as more domestic and international tourists are coming and visiting popular tourist destinations in Indonesia. Kota Wisata Batu is chosen as it has developed as one of the main tourist destination in Indonesia. The sample used is 100 small to medium sized bed and Breakfast Planning positively affect Organizational Innovativeness which in turn positively affect Organizational I

Keyword: Knowledge Management, Strategic Planning, Organizational Innovativeness, Organizational Competitiveness, Tourism Industry.

INTRODUCTION

Improving organizational innovativeness is increasingly recognized as a critical driver for achieving better outcomes in various sectors. This emphasis on innovativeness stems from the need for organizations to adapt to rapidly changing market conditions and to leverage their existing resources effectively. A comprehensive understanding of the mechanisms that foster organizational innovativeness is essential for organizations aiming to enhance their performance and competitiveness. The lack of planning and strategic formulation is a prevalent characteristic among Small and Medium Enterprises (SMEs), primarily due to their limited resources and capabilities. This deficiency often results in reactive decision-making and a short-term operational focus, which can hinder their growth and competitiveness in the market.

Knowledge management, strategic planning, and organizational innovativeness is imperative to be focused on because these are the factors that would lead to organizational competitiveness. The possession of skills and knowledge is essential for organizations to compete effectively in the market. As competition intensifies due to technological advancements and the need for production flexibility, firms must prioritize the development of their human capital to sustain their competitive advantage. This necessity is underscored by several studies that highlight the critical role of knowledge sharing, managerial capabilities, and innovation strategies in enhancing organizational performance.

To improve understanding of the bed and breakfast (B&B) industry in Kota Wisata Batu, it is essential to apply a research model that examines the dynamics of this sector, which plays a significant role in the local economy. The B&B industry is characterized by its unique offerings that blend hospitality with local cultural experiences, making it a vital area for research and development.

The basis and foundation of this paper is conducted due to the need of literature review and managerial implications for real world business management, especially in tourism and hospitality industries. This paper analyzes the impact and significance of Knowledge Management and Strategic Planning on bed and breakfast industry. This paper also includes the analysis Organizational Innovativeness related to its significance toward Organizational Competitiveness in Kota Wisata Batu. The significance of these variables can be better understood as the bed and breakfast industry is really getting a turning point to regain its strength. This study will guide further strategies for business owners, especially in tourism and hospitality industry.

Knowledge Management

Knowledge management in storm surge barrier engineering involves transferring tacit knowledge from experienced engineers to new professionals through mentoring, addressing challenges like documentation inadequacies, and ensuring continuity despite retirements, ultimately enhancing operational effectiveness and reducing costly mistakes (Kamps et al. 2024). Knowledge Management (KM) is a process involving the identification, capture, storage, dissemination, and application of knowledge within an organization. It enhances decision-making and facilitates effective management of public health emergencies, such as the COVID-19 pandemic, through knowledge mapping (Abdalla, Renukappa, and Suresh 2022). Knowledge Management (KM) involves processes such as knowledge acquisition, storage, sharing, and conversion. It mediates the relationship between organizational factors and innovation, enhancing firms' innovative capacity by effectively managing knowledge as a critical organizational resource (Teferi 2022). Knowledge management (KM) is essential for fostering innovation in agri-food systems (AIS). It involves strategies and practices to identify, create, share, and utilize knowledge effectively, addressing significant implementation challenges within these systems to enhance overall innovation (Gardeazabal et al. 2023).

Knowledge management has a positive and significant effect on organizational innovativeness in medium-scale firms in North Central Nigeria. Specifically, knowledge acquisition and knowledge utilization positively influence innovation, while knowledge distribution has a negative effect (Charity and Chikwendu n.d.). Knowledge management is positively correlated with organizational innovativeness, suggesting that effective knowledge management practices enhance the capacity for innovation within local economic enterprises, thereby contributing to improve institutional performance (Eduardo C. Delgado Jr 2023). Additionally, the interplay between KM and organizational culture is vital for enhancing

competitiveness. Ratnasari et al. assert that organizational culture and leadership are crucial in determining the success of KM initiatives (Ratnasari, Kahpi, and Wulandari 2023). A supportive culture that encourages knowledge sharing and collaboration can significantly enhance the effectiveness of KM practices, leading to improved organizational performance and competitive advantage. One of the primary mechanisms through which KM influences organizational competitiveness is by fostering a culture that values knowledge sharing and continuous learning. Zheng et al. highlight that KM acts as a central mechanism that leverages organizational culture, structure, and strategy to enhance organizational effectiveness (Zheng, Yang, and McLean 2010). This assertion aligns with the resource-based view, which posits that effective KM practices can lead to improved organizational performance and competitiveness by optimizing the use of knowledge resources. From the statements, we can make hypotheses that:

H1: Knowledge Management has a positive significant effect of Organizational Innovativeness H2: Knowledge Management has a positive significant effect of Organizational Competitiveness

Strategic Planning.

Strategic planning in dam development aims to balance hydropower generation and floodplain impacts by optimizing the siting and design of multiple dams. This approach addresses the complex interactions between dam operations, hydrologic regime alterations, and downstream flood extent (Hatchard et al. 2023). Strategic planning is defined as the process of determining an organization's mission, major objectives, strategies, and policies for resource allocation to achieve aims. The study compares strategic planning practices between firms in the UK and Turkey, highlighting significant differences (Glaister et al. 2009). Strategic planning in infrastructure, such as dam construction, emphasizes minimizing environmental impacts while maximizing benefits. For instance, optimizing the siting and design of dams can balance hydropower generation with the preservation of floodplain ecosystems, as demonstrated in the Pungwe Basin study, which highlighted the trade-offs between small and large dam installations.

One of the primary ways strategic planning affects organizational competitiveness is through its capacity to align resources and capabilities with market opportunities. Obieze asserts that strategic planning practices have a significant positive effect on organizational competitiveness, as they help organizations define clear objectives and develop winning strategies to achieve these goals (Obieze 2023). This alignment is crucial for long-term survival and success, as it enables organizations to respond effectively to market changes and competitive pressures. Moreover, the role of organizational structure in moderating the relationship between strategic planning and competitive advantage is noteworthy. Maingi et al. found that strategic planning influences competitive advantage, and that organizational structure partially mediates this relationship (Maingi et al. 2019). This suggests that for organizations to maximize the benefits of strategic planning, they must also consider how their structural arrangements can support or hinder the implementation of strategic initiatives. This insight is particularly relevant for large manufacturing firms, where the complexity of organizational structure can significantly impact strategic outcomes. From the statements, we can make hypotheses that:

H3: Strategic Planning has a positive significant effect of Organizational Innovativeness H4: Strategic Planning has a positive significant effect of Organizational Competitiveness

Organizational Innovativeness

Organizational innovativeness is a multifaceted construct that encompasses various factors, including leadership styles, organizational culture, knowledge management practices, and environmental dynamics. A comprehensive understanding of these elements is essential

for fostering an environment conducive to innovation. Leadership plays a pivotal role in driving organizational innovation. Research indicates that transformational leadership is particularly effective in promoting innovative behaviors within organizations. For instance, Prasad and Junni highlight the significance of CEO leadership behaviors, asserting that transformational leadership can significantly enhance organizational innovation, especially in dynamic environments (Prasad and Junni 2016). Similarly, Li et al. emphasize that transformational leadership directly triggers innovation, particularly in top-performing universities, suggesting that leadership style is a critical determinant of innovative outcomes (Li et al. 2017). Furthermore, Zuraik and Kelly discuss the importance of both explorative and exploitative innovation, noting that organizational innovation performance peaks when both dimensions are effectively balanced, which is often facilitated by strong leadership (Zuraik and Kelly 2019). In addition to leadership, organizational culture and climate are crucial for fostering innovation. Abdi et al. found that a proactive environmental strategy and a supportive organizational culture significantly contribute to innovation within the automotive industry (Abdi et al. 2018). This aligns with the findings of Farnese and Livi, who argue that an innovative organizational climate enhances reflexivity, which in turn promotes organizational innovativeness (Farnese and Livi 2016). The interplay between culture and innovation is further supported by the work of Shafique et al., who assert that ethical leadership fosters a culture of creativity, thereby enhancing organizational innovation (Shafique, Ahmad, and Kalyar 2019).

One of the primary ways that organizational innovativeness affects competitiveness is through the adoption of open innovation practices. Rua et al. emphasize that organizations that engage in open innovation can leverage external knowledge and technologies, which significantly enhances their competitive advantage (Rua, Musiello-Neto, and Arias-Oliva 2022). By integrating external insights and capabilities, firms can develop innovative products and processes that meet evolving market demands, thereby positioning themselves favorably against competitors. This strategic approach allows organizations to build long-term competitive advantages by combining internal creativity with external resources.

Moreover, the capacity for innovation is particularly vital for small and medium-sized enterprises (SMEs). Efendi et al. demonstrate that innovation mediates the relationship between organizational learning and competitiveness in low-technology manufacturing SMEs in Indonesia (Efendi et al. 2020). Their findings indicate that the ability to innovate is a key determinant of competitiveness, as it enables SMEs to adapt to market changes and improve their operational efficiencies. This highlights the importance of fostering a culture of innovation within organizations to enhance their competitive positioning. Because of this statements, we can make hypotheses that:

H5: Organizational Innovativeness has a positive significant effect of Organizational Competitiveness

Organizational Competitiveness

Organizational competitiveness is a critical aspect of business success, influenced by various factors such as agility, innovation, organizational culture, and leadership. Understanding these components is essential for organizations aiming to enhance their competitive edge in today's dynamic market environment. One of the key drivers of organizational competitiveness is agility, which refers to an organization's ability to respond swiftly to changes in the market. Saha et al. argue that organizational agility, when aligned with effective human resource management (HRM) strategies, can significantly enhance a firm's competitiveness. They emphasize that HR strategies must incorporate conditions that foster agility and knowledge sharing, ultimately leading to improved responsiveness and attractiveness in the marketplace (Saha, Gregar, and Sáha 2017). This notion is supported by the findings of Jansen et al., who highlight that organizations must balance exploratory and exploitative innovations to maintain competitiveness, particularly in long-term competitive

environments (Jansen, Bosch, and Volberda 2006). The ability to innovate and adapt is thus intertwined with an organization's agility and responsiveness to market demands.

Innovation itself is another crucial factor contributing to organizational competitiveness. Weerawardena's research underscores the importance of market learning capability as a precursor to competitive strategy, suggesting that organizations that effectively harness innovation can bridge the gap between market learning activities and performance outcomes (Weerawardena 2003). This is further reinforced by the work of Kusmantini et al., who found that business intelligence positively influences knowledge sharing and organizational innovation, which in turn enhances competitive advantage (Kusmantini, Mardiana, and Pramudita 2021). The interplay between innovation and competitive advantage is evident, as organizations that prioritize innovative practices are better positioned to outperform their competitors.

METHOD

This study uses qualitative research methods and will include causal associative research. The purpose of this research is to examine the relationship between knowledge management and strategi planning. The purpose of this study is to prove and support previous studies regarding organizational competitiveness and also develop existing theoretical approach. To test this research hypothesis, this study uses the causal research to analyze the causal relationship between the dependent variable and the independent variable (Sugiyono, 2007).

In this study, selected businesses are chosen to fill out the prepared questionnaires to get real condition data. Around one hundred questionnaires will be distributed to the owner of bed and breakfast industries in Kota Wisata Batu. The collected data then will be reviewed and sorted to meet the required characteristic requirements for further processing. Each statement will be given a likert scale from 1-5, from being strongly disagree by choosing 1, or strongly agree by choosing 5. The process goes another stage where the data will be tested to be eligible to be used. Regression analysis will be used to explain and interpret the causal relationship between variables. Multiple regression will also be used to understand the effect of several independent variables to dependent variables. Referring to the research model used above, based on the regression analysis the following equation will be produced:

OI = b1. KM + b2. SPOC = b3. KM + b4. SP + b5. OI.

The research model is displayed below.

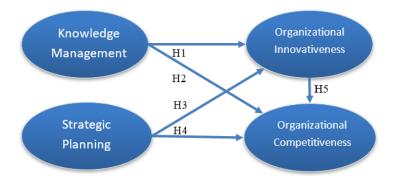


Figure 1 The Framework of Research Model

RESULTS AND DISCUSSION

The data collected from the chosen respondents have been collected for further processing. Only qualified and completed questionnaires are going to be selected for further steps. This result will provide an overview and analysis on the impact of knowledge management and strategic planning toward organizational innovativeness and organizational competitiveness. The respondents are either owner of the bed and breakfast or managers who are fully capable to provide decisions on bed and breakfast on Kota Wisata Batu.

mnovativeness							
Model/Variable	R	Adj R ²	F _{Sig}	Standardized	T _{Sig}	Hypothesis	
				Coefficient Beta			
KM, SP * OI	.757 ^a	.573	.564 ^b	.510	.000	Supported	
				.369	.000	Supported	

Table 1 Multiple regression for knowledge management and strategic planning toward organizational
innovativeness

Source: Data Processed

Based on the table shown, the multiple regression of Knowledge Management, Dynamic Capability shows R value of R value of 0.757 which means that there is a strong correlation between dependent variable and independent variables. The adjusted R square value is 0.573 and this indicated that Knowledge Management and Dynamic Capability are able to show their impact and able explain 57% of Organizational Innovativeness, while 43% is impacted by other factors that are not included in this study. The F test shows a significance value of 0.00 for both Knowledge Management and Strategic Planning. This means that the research model is accepted, and the regression equation will be shown as follows. The positive coefficient shows a direct change from a dependent variable and independent variables.

- 1. I.Knowledge Management (KM) has a significant effect on Organizational Innovativeness. It is accepted at significance level of 0.00 which is less than 0.05 benchmark. While the beta value, which means that the estimated coefficient of Knowledge Management indicating a change on Organizational Innovativeness, is at 0.510
- 2. Strategic Planning (SP) has a significant effect on Organizational Innovativeness. It is accepted at significance level of 0.00 which is less than 0.05 benchmark. While the beta value, which means that the estimated coefficient of Strategic Planning a change on Organizational Innovativeness, is at 0.369

milovativeness toward Organizational Competitiveness							
Model/Variable	R	Adj R ²	F _{Sig}	Standardized	T _{Sig}	Hypothesis	
				Coefficient Beta			
KM, SP, OI * OC	.757ª	.573	.564 ^b	.021	.818	Rejected	
				.378	.000	Supported	
				.454	.000	Supported	

 Table 2 Multiple regression for Knowledge Management, Strategic Planning, Organizational Innovativeness toward Organizational Competitiveness

Based on the table shown, the multiple regression of Knowledge Management, Dynamic Capability, and Organizational Innovativeness shows R value of 0.757 which means that there is a strong correlation between dependent variable and independent variables. The adjusted R square value is 0.573 and this indicated that Knowledge Management, Dynamic Capability, and Organizational Innovativeness can show their impact and able explain 57.3% of Organizational Competitiveness, while the remaining portion is impacted by other factors that are not included in this study. The F test shows a significance value of 0.00 for Strategic Planning and Organizational Innovativeness while for Knowledge Management is at 0.818. This means that the research model is accepted, and the regression equation will be shown as

Follows. The positive coefficient shows a direct change from a dependent variable and independent variables.

- 1. Knowledge Management (KM) has a non-significant effect on Organizational Competitiveness. It is rejected due to the significance level of 0.818 which is higher than 0.05 benchmark. While the beta value is at 0.021
- 2. Strategic Planning (SP) has a significant effect on Organizational Competitiveness. It is accepted at significance level of 0.00 which is less than 0.05 benchmark. While the beta value is at 0.378
- 3. Organizational Innovativeness (OI) has a significant effect on Organizational Competitiveness. It is accepted at significance level of 0.00 which is less than 0.05 benchmark. While the beta value is at 0.454

Model/Variable	R	Adj R ²	F _{Sig}	Standardized Coefficient Beta	T _{Sig}	Hypothesis
0I * 0C	.698 ^a	.482	93.296	.698	.000 ^b	Supported

Table 3 simple linear regression for organizational innovativeness toward organization competitiveness

Based on the table shown, the simple regression of Organizational Innovativeness to Organizational Competitiveness shows R value of 0.698 Which means that there is a strong correlation between dependent variable and independent variables. The adjusted R square value is 0.482 and this indicated that Organizational Innovativeness can show its impact and able explain 48.2% of Organizational Innovativeness, while the remaining is impacted by other factors that are not included in this study. The F test shows a significance value of 0.00 for organizational competitiveness. This means that the research model is accepted, and the regression equation will be shown as follows. The positive coefficient shows a direct change from a dependent variable and independent variables. Organizational Innovativeness (OI) has a significant effect on Organizational Competitiveness. It is accepted at significance level of 0.00 which is less than 0.05 benchmark

Discussion

Based on the processed data analysis, the result shows that the first hypothesis, which states that there is a significant impact from Knowledge Management to organizational innovativeness and the result is positive and significant. This means that the better knowledge an organization owns, it will increase the organizational innovativeness. The second hypothesis states that Knowledge Management has a significant and positive impact on organizational competitiveness, based on this finding, the result shows non-significant effect, thus this hypothesis is rejected. The reason behind it is because knowledge spread out so fast in various media and platform, information is available to whoever need it. Thus, companies are having a hard time innovating due to the vast information spread to the competitors also. The third hypothesis, which states that there is a significant impact from Strategic Planning to Organizational Innovativeness, and the result is positive and significant. This means that the better planning of an organization has made, it will in increase its innovativeness. The fourth hypothesis, which states that there is a significant impact from Strategic Planning toward Organizational Competitiveness, and the result is positive and significant. This means that the better planning an organization has prepared will resulted in increase in organizational competitiveness. The last hypothesis states that organizational innovativeness has significant impact on the competitiveness, and the result is positive and significant. This means that the better innovation an organization is, it will support in increase in better ability to compete in the competition

CONCLUSION

This research model in this study is developed to increase our understanding and broaden our knowledge on how business should strive in the middle of uncertainties. Specifically, this paper focuses on bed and breakfast industries, where competitions are very fierce in tourism destination cities such as Kota Wisata Batu. The research model is quite simple and yet challenging in digging down the antecedent of how bed and breakfast industries are trying to compete. Based on the multiple and simple regression analysis, we can see how much each of the variables really impact the dependent variables.

This research model is based on the relationship between Knowledge Management and Organizational Innovativeness Planning, toward and Organizational Strategic Competitiveness. While Knowledge Management is proven to be not a significant impact for Organizational Competitiveness, Strategic Planning, and Organizational Innovativeness is proven to have a significant impact on Organizational Competitiveness. This is mostly due to the nature of the knowledge process because organizations need some time to formulate strategies to be able to have an impact on competitiveness. Tourism industries are known to have volatile environment and vast changes to the products and services provided to the customers. Based on the findings, in bed and breakfast industries, the main thing to be focused on is how organizations and businesses need to absorb information quickly and yet making it as a tool to formulate strategic planning and innovate products or services they provide. This is due to how companies are willing to plan efficiently and wisely to tackle the competition in a never-ending competing environment.

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