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Research article

Leveraging capabilities to foster resilience and drive innovation in rural tourism

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ABSTRACT
This paper looks at the link between how well organisations can bounce back and how they perform in sustainable innovation. It focuses on tourism villages, using Desa Wisata Wukirsari in Yogyakarta, Indonesia, as a case study. The research asks how combined knowledge, flexible knowledge use, and quick market adaptation affect an organisation's resilience and innovation performance. The study uses a quantitative approach, surveying 140 tourism entrepreneurs in the village. Data analysis was done using partial least squares structural equation modelling (PLS-SEM). The results highlight three key factors that impact organisational resilience: knowledge coupling, market agility, and ambidexterity. Organisational resilience also positively affects sustainable innovation performance and acts as a bridge between other factors and the outcome. The study helps understand how rural tourism organisations can use their skills to build resilience and improve sustainable innovation. It offers practical advice for managers, policymakers, and community members on the importance of resilience in facing uncertainty and achieving sustainable development goals.

KEYWORDS
Sustainable innovation performance; tourism villages; knowledge coupling; ambidexterity; organisational resilience

Introduction

Indonesia is a multicultural, multigeographical, and multinational state. According to Macrotrends (2025), 41.43 percent of Indonesia's total population lives in rural locations. This shows that over half the population is in rural regions (Suárez Roldan et al., 2023). Given this high percentage, rural development is a key path toward sustainable development and meeting future social, economic, and environmental challenges (Utami et al., 2023). Rural tourism's positive impacts should appear in the community, economy, and region through proper management (Kaptan Ayhan et al., 2020). The tourism-village is a government scheme to promote rural development, aiming to improve rural economic life and preserve local culture while protecting the environment (Galvão et al., 2020; Sá et al., 2019). The Indonesia tourism village according to Kementerian Pariwisata Republik Indonesia (2025) is 6, 061. Based on them, 77 percent were at first tier, 16 percent were at developing stage, 5 percent were at advanced stage and 2 percent at self reliant stage. This cannot threaten it because, although it is an incredible opportunity to the developing rural economies, the industry is extremely vulnerable to external shocks that impair the art of sustainability (Amrullah et al., 2023). The global pandemic in 2020, the big earthquakes and the tsunami have shown that the field of tourism is extremely vulnerable to instability due to the sudden changes (Yang & Zhu, 2021). These crises also directly affect tourism villages, such as the decline in the number of tourists (Wibowo et al., 2024), the decline of the local economy (Tjiptono et al., 2022), and a risk exposure to financial dynamics (Ariyani & Fauzi, 2024). That is why, the organisations require the ability to be ambidextrous in that way that they can be resourceful in the face of the environmental uncertainty. Ambidextrous capabilities can be described as a capability to search opportunities, which were present in the outside environment, and making use of internal capabilities in an attempt to respond to the outside changes and threats in the market (Andriopoulos & Lewis, 2009; Gibson & Birkinshaw, 2004). Evidence of the existing of positive links amidst the capacity of an organisation to the capacity of responding to any external force in an efficient manner and the performance of the organisation in the world of sustainable innovations (Jansen et al., 2012). Increasing the sustainable

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innovation performance can also be provided with the help of exploitive coupled with exploratory learning of knowledge. Existence of a good learning ability in an organisation aid in enhancing the positive impacts of knowledge coupling on performance in the process of innovation (Moral-Muñoz et al., 2020). Moreover, the implementation of a resilience plan will also be instrumental to subject the tourism villages to it and recover (Kürüm Varolgüneş et al., 2022). A concept as organisational resilience collaborates among the most vital factors that can help firms to sustain on an opportunity, therefore, emerging of any crisis in desirable manner of coping with the external shocks (Lengnick-Hall et al., 2011). Such an observation suggests that resiliency and agility are factually relevant in the application of knowledge complexity and performance improvement of businesses in grounds of MSMEs (Pilav Velic et al., 2024). This hardiness as it has been proven over time controls the inter-organisational collaboration and management competencies as addressed by the company performance and innovation. Although the organisation conducts excessive research on the so-called relationship between organisational performance and organisational ambidexterity, the gap in the literature about the topic remains regardless of excessive literature on the topic (Duchek, 2020).

The targeted research choice will be the centre of research, Desa Wisata Wukirsari in Yogyakarta an Indonesian sustainable tourism village. One can learn, through the unparalleled success work during adversity, why Desa Wisata Wukirsari is regarded in the lenses of the UNWTO, as the World Best Tourism Village of 2024. The opportunities to rise the unproportional crisis in the village (i. e., the 2006 earthquake in Yogyakarta and the 2019 COVID-19 pandemic) suggest that the village has an excellent adaptability and power-to-recover. This quality helped the village's rural tourism not only survive but also grow sustainably. The challenges were managed well, making Desa Wisata Wukirsir a model for other new tourist towns. It shows how to be strong and effective in creating new ideas and lasting wealth in rural tourism. The paper aims to use Desa Wisata Wukirsari as an example of how an organisation that is both strong and innovative, can be organised. Essentially through resilience strength and innovation, rural tourism can improve. The experiences conglomerated in Desa Wisata Wukirsari provide important insights into the need for an organisation to be stable. Therefore, providing the organisation with a good basis for longevity, particularly in Indonesian villages.

Literature review

Sustainable innovation performance

Sustainable innovation performance (SIP) is pertinent to how an organisation can be innovative in such a manner that it enhances its sustainability regarding the environmental, social, and economic factors. In the Indonesian rural context, sustainable tourism outcomes also extend to community empowerment and community wellbeing. Sustainable innovation performance should therefore generate social and cultural value alongside economic and environmental benefits (Pranita et al., 2022). The economic perspective of sustainable innovation involves decision making in the creation of value, resource maximisation, and in efficiency of operations. This strategy may involve an implementation of cost-reduction, the consideration of new possibilities in sales or a practice of the idea of a circular economy application (Tseng et al., 2016). The three dimensions, committee, enable the organisations to make innovation that not only leads to a generation of financial value but also to the social good and to the duty of the environment (Shahzad et al., 2020). Sustainable innovation targets responsiveness to societal needs, improved life quality, and inclusivity. It also incorporates creation of employment opportunities, improved welfare of the labourers, and the creation of products that are aimed at resolving social problems (Bansal, 2005). Sustainable innovation is a critical issue in the context of the Tourism Villages whereby sustainable innovation will be instrumental in the progress and success of these villages in the long term. In one such instance, smart tourism has the potential of transforming tourism villages into professionals in developing unique products, which is valuable, rare and difficult to duplicate. Sustainable innovation performance can, in turn, contribute to the fact that tourism villages can be competitive, resilient, and provide meaningful experience without disrupting their cultural and natural resources (Hariyadi et al., 2024). This facilitative role is essential to drive the innovations towards relevance within the specific context and deliver them properly with a positive impact on the entire sustainability objectives of the Tourism Village (Ferdian et al., 2024).

Organisational resilience

The significance of organisational resilience is supported by latest investigations across industries. Organisational resilience (OR) is defined as an organisation's ability to identify, respond to, and adjust to changing environmental circumstances to maintain function and growth (Hillmann & Guenther, 2021). Within tourism, resilience operates at both destination and organisational levels and is strengthened by integrated crisis preparedness, adaptability, stakeholder engagement, innovation, and sustainable management (Mzali & Belmourd, 2025). Resilience is a multi-dimensional concept which comprises five

separate dimensions; capital, strategy, relationship, culture, and connection. The rise of the digital economy is creating greater competition for organisations everywhere in a dynamic economic environment. Organisations work to survive and adapt to change within this changing environment, contributing to green growth and innovation. The dynamic patterns between ORs contribute to their renewal and transformation after shock, resulting in amplified sustainability (Larsson et al., 2016). Organisational strength is multi-faceted, involving risk forecasting, resource management, and inter-organisational synergy (Chen et al., 2021). An organisation's ability to respond to uncertainty while promoting stability ensures resilience and innovation performance. The key processes impacting organisational resilience and innovativeness are sustainable human resource management, digital transformation, and active boundary-spanning searches (Hajishirzi et al., 2022); (Mushtaq & Akhtar, 2024). Development of staff through training, learning within organisations and developing adaptive capabilities will create a solid base to build resilience. Resilience can also be developed by employing effective recruitment and training practices that enhance the organisation's capacity to foresee disruption and recover quickly from any negative events (Njunguna et al., 2021). These practices make organisations resilient and lead to social, economic, and environmental sustainability (Huzooree & Yadav, 2025). This holistic approach helps organisations navigate uncertain business circumstances while maintaining long-term sustainability and growth (Mendrofa et al., 2024).

The predictors of organisational resilience

Agility of market capitalisation, knowledge coupling and organisational resilience with pivotal effects are successes. Knowledge coupling defines unity and integration of knowledge following domains in a firm, having complementary and substantial aspects (Huiping & Yuxin, 2021). Knowledge coupling in touristic villages increases efficiency and competitiveness. Tourism practices with local traditional knowledge help rural areas utilise cultural and natural resources to attract tourists (Zhou, 2021). This strategy develops understanding of rural tourism facility's spatial structure for more consistent tourist sites (Li et al., 2023). Community empowerment is encouraged through tourism knowledge relationships. Including local communities in tourism development decision-making raises their ownership and attachment to sustainable development goals. It assists resiliency by helping firms exchange lessons across regions to respond to threats and opportunities. Ambidexterity means an organisation can use opportunities simultaneously in new settings (Jansen et al., 2012). Evidence from hospitality SMEs shows that ambidextrous leadership enables organisations to exploit existing operational capabilities while simultaneously exploring new opportunities. Employee multiskilling and flexible organisational arrangements can consequently strengthen resilience to operational and customer-related changes (Zwane et al., 2019). In tourism villages, ambidexterity enhances sustainability and improves market and human resource performance (Vo Thanh et al., 2020). When developing smart tourism villages, ICT must link with traditional tourism plans to meet millennial tourists' needs (Rudwiarti et al., 2021). This enables them to utilise exterior novelties in tourism strategies. Exploitative innovation optimises current processes, while exploratory innovation enables expansion, generating sustainable innovation performance (Zhang et al., 2021). Market capitalisation agility (MCA) is the company's capability to modify with externalities agilely (Akpan et al., 2022). Market capitalisation agility (MCA) is the capability to modify with externalities in an agile manner. Market capitalisation dynamism facilitates the association of tourism services and rural landscape with cultural branding in tourism villages for sustainable development (Yi et al., 2024). Speed in market capital improves domestic business and tourist income (Vuksanović et al., 2024). Their interactivity enhances organisational resiliency as companies can take sufficient actions during disruptions and exploit opportunities. Knowledge coupling, market capitalisation agility, and long-term resiliency were added to business model innovations from digitalisation and strategic collaboration. Organisational ambidexterity through exploration and exploitation sustains organisational resilience, ensuring innovation and competitive edge in disruptive environments (Musa & Enggarsyah, 2025). This review presents structures underlying research into Desa Wisata Wukirsari Yogyakarta, a thriving tourism village in Indonesia, through literature synthesis.

Hypothesis development & theoretical framework

The research examines organisational resilience and sustainable innovation performance in tourism villages. It investigates how tourism villages can improve innovation, sustainability and performance through strategic knowledge coupling, agility and market capitalisation agility lean.

H1: Organisational Resilience (OR) is positively affected by Knowledge Coupling.
H2: Ambidexterity is a powerful predictor of Organisational Resilience (OR).
H3: Market Capitalisation Agility (MCA) plays a huge role in influencing Organisational Resilience (OR).

Hypotheses 1, 2 and 3 assume knowledge coupling (H1), ambidexterity (H2) and market capitalisation agility (H3) positively contribute to organisational resilience. These variables are key to an organisation's adaptation and survival. H1: knowledge coupling enhances organisational response to unexpected events through proactive learning, knowledge stewardship, and managerial practice upgrades (Guo et al., 2023). It builds self-efficacy and simplifies crisis processing. H2: ambidexterity balances existing abilities with new opportunities, providing a platform to increase resilience through slack management (Trieu et al., 2024). Organisational ambidexterity impacts resilience by creating adaptability and improving performance during uncertainty. H3: market capitalisation agility enables adaptation to external change through rapid asset mobilisation and response to market needs (Eriksson et al., 2022); (Liu et al., 2024). Strategic partnerships and business model innovations help organisations achieve growth and resiliency globally.

H4: Organisational Resilience (OR) is a critical factor in Sustainable Innovation Performance (SIP).

The fourth hypothesis (H4) links organisational resilience to sustainable innovation performance in tourism villages. Resilience has dual effects on environmental, social, and governance (ESG) performance: it enhances innovation input and improves ESG performance, while also encouraging strategic transition that may worsen ESG performance (Liang & Li, 2023).

H5: There is no relationship between Knowledge Coupling (KC) and Sustainable Innovation Performance (SIP) and Organisational Resilience (OR) mediates.
H6: The mediator of Ambidexterity (ABX) on Sustainable Innovation Performance (SIP) is Organisational Resilience (OR).
H7: Organisational Resilience (OR) mediates between Sustainable Innovation Performance (SIP) and agility of Market Capitalisation through Market Capitalisation Agility (MCA).

Hypothesis five, six and seven (H5-H7) posits that organisational resilience mediates the relationship between market capitalisation agility, knowledge coupling, ambidexterity and sustainable innovation performance. This hypothesis suggests that an organisation's ability to couple knowledge, balance exploration and exploitation, and respond to market changes creates resilience, which positively affects sustainable innovation performance. Developing hypotheses examines organisational strength and its impact on sustainable innovation. Figure 1 outlines a plan for tourism villages to enhance strength and innovation sustainably. These findings can help managers improve company sustainability in changing markets.

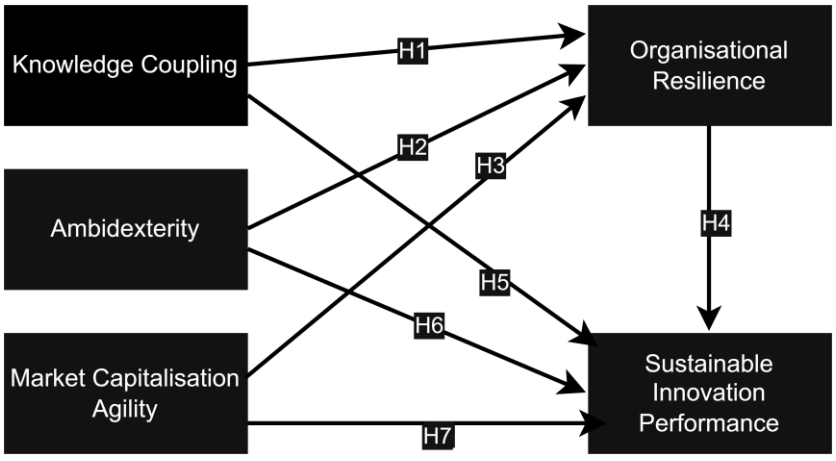

Figure 1. Theoretical framework

Methodology

This research used a deductive quantitative design to study characteristics and prevalence of phenomena (Kisely & Kendall, 2011). The research aimed to test hypotheses against existing theories through a survey method (Bryman, 2007). Researchers collected data to examine how organisational resilience affects sustainable innovation in a tourism village in Yogyakarta, Indonesia. They used a 5-point Likert scale from strongly agree to strongly disagree. The village was recognized by UNWTO as one of the best tourism villages in 2024 for its resilience and sustainability. Tourism entrepreneurs in Desa Wisata Wukirsari were the target group, selected through purposive sampling based on managerial roles, village ownership, or tourism activity involvement. This approach is used for research focused on expert cultural experience

(Tongco, 2007). Sample size calculation using G + Power (3.1) application, with power of 0.95, alpha error 0.05 and medium effect size (f 2 = 0.15) for Structural equation modelling (PLS-SEM), revealed a minimum requirement of 138 participants. The study obtained 140 valid responses. Nevertheless, the data analysis was conducted using partial least squares structural equation modelling (PLS-SEM). It has been used as an example to test theoretical framework of studies on communication and to learn cognitive developments in young children in terms of their understanding of their home setting (Holbert & Stephenson, 2002). The analysis involved two stages: measurement model (validity and reliability) and structural model (path coefficients, R2 values and hypothesis verification). The research components were based on existing studies and literature adapted for rural tourism, detailed in Appendix 1. Knowledge Coupling comprises six items, including learning from other organisations' experiences. AMB contains 9 questions, including measuring efficiency in product service provision (Chang & Hughes, 2012). Market Capitalisation Agility has 3 items, including our pace in implementing decisions for market changes (Lin et al., 2020). Organisational Resilience consists of 20 questions, including business cash flow assessment. SIP contains eight items, including quality of life improvements (Chen et al., 2021).

Results

Table 1 shows participant demographics. Most are older women, as tourism workers in Desa Wisata Wukirsari, Yogyakarta, are primarily local female villagers. Participants have extensive experience but low wages. Education levels range from college to undergraduate degrees. This data helps understand tourism village business stakeholders in Indonesia.

Table 1. Sample demographic

Criteria	Type	Frequency	Percentage
Sex	Man	19	13%
	Woman	121	87%
	Total	140	100%
Age	21-30 y.o.	8	6%
	31-40 y.o.	35	25%
	41-50 y.o.	43	31%
	>50 y.o.	54	39%
	Total	140	100%
Work	<1	2	1%
	1-3 years	18	13%
	4-6 years	16	11%
	>6 yaers	104	74%
	Total	140	100%
Average Income per Month	<Rp1.000.000	73	52%
	Rp1.000.000 - Rp2.000.000	37	26%
	Rp2.000.000 - Rp3.000.000	13	9%
	>Rp3.000.000	17	12%
	Total	140	100%
Education	Elementary School	10	7%
	Junior High School	42	30%
	Senior High School	66	47%
	Undergraduate	22	16%
	Total	140	100%

Outer model

Table 2 presents construct validity for measurement items in the research model. Factor loadings ranged from 0.657 to 0.825, showing reliable measurement of constructs. Average Variance Extracted (AVE) values exceeded 0.5, indicating constructs account for substantial item variance. KC (AVE = 0.649) and MCA (AVE = 0.664) demonstrate good convergent validity.

Table 2. Construct validity

Items	Factor Loading	AVE	Hetereotrait-Monotrait Ratio (HTMT)				
			ABX	KC	MCA	OR	SIP
ABX2	0.744	0.511					
ABX4	0.724						
ABX8	0.698						
ABX9	0.693						
KC1	0.799	0.649	0.413				
KC2	0.798						
KC3	0.819						
MCA1	0.825	0.664	0.782	0.533			
MCA3	0.806						
OR10	0.657	0.532	0.599	0.537	0.774		
OR11	0.722						
OR12	0.81						
OR13	0.737						
OR14	0.759						
OR9	0.684						
SIP1	0.806	0.562	0.423	0.332	0.45	0.581	
SIP2	0.788						
SIP5	0.665						
SIP9	0.731						

Note: ABX = Ambidexterity; KC = Knowledge Coupling; MCA = Market Capitalisation Agility; OR = Organisational Resilience; SIP = Sustainable Innovation Performance

The measurement model refinement involved retaining valid items for each construct. ABX was reduced to 4 items (FL = 0.693–0.744; AVE = 0.511), KC to 3 items (FL = 0.798–0.819; AVE = 0.649), and OR to 6 items (FL = 0.657–0.810; AVE = 0.532). MCA kept all three items (FL = 0.806–0.825; AVE = 0.664), while SIP was reduced to four items (FL = 0.665–0.806; AVE = 0.562). All constructs achieved AVE values above 0.50, confirming convergent validity. The HTMT values fell below 0.85, indicating strong discriminant validity. The analysis showed all items effectively measured their constructs with strong factor loadings and validity. Table 3 shows the reliability of variables using Composite Reliability. All values exceed 0.7, indicating reliable measurement scales. The analysis confirms model reliability, with items consistently matching their intended parts.

Table 3. Construct reliability

Construct	Composite Reliability
ABX	0.880
KC	0.820
MCA	0.869
OR	0.879
SIP	0.844

Note: ABX = Ambidexterity; KC = Knowledge Coupling; MCA = Market Capitalisation Agility; OR = Organisational Resilience; SIP = Sustainable Innovation Performance

Inner model

Multicollinearity among constructs was tested using Variance Inflated Factor (VIF) values. Results in Table 4 show all VIF values range from 1.16 to 1.459, below the maximum tolerance of 5. The VIF values are: KC → OR (1.16), ABX → OR (1.312), MCA → OR (1.323), and OR → SIP (1.459). These findings show no multicollinearity issues among predictor variables, ensuring adequate independence of constructs for unbiased path coefficient estimation.

Table 4. Indicator of multicollinearity

Path	Variance Inflated Factors
KC → OR	1.16
ABX → OR	1.312
MCA → OR	1.323
OR → SIP	1.459

Note: ABX = Ambidexterity; KC = Knowledge Coupling; MCA = Market Capitalisation Agility; OR = Organisational Resilience; SIP = Sustainable Innovation Performance

The analysis of path coefficients examined structural relationships between constructs. As shown in Table 5, all hypothesized paths have t-values above 1.96 and p-values below 0.05, supporting all hypotheses at 5% significance. H1 (KC → OR) shows a coefficient of 0.246 with t = 3.579 (p = 0.000), confirming knowledge coupling's positive effect on organisational resilience. H2 (ABX → OR) shows a coefficient of 0.251 with t = 3.588 (p = 0.000), indicating ambidexterity enhances organisational resilience. H3 (MCA → OR) shows a coefficient of 0.294 with t = 3.935 (p = 0.000), suggesting market capitalisation agility contributes to organisational resilience. H4 (OR → SIP) shows a coefficient of 0.426 with t = 4.085 (p = 0.000), indicating organisational resilience influences sustainable innovation performance.

Table 5. Significance of hypothesis

Hypothesis		Path Coefficient	T Values	P Values	Result
H1	KC → OR	0.246	3.579	0.000	Supported
H2	ABX → OR	0.251	3.588	0.000	Supported
H3	MCA → OR	0.294	3.935	0.000	Supported
H4	OR → SIP	0.426	4.085	0.000	Supported

Note: ABX = Ambidexterity; KC = Knowledge Coupling; MCA = Market Capitalisation Agility; OR = Organisational Resilience; SIP = Sustainable Innovation Performance

The mediation analysis examined Organisational Resilience's (OR) mediating role between Ambidexterity (ABX), Knowledge Coupling (KC), Market Capitalisation Agility (MCA), and Sustainable Innovation Performance (SIP). Results in Table *6* show significant indirect effects through OR but non-significant direct effects, indicating full mediation in all relationships. For H5 (ABX → SIP), the direct path was non-significant (β = 0.107; t = 0.993; p = 0.160), while the indirect effect via OR was significant (β = 0.107; t = 2.564; p = 0.005). H6 (KC → SIP) showed similar results with non-significant direct effect (β = 0.029; t = 0.323; p = 0.373) and significant indirect effect (β = 0.105; t = 2.943; p = 0.002). H7 (MCA → SIP) followed the same pattern with non-significant direct effect (β = 0.011; t = 0.111; p = 0.456) and significant indirect effect (β = 0.125; t = 3.165; p = 0.001).

Table 6. Mediation test

H	Path	Direct Effect			Indirect effect via OR			Result
		Path Coefficient	T Values	P Values	Path Coefficient	T Values	P Values	
H5	ABX→ SIP	0.107	0.993	0.160	0.107	2.564	0.005	Full Mediation
H6	KC → SIP	0.029	0.323	0.373	0.105	2.943	0.002	Full Mediation
H7	MCA → SIP	0.011	0.111	0.456	0.125	3.165	0.001	Full Mediation

Note: ABX = Ambidexterity; KC = Knowledge Coupling; MCA = Market Capitalisation Agility; OR = Organisational Resilience; SIP = Sustainable Innovation Performance

Discussion

The paper has discussed knowledge coupling (KC), ambidexterity (ABX), market capitalisation agility (MCA), organisational resilience (OR) and sustainable innovation performance (SIP) in the context of tourism villages in Indonesia using a case study of villages Wisata Wukirsari. These empirical findings make a good contribution to our conceptual model. First of all, it was observed that KC, ABX and MCA positively and significantly influenced OR. This suggests that sustainable resilience will be more shaped in organisations that embrace knowledge diversity, find adequate equilibrium between exploration and exploitation of their opportunities and making use of their strategic market agility. The findings correspond to the available literature on the necessity to balance the existence, and the ability of the present processes and the acquisition of new skills. As highly changeable abilities, successfully balancing change in organisations leads to a high ability to cope with changes (Gayed & El Ebrashi, 2023). It becomes quick to adapt to a combination of different sources of knowledge. Ambidexterity of exploration and exploitation enhances entrepreneurial and adaptive responsiveness that positively influence organisational performance (Stei et al., 2024). Knowledge management makes business organisations capable of adapting to changes in the market (Durcikova et al., 2011). Similar evidence from tourism SMMEs shows that resilience is expressed through proactive planning, collective action, digitalisation, and the development of innovative and sustainable marketing solutions during recovery from disruption (Townes et al., 2025). These practices illustrate how organisational capabilities can be transformed into concrete resilience mechanisms. Second, the study proves that organisational resilience contributes, to a large aspect, towards supporting sustainable innovation. This means that resilience is significant in making sure that the organisation keeps innovating despite uncertainty and change in dynamic times. With resilience, the tourism organisations can continue to innovate in a way that will be friendly to the environment, the society, and the economy. This point aligns with other research papers that found that resiliency contributes significantly to the mechanism of fighting adversities in order to promote sustainability in societies (Khater & Faik, 2025). In addition to that, the motivation of relationship, sustainability of tourism presupposes that these two concepts work together, enabling communities to evolve and keep their tourism organisations (Stei et al., 2024). Additionally, eco-innovation and eco-lively capabilities of the tourism and hospitality industry result in greater business resilience. The sustainable business practices of resiliency are a result of that integration that leads to competitive advantage and sustained strength in the long term (Al-Romeedy & Khairy, 2024). Finally, the mediation analysis provided provided good evidence regarding the fact that that OR mediated entirely the relationships between KC, ABX, MCA, and SIP. It did not matter how KC, ABX and MCA affected SIP directly, but indirectly via OR was strong. This discovery reiterates the fact that the mechanism of enhancing sustainable innovation performance continues to be pegged on organisational capabilities alongside their ability to transform cover-up capabilities into resilience, which in turn result in innovation outcomes. All these significant findings reveal that the most critical factor on which knowledge management, strategic agility and market responsiveness can assist significantly in the sustainable innovation performance in rural tourism context subjects lies in organisational resilience.

This study contributes to understanding how organisations transform to become resilient for sustainable innovation, particularly in tourism villages and small enterprises. First, it shows organisational resilience is necessary to combine expertise and enhance creativity. While research has established that knowledge integration, ambidexterity and market agility directly affect performance, this study presents new concepts where increased competencies drive innovation through resilience. Resilience serves as a transformation approach converting competencies into innovation advantages. Second, the study integrates knowledge, dynamic capabilities, and resilience through knowledge coupling, market agility and ambidexterity. This integration explains how organisations in uncertain environments like tourism villages can enhance innovative capabilities through resilience. Thirdly, the paper contributes to limited literature on sustainable innovation in rural and tourism sectors. By analysing tourism village Desa Wisata Wukirsari, the study shows how resilience helps rural organisations build strength to maximise sustainable innovation. These findings are applicable to stakeholders in tourism village development, managers, business men and policymakers. To business owners and managers, the findings indicate their importance to resilience. Rather than investing in product innovativeness or market competitiveness, investment should focus on building resilience through information sharing, behavioural flexibility and adaptation to changes. These elements help tourism companies stay innovative during disasters or recessions. Tourism-village resilience can also be strengthened through context-sensitive digital transformation. Evidence from Indonesian community-based tourism shows that digitalisation, supported by local MSMEs and technologically capable community members, can help maintain tourism continuity and facilitate adaptation following a crisis (Kurniawati et al., 2022). Policymakers and government agencies must create policies for the resilience of tourism villages that include training in knowledge management, agility, and marketing strategies. This will be accomplished by

working together to collaboratively build resilience through knowledge sharing and collaborative decision-making so that tourism systems are supported by better innovative practices and sustainability.

The research findings support some of the theoretical frameworks reviewed in the literature and indicated that there is an association between organisational resilience and sustainable innovation. However, there are limitations that also provide opportunities for future research. First, this research was limited. Future research could involve comparative analysis of the same variables across multiple tourism villages. Second, this study was cross-sectional in that data were collected at one time through a single method which limited the ability of the researchers to draw causal inferences about the relationships among knowledge coupling, market agility, ambidexterity, organisational resilience, and sustainable innovation. Future research should utilise longitudinal research designs to observe the relationships among these variables over time, particularly before and after a major change has occurred. Third, utilising a mixed-method approach to collect additional data could help provide support for the findings based on observations of organisational resilience and sustainable innovation over time. Lastly, future research can add variables like leadership style, digital readiness, community involvement, and external support to indicate how different factors influence resilience and sustainable innovation.

Conclusion

The utilisation of organisational capabilities as relative to a sustainable innovation performance (SIP) agility in market capitalisation (MCA) and knowledge issues (KC) and mitigated by an organisational resilience (OR) in the Indonesia tourism villages. The study employs decent empirical information to outline all the hypotheses and quantitative data taken on locations such as Desa Wisata Wukirsari, an international tourist attraction. The results are as follows: an effect of the three KC, ABX, and MCA, has a positive and significant effect, plainly, on OR, and the OR has a gigantic influence, on SIP. Notably, it is observed that OR completely act as mediators of relationship between the three organisational capabilities and SIP. Such results are indicative of the strategic value of the resiliency process concept as being one of the processes under which organisations are becoming transformed in their knowledge, strategic flexibility, customer-responsiveness to outputs of sustainable innovation. Summing up, this paper has uncovered the observation that organisational resilience no longer remains a defensive resource but an enabling issue of sustained innovation that is strategic in nature. The formation of resilience can be the cure to the application of capabilities in desired and lasting outcomes of changes on innovations in the context of the logistical scramble that tourism villages are attempting to clientelise within a more dynamic and more complex environment.

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