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IMPROVING EMPLOYEE PERFORMANCE THROUGH KNOWLEDGE MANAGEMENT AND LEADERSHIP STYLES, WITH INNOVATION AS AN INTERVENING VARIABLE, IN THE SUKABUMI CITY GOVERNMENT

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Abstract. Improving employee performance in public sector organisations has become a strategic issue amidst increasingly complex and dynamic service demands. However, performance optimisation has not yet been fully achieved due to limitations in knowledge management and low levels of employee innovation. Therefore, an approach is required that can integrate knowledge management, leadership style, and innovation to enhance employee performance. This study aims to analyse the influence of knowledge management and leadership style on employee performance through innovation as an intervening variable within the Sukabumi City Government environment. This study employs a quantitative approach with an explanatory design. The study population comprises all employees within the Sukabumi City Government. The sampling technique utilised purposive sampling with a sample size of 150 respondents. Data were collected via a questionnaire and analysed using Partial Least Squares-based Structural Equation Modelling (SEM-PLS). The results indicate that knowledge management and leadership style play a significant role in enhancing employee innovation. Innovation has been proven to be a key factor in improving employee performance and is capable of mediating the influence of knowledge management and leadership style on performance. These findings indicate that employee performance in public organisations is determined not only by the availability of knowledge and leadership, but also by the organisation's ability to foster innovation. The implications of this research underscore the importance of strengthening knowledge management systems and implementing participatory leadership styles to create a sustainable culture of innovation in enhancing employee performance.

Keywords: knowledge management, leadership style, employee innovation, employee performance, public organisations

I. INTRODUCTION

In an era of bureaucratic transformation and increasingly complex demands for public services, government organisations are required to be able to improve employee performance sustainably. Employee performance is a key factor in determining the effectiveness of public sector organisations, as it is directly related to the quality of service provided to the public. Local governments, including the City Government of Sukabumi, face the challenge of improving productivity, efficiency, and service quality amidst resource constraints and a bureaucratic structure that tends to be hierarchical (Widarko & Anwarodin, 2022). Therefore, a strategic approach is required that focuses not only on administrative aspects but also on knowledge-based human resource management and innovation.

One approach that is gaining increasing attention is knowledge management. Knowledge management is viewed as a systematic process for managing, distributing, and utilising organisational knowledge to enhance work effectiveness and decision-making (Razzaq et al., 2019). In the context of public organisations, the knowledge possessed by staff constitutes a strategic asset that can drive performance improvement if managed optimally. Previous research indicates that the effective implementation of knowledge management can improve work efficiency, accelerate decision-making processes, and support the creation of organisational value (Al Ahbabi et al., 2019). However, findings from other studies suggest that knowledge management does not always have a direct impact on performance, particularly if it is not accompanied by the organisation's ability to implement that knowledge into work practices (Pee & Kankanhalli, 2016).

In such circumstances, employee innovation becomes a key factor acting as a mechanism for transforming knowledge into performance. Innovation reflects an individual's ability to generate and implement new ideas that can enhance efficiency, work quality, and the effectiveness of public services (Shanker et al., 2017). Organisations capable of fostering employee innovation tend to exhibit higher performance levels, as innovation enables the creation of new solutions to organisational challenges (Miao et al., 2018). Thus, innovation functions not only as an output of knowledge management but also as a key variable bridging the relationship between knowledge management and employee performance.

Furthermore, leadership style is also a crucial factor influencing innovation and employee performance. Effective leadership fosters a work environment that supports creativity, collaboration, and employee engagement. In this context, transformational leadership is regarded as a relevant approach as it inspires, empowers, and encourages employees to develop their potential and innovate (Rawashdeh et al., 2021). Leaders

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who can provide vision, support, and trust to employees will encourage innovative behaviour, which ultimately leads to improved performance. However, the implementation of transformational leadership in the public sector often faces structural and organisational cultural constraints that remain rigid , meaning its impact on innovation and performance is not yet optimal (Donkor, 2021).

Based on this literature review, there are several research gaps that require attention. Firstly, the majority of research on knowledge management, leadership, and innovation remains focused on the private sector, whilst studies in the public sector, particularly local government, remain limited. Secondly, there is inconsistency in research findings regarding the direct influence of knowledge management on performance, necessitating the inclusion of mediating variables capable of explaining this relationship more comprehensively. Thirdly, the role of innovation as an intervening variable in the relationship between knowledge management, leadership style, and employee performance has not yet been extensively examined simultaneously within a single research model, particularly in the context of local government organisations.

Therefore, this study offers a novel approach by integrating knowledge management and leadership style within a single conceptual framework that positions innovation as an intervening variable in enhancing employee performance. The focus of this study is directed at employees within the Sukabumi City Government as a representative of a public sector organisation facing challenges in knowledge management and innovation development. Specifically, this study aims to analyse how knowledge management and leadership styles influence employee innovation, as well as how such innovation plays a role in enhancing employee performance. Furthermore, this study examines the role of innovation as an intervening variable in explaining the indirect relationship between knowledge management and employee performance, as well as between leadership styles and employee performance.

Thus, this study is expected to provide a theoretical contribution to the development of knowledge management and innovation studies in the public sector, as well as offer practical implications for government organisations in designing more effective strategies to improve employee performance through the strengthening of knowledge management, adaptive leadership, and a culture of innovation.

II. RESEARCH METHODS

This study employed an associative research design with a quantitative approach using an explanatory design aimed at analysing the causal relationship between knowledge management, leadership style, innovation, and employee performance within the Sukabumi City Government environment. A quantitative approach was chosen because this study focuses on hypothesis testing and the objective measurement of relationships between variables through statistical analysis (Sugiyono, 2019). An explanatory design was used to explain the direct and indirect influences between variables, particularly in testing the role of innovation as an intervening variable in the relationship between knowledge management and leadership style on employee performance (Hair et al., 2019). With this design, the study is expected to provide a comprehensive understanding of the mechanisms of the relationships between variables in the research model.

Population and Sample

The population in this study comprises all employees working within the Sukabumi City Government. Given the broad scope of the population, this study employs purposive sampling, a technique for selecting a sample based on specific criteria relevant to the research objectives (Sugiyono, 2019). The criteria for respondents in this study are employees involved in knowledge management activities, decision-making, and who possess experience in innovation processes within the workplace.

The sample size used in this study is 150 respondents. This number is deemed to meet the criteria for analysis using Partial Least Squares-based Structural Equation Modelling (SEM-PLS), which is relatively flexible regarding sample size and does not require strict data distribution (Hair et al., 2019). Furthermore, this sample size also meets the minimum requirements for multivariate analysis recommended in quantitative research (Ghozali, 2021).

Data Collection Techniques

Data collection in this study was carried out using a questionnaire as the primary instrument. The questionnaire was designed based on variable indicators drawn from relevant theories, including knowledge management, leadership styles, innovation, and employee performance. Each statement item was measured using a five-point Likert scale, ranging from strongly disagree to strongly agree. The Likert scale was used because it is capable of measuring respondents' attitudes, perceptions, and opinions quantitatively (Sugiyono, 2019).

In addition to the questionnaire, this study also utilised a limited number of interviews as supporting data to strengthen the interpretation of the research findings. Interviews were conducted with several relevant parties to gain a deeper understanding of the empirical conditions within the Sukabumi City Government, particularly those relating to knowledge management, leadership styles, and innovation. However, the main analysis in this study remains focused on the quantitative data obtained through the questionnaire.

Research Instrument

The research instrument used was a questionnaire designed to measure the variables of knowledge management, leadership style, innovation, and employee performance. The instrument was developed based on indicators adapted from relevant theories, thereby accurately reflecting the constructs under investigation.

Prior to use in the analysis, the research instrument was tested to ensure its validity and reliability. Validity testing was conducted by examining convergent validity through outer loading and Average Variance Extracted (AVE). An indicator is deemed valid ( ) if it has an outer loading value greater than 0.70 and an AVE value greater than 0.50 (Hair et al., 2019). Meanwhile, reliability tests were conducted using Cronbach's alpha and composite reliability, whereby a construct is deemed reliable if it has a value of over 0.70 (Ghozali, 2021). Consequently, this research instrument is expected to provide consistent and accurate measurement results.

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Data Analysis Techniques

The data analysis technique in this study utilised Partial Least Squares-based Structural Equation Modelling (SEM-PLS) with the aid of the SmartPLS software. The SEM-PLS method was selected as it is capable of analysing complex relationships between variables, including direct and indirect effects, and is suitable for research models involving intervening variables (Hair et al., 2019).

The analysis was conducted in two main stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model). The evaluation of the outer model aimed to ensure that the indicators used were capable of measuring the constructs validly and reliably through tests of convergent validity, discriminant validity, and composite reliability. Meanwhile, the evaluation of the inner model is carried out to test the relationships between variables by examining path coefficients, t-statistics, p-values, and the coefficient of determination (R-squared) (Ghozali, 2021).

Furthermore, the analysis is supplemented by an effect size (F-square) test to determine the extent of each independent variable's contribution to the dependent variable within the research model (Hair et al., 2019).

Hypothesis Testing

Hypothesis testing in this study was conducted using the bootstrapping procedure in SmartPLS. This method was used to determine the level of significance of the relationships between variables in the research model. The criteria for hypothesis testing were determined based on t-statistics values greater than 1.96 and p-values less than 0.05 at a 5% significance level (Hair et al., 2019).

In addition to testing direct effects, this study also examined indirect effects to determine the role of innovation as an intervening variable. This test aimed to examine whether innovation could mediate the relationship between knowledge management and leadership style on employee performance. Consequently, the results of the hypothesis testing are expected to provide a more comprehensive understanding of the relationships between variables in this study.

Research Limitations

This study has several limitations that must be considered when interpreting the results. Firstly, this study was conducted solely within the Sukabumi City Government environment; consequently, the findings cannot be broadly generalised to other organisations. Secondly, this study focuses exclusively on the variables of knowledge management, leadership style, innovation, and employee performance, without considering other external factors that may influence performance. Thirdly, the data used is cross-sectional data depicting conditions at a specific point in time; consequently, it cannot capture the dynamic changes occurring over the long term.

III. RESULTS AND DISCUSSION

Respondent Characteristics

The respondent characteristics in this study aim to provide a general overview of the profile of employees who formed the research sample within the Sukabumi City Government. This information is important for understanding the respondents' background, thereby supporting the interpretation of the research results. The respondent characteristics analysed include gender, age, educational level, and length of service.

Based on the data collected from 150 respondents, the distribution of respondent characteristics is presented in Table 1 below.

Table 1. Respondent Characteristics

No	Characteristic	Category	Number	Percentage (%)
1	Gender	Male	82	54.7%
		Female	68	45.3%
2	Age	< 25 years	12	8.0%
		25–35 years	48	32.0%
		36–45 years	56	37.3
		> 45 years	34	22.7
3	Education	Secondary school	18	12.0%
		Diploma	32	21.3%
		Bachelor's degree	78	52.0%
		Master's	22	14.7%
4	Length of Service	< 5 years	20	13.3%
		5–10 years	46	30.7
		11–15 years	52	34.7%
		> 15 years	32	21.3%
		Total	150	100%

Source: Processed primary data (2026)

Based on Table 1, it can be seen that the majority of respondents are male at 54.7%, with a relatively balanced composition compared to female respondents. In terms of age, the majority of respondents are in the 36–45 age range, indicating that they are of working age and possess considerable work experience. In terms of educational attainment, the majority of respondents hold a Bachelor's degree (S1), reflecting that employees possess adequate academic capacity to support the performance of duties and decision-making. Meanwhile, regarding length of service, the majority of respondents have between 11 and 15 years of work experience, indicating that respondents have a good understanding of the work system and organisational culture.

Assessing the Outer Model or Measurement Model

In the application of data analysis techniques using SmartPLS, the assessment of the outer model is based on three main criteria, namely Convergent Validity, Discriminant Validity, and Composite Reliability. These three criteria are used to ensure that the indicators used are able to accurately reflect the constructs, clearly distinguish between constructs, and demonstrate internal consistency among indicators within a single latent variable.

Convergent Validity

Convergent validity in a measurement model with reflective indicators is evaluated based on the strength of the correlation between the item scores or component scores generated by the SmartPLS software and the construct being measured. A reflective indicator is considered to have good convergent validity if its correlation value exceeds 0.70. This indicates that the indicator is capable of adequately explaining the latent variable, as its contribution to the construct is sufficiently strong and consistent.

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Table 2. Outer Loadings (Measurement Model)

	EMPLOYEE PERFORMANCE (Y)	INNOVATION (Z)	KNOWLEDGE MANAGEMENT (X1)	LEADERSHIP STYLE (X2)
X1.1			0.959	
X1.2			0.943	
X1.3			0.892	
X1.4			0.906	
X1.5			0.894	
X2.1				0.941
X2.2				0.912
X2.3				0.965
X2.4				0.900
X2.5				0.947
Y.1	0.928			
Y.2	0.912			
Y.3	0.895			
Y.4	0.902			
Y.5	0.937			
Z.1		0.958		
Z.2		0.916		
Z.3		0.951		
Z.4		0.915		
Z.5		0.898		

Source: Primary data processed using SmartPLS (2026)

The analysis output via SmartPLS is presented in Table 2. Based on the results of the outer loading test on the measurement model, all indicators for each variable showed very high factor loadings, namely above 0.70, and thus met the criteria for convergent validity. For the knowledge management variable (X1), the loading values range from 0.892 to 0.959; the leadership style variable (X2) ranges from 0.900 to 0.965; the employee performance variable (Y) falls within the range of 0.895 to 0.937; and the innovation variable (Z) ranges from 0.898 to 0.958. These values indicate that all indicators possess excellent ability to reflect their respective latent constructs. Thus, it can be concluded that this research instrument possesses a strong level of validity and is suitable for further analysis within a structural model.

Discriminant Validity

A discriminant validity test was conducted to ensure that each construct of the latent variables is truly unique and does not overlap with other constructs. A model is said to have good discriminant validity if each indicator has the highest loading value on the construct it measures compared to the loadings on other constructs. The results of the discriminant validity test are shown as follows:

Table 3. Discriminant Validity Values (Fornell-Larcker)

	Employee Performance (Y)	Innovation (Z)	Knowledge Management (X1)	Leadership Style (X2)
Employee Performance (Y)	0.915			
Innovation (Z)	0.934	0.928		
Knowledge Management (X1)	0.921	0.961	0.919	
Leadership Style (X2)	0.929	0.953	0.932	0.933

Source: Primary data processed using SmartPLS (2026)

Based on the results of the discriminant validity test using the Fornell-Larcker criteria, it can be seen that the root mean square error of approximation (RMSEA) values for each variable lie on the main diagonal, namely employee performance (0.915), innovation (0.928), knowledge management (0.919), and leadership style (0.933). These values are generally higher than the correlations between other variables, although there are some fairly high correlation values, such as the relationship between innovation and knowledge management (0.961) and between innovation and leadership style (0.953). This indicates that each construct has a reasonably good ability to distinguish itself from other constructs, so it can be concluded that the model has met the criteria for discriminant validity, although there are indications of very strong relationships between some variables that need to be taken into account in further interpretation of the structural model.

Composite Reliability.

The validity and reliability of constructs can also be evaluated through the construct reliability values and the Average Variance Extracted (AVE) values for each construct. A construct is considered to have adequate reliability if its reliability value reaches at least 0.70 and its AVE value exceeds 0.50. This indicates that the construct is not only consistent in measuring what it is intended to measure but is also capable of explaining the majority of the variance in its indicators, and can therefore be trusted as a valid representation of the concept in question.

Table 4. Composite Reliability Values

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average Variance Extracted (AVE)
Employee Performance (Y)	0.951	0.953	0.963	0.837
Innovation (Z)	0.960	0.961	0.969	0.861
Knowledge Management (X1)	0.954	0.956	0.965	0.845
Leadership Style (X2)	0.963	0.965	0.971	0.871

Source: Primary data processed using SmartPLS (2026)

Referring to Table 4, it can be concluded that, based on the results of the reliability and construct validity tests, all variables in this study demonstrate a very high level of internal consistency. This is evident from the Cronbach's alpha values for each variable, which are above 0.90: employee performance at 0.951, innovation at 0.960, knowledge management at 0.954, and leadership style at 0.963. Furthermore, the composite reliability values for both rho_a and rho_c also show very high values, all exceeding the minimum threshold of 0.70, indicating that the constructs possess very strong reliability. Meanwhile, the average variance extracted (AVE) values for all variables were above 0.50, ranging from 0.837 to 0.871, meaning that each construct was able to explain the variance of its indicators very well. Thus, it can be concluded that all variables in this study met the criteria for reliability and convergent validity, making them suitable for further analysis in the structural model.

Structural Model Testing (Inner Model)

Testing of the inner model or structural model aims to assess the relationships between constructs, the level of significance, and the R-squared value of the constructed model. Evaluation of the structural model is carried out by examining the R-squared value for the dependent construct, as well as testing the t-statistic values and significance of the path coefficients linking the latent variables.

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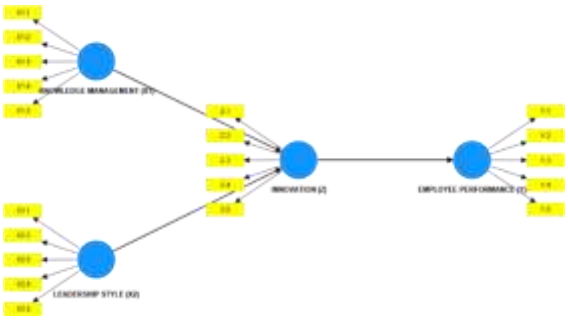

Figure 1. The tested structural model
Source: Primary data processed using SmartPLS (2026)

When assessing a model using PLS, the process begins by examining the R-squared value for each dependent latent variable. Table 8 presents the estimated R-squared values using SmartPLS.

Table 5. R-Square Values

	R-squared	Adjusted R-squared
Employee Performance (Y)	0.872	0.872
Innovation (Z)	0.948	0.947

Source: Primary data processed using SmartPLS (2026)

Based on the results of the coefficient of determination (R-square) test, it can be seen that the employee performance variable (Y) has an R-square value of 0.872 and an adjusted R-square of 0.872, indicating that 87.2% of the variation in employee performance can be explained by the variables of knowledge management, leadership style, and innovation as intervening variables, whilst the remaining 12.8% is influenced by other variables outside the research model. Meanwhile, the innovation variable (Z) has an R-square value of 0.948 and an adjusted R-square of 0.947, meaning that 94.8% of the variation in innovation can be explained by knowledge management and leadership style, whilst the remaining 5.2% is influenced by other factors outside the model. The high R-squared values for both variables indicate that the research model, titled 'improving employee performance through the strengthening of knowledge management, leadership style, and innovation as intervening variables', possesses very strong predictive power and falls within the category of substantial models.

Hypothesis Test Results

Direct (Partial) Effects

Table 6. Results of the Hypothesis Test for Direct (Partial) Effects

	Original Sample (O)	Sample mean (M)	's standard deviation (STDEV)	t-statistic (|O/STDEV|)	P-value (P-value for)	Alpha	Conclusion
Innovation (Z) -> Employee Performance (Y)	0.934	0.933	0.011	84.777	0.000	0.05	Significant Positive Significant
Knowledge Management (X1) -> Innovation (Z)	0.554	0.559	0.066	8.384	0.000	0.05	Significantly Positive Influence
Leadership Style (X2) -> Innovation (Z)	0.437	0.431	0.067	6.514	0.000	0.05	Significantly Positive

Source: Primary data processed using SmartPLS (2026)

Table 6 shows that the results of the partial tests for the variables studied all have calculated t-values greater than the critical t-value of 1.972 and p-values less than 0.05, indicating a significant effect:

1. The Effect of Innovation on Employee Performance
   The test results show that innovation (Z) has a positive and significant effect on employee performance (Y) with a coefficient value of 0.934, a t-statistic value of 84.777, and a p-value of 0.000. This calculated t-value is greater than the critical t-value of 1.972 and the p-value is less than 0.05; therefore, it can be concluded that innovation has a significant effect on improving employee performance. This indicates that the higher the level of innovation within an organisation, the higher the resulting employee performance, as innovation is capable of driving work efficiency, creativity, and improvements in the quality of work output.
2. The Effect of Knowledge Management on Innovation
   Based on the results of the analysis, knowledge management (X1) was found to have a positive and significant effect on innovation (Z), with a coefficient of 0.554, a t-statistic of 8.384, and a p-value of 0.000. The calculated t-value is greater than the critical t-value of 1.972 and the p-value is less than 0.05, so the hypothesis is accepted. This indicates that good knowledge management, such as the processes of knowledge sharing, storage, and utilisation of information, is capable of enhancing innovation capacity within an organisation. In other words, the more effective the knowledge management, the greater the likelihood of new innovations being created.
3. The Effect of Leadership Style on Innovation
   The test results show that leadership style (X2) has a positive and significant influence on innovation (Z) with a coefficient value of 0.437, a t-statistic value of 6.514, and a p-value of 0.000. The calculated t-value is greater than the critical t-value of 1.972 and the p-value is less than 0.05; therefore, it can be concluded that leadership style plays a significant role in driving innovation. This indicates that leaders who are able to provide direction, motivation, and create a supportive work environment will encourage employees to be more creative and innovative in carrying out their work.

Mediating Effect

In this analysis, the magnitude of both direct and indirect influence coefficients will be examined. A mediation test is conducted to explore in greater depth whether the mediating variable successfully mediates the influence of the independent variable on the dependent variable. If the p-value is less than 0.05, the independent variable influences the dependent variable; this can be explained in the indirect effect output, indicating the effect on the dependent variable via the mediating variable. Results of the path analysis in the indirect effect output: if the P-value is less than 0.05, mediation occurs (Sofyani, 2013:27).

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Table 7. Results of the Hypothesis Test on Mediation Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistic (|O/STDEV|)	P-Values	Notes
Knowledge Management (X1) -> Innovation (Z) -> Employee Performance (Y)	0.517	0.521	0.062	8.353	0.000	Mediating
Leadership Style (X2) -> Innovation (Z) -> Employee Performance (Y)	0.408	0.403	0.063	6.484	0.000	Mediating

Source: Primary data processed using SmartPLS (2026)

1. The Effect of Knowledge Management on Employee Performance through Innovation as a Mediating Variable
   The test results indicate that knowledge management (X1) influences employee performance (, Y) via innovation (Z), with a coefficient value of 0.517, a t-statistic of 8.353, and a p-value of 0.000. This calculated t-value is greater than the critical t-value of 1.972 and the p-value is less than 0.05; therefore, it can be concluded that this indirect effect is positive and significant. This indicates that good knowledge management can enhance employee performance when supported by increased innovation. Thus, innovation acts as a mediating variable that strengthens the relationship between knowledge management and employee performance.
2. The Effect of Leadership Style on Employee Performance through Innovation as a Mediating Variable
   Based on the analysis results, leadership style (X2) influences employee performance (Y) through innovation (Z) with a coefficient value of 0.408, a t-statistic value of 6.484, and a p-value of 0.000. The calculated t-value is greater than the critical t-value of 1.972 and the p-value is less than 0.05, so the hypothesis is accepted. This indicates that an effective leadership style will be more effective in improving employee performance if it is able to encourage innovation. Thus, innovation acts as a mediating variable that strengthens the influence of leadership style on employee performance.

Effect Size (f^2)

Effect size (f^2) is used to assess the magnitude of the specific influence of an independent variable on the predictive power of the dependent variable. The evaluation is carried out by comparing the change in the R^2 value when an independent variable is removed from the model. The f^2 value is interpreted as follows:

- $f^2 < 0.02$ indicates a very small or insignificant effect
- $0.02 \leq f^2 < 0.15$ indicates a small effect
- $0.15 \leq f^2 < 0.35$ indicates a moderate effect
- $f^2 \geq 0.35$ indicates a large effect

Based on the analysis results, the effect size values for each variable are as follows:

Table 8. Effect Size Results (f-square)

	f-square
Innovation (Z) -> Employee Performance (Y)	6.832
Knowledge Management (X1) → Innovation (Z)	0.769
Leadership Style (X2) -> Innovation (Z)	0.478

Source: Primary data analysed using SmartPLS (2026)

Based on the results in the table, the following can be explained:

1. The Effect of Innovation on Employee Performance
   Based on the results of the effect size analysis (f^2), the effect size of innovation (Z) on employee performance (Y) is 6.832. This value is well above 0.35, and therefore falls into the category of a large effect. This indicates that innovation has a very strong and dominant influence on improving employee performance, and makes a highly significant contribution to the model's predictive power.
2. The Effect of Knowledge Management on Innovation
   The effect size (f^2) for the influence of knowledge management (X1) on innovation (Z) is 0.769. This value is greater than 0.35, thus falling into the category of a large effect. This indicates that knowledge management plays a very strong role in driving innovation; consequently, the better the management of knowledge, the higher the level of innovation within the organisation.
3. The Effect of Leadership Style on Innovation
   The effect size (f^2) for the influence of leadership style (X2) on innovation (Z) is 0.478. This value is also above 0.35, thus falling into the large effect category. This indicates that leadership style has a strong influence on increasing innovation, whereby effective leadership is able to foster creativity and innovation among employees within the organisation.

The Effect of Knowledge Management on Innovation

The research results indicate that knowledge management has a positive influence on employee innovation. These findings suggest that the better an organisation is at managing knowledge—whether through the processes of creation, storage, sharing, or utilisation—the greater the employees' ability to generate innovative ideas. In the context of government organisations, effective knowledge management facilitates the exchange of information among staff, which can enrich their insights and foster creativity in carrying out their work.

Theoretically, these findings align with the Knowledge-Based View, which positions knowledge as a key strategic asset in driving organisational innovation (Nonaka & Takeuchi, 1995). Well-managed knowledge serves not only as a source of information but also as the foundation for developing new ideas relevant to the organisation's needs.

These research findings are supported by the study by Razzaq et al. (2019), which states that knowledge management has a positive influence on innovation through increased knowledge-sharing activities among employees. Another study by Al Husseini et al. (2021) also found that the knowledge-sharing process is capable of enhancing innovation within educational organisations. This indicates that

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knowledge interactions between individuals play a crucial role in fostering the emergence of creative ideas.

However, not all studies show consistent results. Pee and Kankanhalli (2016) found that knowledge management does not always have a significant impact on innovation, particularly in organisations with rigid bureaucratic structures. This occurs because, although knowledge is available, not all organisations are able to create an effective knowledge-sharing culture. These differing results can be explained by the organisational context, where levels of openness, technological support, and work culture greatly influence the effectiveness of knowledge management.

In this study, the positive influence of knowledge management on innovation indicates that the Sukabumi City Government environment already possesses knowledge management mechanisms that sufficiently support information exchange and organisational learning. This distinguishes it from several previous studies that identified barriers to the implementation of knowledge management in the public sector.

The Influence of Leadership Style on Innovation

The research findings indicate that leadership style has a positive influence on employee innovation. This suggests that effective leadership is capable of creating a work environment conducive to the emergence of creativity and innovation. Leaders who are able to provide direction, motivation, and support to employees will encourage them to be more daring in putting forward new ideas and making improvements to work processes.

This finding aligns with transformational leadership theory, which emphasises that leaders play a crucial role in inspiring and empowering employees to achieve their full potential (Bass & Avolio, 1994). Leadership focused on individual development enhances employees' confidence in innovating.

These research findings are supported by Miao et al. (2018), who found that leadership plays a significant role in enhancing employees' innovative behaviour in the public sector. Furthermore, Rawashdeh et al. (2021) also state that transformational leadership has a significant impact on innovation through increased employee motivation and engagement.

On the other hand, Donkor (2021) found that leadership style does not always have a significant impact on innovation within public organisations characterised by a strong hierarchical structure. This is due to limited scope for employees to innovate, even when leaders have provided clear direction. This discrepancy indicates that leadership effectiveness is heavily influenced by organisational context and work culture.

In this study, the results showing a positive influence indicate that leadership styles within the Sukabumi City Government have been able to foster employee engagement and creativity. This is an important contribution as it demonstrates that leadership in the public sector is not always a barrier to innovation, but can instead be a key driver if managed effectively.

The Influence of Innovation on Employee Performance

The research findings show that innovation has a positive influence on employee performance. These findings indicate that employees who are able to generate and implement new ideas tend to perform better. Innovation enables employees to work more effectively, improve the quality of their work, and find more efficient solutions to tasks.

These findings align with organisational innovation theory, which states that innovation is a key factor in enhancing organisational effectiveness and performance (Shanker et al., 2017). Innovation is not only related to the creation of new products but also encompasses improvements to work processes that have a direct impact on productivity.

These research findings are supported by Miao et al. (2018), who state that employee innovation has a direct influence on performance improvement, particularly within public sector organisations. Research by Hasanah et al. (2024) also indicates that technology-based innovation can enhance the quality of public services in local government.

However, there are studies that show different results. Nugroho et al. (2022) found that innovation does not always have a significant impact on performance if it is not supported by an adequate organisational system. This indicates that innovation requires structural support to deliver optimal results.

In this study, innovation was found to make a strong contribution to improved employee performance. This indicates that the organisation has been able to effectively integrate innovation into work activities, thereby having a tangible impact on performance.

The Role of Innovation in Mediating the Influence of Knowledge Management on Employee Performance

The research findings indicate that innovation mediates the relationship between knowledge management and employee performance. This implies that the influence of knowledge management on performance does not occur directly, but rather through innovation as an intermediary. The knowledge possessed by an organisation will impact performance only if it is transformed into innovation that can be applied in the workplace.

This finding aligns with the view that knowledge is a potential resource requiring a transformation process to generate added value (Nonaka & Takeuchi, 1995). Innovation acts as the mechanism that transforms knowledge into tangible work outcomes.

These research findings are supported by Al Husseini et al. (2021), who found that knowledge sharing influences performance through innovation. However, Pee and Kankanhalli (2016) demonstrated that the mediating role of innovation is not always significant in organisations that do not yet possess a strong innovative culture.

These differing results indicate that the success of knowledge management in improving performance is highly dependent on the organisation's ability to foster innovation. In this study, innovation proved to be an effective bridge between knowledge and performance, which constitutes one of the main contributions of this research.

The Role of Innovation in Mediating the Influence of Leadership Style on Employee Performance

The research findings indicate that innovation mediates the relationship between leadership style and employee performance. This suggests that effective leadership will have a more optimal impact on performance if it is able to foster employee innovation.

Leaders who can create an open work environment that supports creativity will enhance employees' ability to generate

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innovation. Such innovation will ultimately contribute to improved employee performance. This finding aligns with transformational leadership theory, which emphasises the importance of empowering individuals to create positive change (Bass & Avolio, 1994).

These research findings are supported by Rawashdeh et al. (2021), who state that leadership influences performance through innovation. However, in some other studies, this influence is not always consistent as it is affected by differing organisational conditions.

In this study, innovation proved to be a key variable that strengthens the relationship between leadership and performance. This indicates that leadership not only has a direct influence but also operates through an innovation mechanism that drives continuous improvements in employee performance.

IV. CONCLUSIONS

Based on the results of the research conducted, it can be concluded that knowledge management and leadership styles play a significant role in fostering employee innovation within the Sukabumi City Council. Effective knowledge management has been shown to enhance employees' ability to generate new ideas, whilst adaptive and supportive leadership styles create a working environment that encourages creativity and participation. The innovation generated by employees then becomes a key factor in improving performance, as it enables the creation of more efficient working methods, more appropriate solutions, and an improvement in the quality of public services. Furthermore, this study indicates that innovation plays a strategic role as an intervening variable in explaining the relationship between knowledge management and leadership style on employee performance. This implies that the influence of knowledge management and leadership style on performance does not occur directly, but rather through a transformative process in the form of innovation. Consequently, an organisation's success in enhancing employee performance is highly dependent on its ability to manage knowledge and foster innovation through effective leadership. This conclusion underscores that the integration of knowledge management, leadership, and innovation constitutes a relevant approach to enhancing employee performance in the public sector. The findings of this study have important implications both theoretically and practically. Theoretically, this study reinforces the concept that knowledge does not directly generate performance, but must first be transformed through innovation. These findings contribute to the development of knowledge management and innovation studies, particularly within the context of public sector organisations, by emphasising the role of innovation as a key mechanism in bridging the relationship between knowledge resources and employee performance. Furthermore, this study expands understanding of the role of leadership styles in creating an environment conducive to innovation, thereby enriching the literature on transformational leadership within the public sector. In practical terms, the results of this study have implications for the Sukabumi City Government and other public organisations to pay greater attention to knowledge management as part of their performance improvement strategies. Organisations need to establish systems that support knowledge exchange among staff, such as discussion forums, experience-based training, and the use of information technology. Furthermore, organisational leaders are expected to adopt a more participatory leadership style that empowers employees, thereby fostering innovation. Strengthening a culture of innovation within organisations is of paramount importance, as innovation has been proven to be the key factor that tangibly links knowledge and performance. This study has several limitations that must be taken into account when interpreting the research results. Firstly, this study was conducted solely within the Sukabumi City Government environment; consequently, the findings have limitations regarding generalisation to other organisations, whether in the public or private sectors. Secondly, this study focused exclusively on the variables of knowledge management, leadership style, innovation, and employee performance, without incorporating other factors that may also influence outcomes, such as organisational culture, work motivation, or technological support. Furthermore, this study employs a cross-sectional approach that describes conditions at a specific point in time, and is therefore unable to capture the dynamics of change that may occur in the long term. Another limitation lies in the use of a questionnaire as the primary instrument, which relies on respondents' perceptions and thus has the potential to introduce subjective bias. Consequently, the findings of this study must be understood within the context of these limitations. Based on the research findings and existing limitations, several recommendations can be made for future research. Future researchers are advised to expand the scope of the study to include various regions or other organisations, so that the results can be compared and have a higher level of generalisability. Furthermore, future research could incorporate other relevant variables, such as organisational culture, work motivation, or the use of information technology, to gain a more comprehensive understanding of the factors influencing employee performance. Future research is also advised to adopt a longitudinal approach to observe changes and developments in the relationships between variables over time. Furthermore, the use of a mixed-methods approach combining quantitative and qualitative methods can provide a deeper insight into the phenomena under study. Consequently, it is hoped that future research will develop a more comprehensive model and make a broader contribution to the advancement of knowledge and management practice in the public sector.

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