Architecture
Image Studies

Vol.6, Issue 4, pp.711-733, 2025
DOI: https://doi.org/10.62754/ais.v6i4.673

https://journals.ap2.pt/index.php/ais/index

Influence of Innovation Strategy Model on Improving Organizational Performance of the Regional Government in Indonesia

Kurnia Sari Dewi[1]

Abstract

The performance of Regional Government organizations in Indonesia must always be improved by creating ideas or innovations to gain the trust of the community and respond to the demands of current developments. This research aims to analyze the picture of performance, which includes the external environment, internal environment, digital innovation, and digitalization of public services that influence it. This is because the performance achievements of Regency/City Regional Government organizations in Indonesia are still uneven, and there are still problems that need to be corrected. So it is very interesting to research. The design and methods in this research use quantitative research methods, including survey methods. The population studied was 100 Regency/City Regional Governments in the Provinces of West Java, Central Java, and East Java. Determining the sample/unit of analysis uses a saturated sample/census technique so that all members of the population become the research sample. The technical analysis uses PLS-SEM (Partial Least Squares-Structural Equation Model). The findings and results of the research show that the external environment has a negative and significant effect on the digitalization of public services and has a positive but not significant effect on digital innovation, the internal environment has a positive and significant effect on digital innovation and has a positive and significant effect on the digitalization of public services, digital innovation has a positive effect and significant impact on the digitalization of public services and has a positive and significant effect on the performance of Regional Government organizations, however the performance of Regional Government organizations is not influenced by the digitalization of public services either directly or as an intervening variable.The purpose of this research is to build a hypothetical model regarding the influence of competency level, job satisfaction level, strength of employer branding, and employee engagement on the performance level of midwives in Tasikmalaya City. The results of the research can be applied by the Health Service to achieve increased performance of midwife health workers in order to fulfill one of the people's basic rights, namely the right to obtain maximum health services.

Keywords: *Regional Government, Organizational Performance, Regency/City in Indonesia, Digital Innovation, and Digitalization of Public Services.*

Introduction

Performance is the output/result of an activity/program that is to be or has been achieved in connection with the use of a budget with measurable quantity and quality (PP No. 8 of 2006) or the final result of an activity (Wheelen et al., 2018). Organizational performance in general is the level of achievement of organizational goals (Uluskan et al., 2017), performance in the organization itself is the answer to the success or failure of previously determined organizational goals, this is the ability of the organization to achieve its goals and objectives by using resources effectively and efficiently (Tseng, S.M. & Lee, P.S., 2014), compatibility between the resources owned and the strategic orientation of the organization (Masa'deh, R. et al., 2016) as well as ensuring long-term organizational sustainability will result in organizational performance the maximum (Suryani K. Ni. & E. H. J John, 2018).

The performance of the Regional Government organization is the overall achievement of the results that have been achieved and achieved in handling all activities carried out by the Regional Government in a certain period (Muhamad F., 2009) as well as a description of the achievement of the government's goals and objectives as an elaboration of the vision, mission and strategy The following agencies indicate the level of success or failure in implementing activities determined by the Regional Government in accordance with established programs and policies. (Permenpan No. PER/09/M.PAN/5/2007).

[1]University of Prof Dr Moestopo (Beragama) Jakarta, Indonesia. kurnia.sari.dewi@dsn.moestopo.ac.id (corresponding author).

Performance evaluation and measurement are carried out by the Central Government every fiscal year for Provincial, Regency/City Regional Governments, so that information on the success of implementing predetermined activities can be known and can be used as material for improving performance in the future. The results of the evaluation and performance measurement carried out by the Ministry of State Apparatus Empowerment and RB RI in 2020-2021 are as in Table 1. as follows:

Table 1

Accountability for the Performance of Government Agencies

Predicate for Regencies/Cities in Indonesia for 2020-2021

No.	Province	year 2020						Year 2021					
		PREDICATE RECIPIENT (REGENCY/CITY)						PREDICATE RECIPIENT (REGENCY/CITY)					
		AA	A	BB	B	CC	C	AA	A	BB	B	CC	C
1	Aceh	-	-	-	5	12	6	-	-	-	5	13	5
2	Sumatera Utara	-	-	2	6	14	11	-	-	1	7	15	10
3	Riau	-	-	-	12	-	-	-	-	-	12	-	-
4	Sumatera Barat	-	-	3	14	2	-	-	-	3	15	1	-
5	Jambi	-	-	1	8	-	2	-	-	1	8	2	-
6	Sumatera Selatan	-	-	2	11	4	-	-	-	3	11	3	-
7	Kep. Babel	-	-	2	5	-	-	-	-	2	5	-	-
8	Bengkulu	-	-	-	3	5	2	-	-	-	4	6	-
9	Lampung	-	-	-	8	6	1	-	-	-	8	7	-
10	DKI Jakarta	-	-	-	-	-	-	-	-	-	-	-	-
11	**Jawa Barat**	-	-	7	**20**	-	-	-	-	7	**20**	-	-
12	Banten	-	-	4	3	1	-	-	-	4	3	1	-
13	D.I. Yogyakarta	-	4	1	-	-	-	-	4	1	-	-	-
14	**Jawa Tengah**	-	-	4	**31**	-	-	-	-	4	**31**	-	-
15	**Jawa Timur**		6	18	**14**	-	-		6	17	**15**	-	-
16	Kalimantan Barat	-	-	1	6	7	-	-	-	1	8	5	-
17	Kalteng	-	-	-	7	6	-	-	-	-	7	6	-
18	Kalsel	-	-	2	11	-	-	-	1	1	11	-	-
19	Kaltim	-	-	-	8	2	-	-	-	-	8	2	-
20	Sulawesi Utara	-	-	1	11	3	-	-	-	1	13	1	-
21	Gorontalo	-	-	1	5	-	-	-	-	1	5	-	-
22	Sulawesi Tengah	-	1	-	6	4	2	-	1	-	4	3	2
23	Sulawesi Selatan	-	-	-	16	8	-	-	-	-	20	4	-
24	Sulteng	-	-	-	12	4	1	-	-	-	12	4	1
25	Bali	-	-	2	7	-	-	-	-	2	7	-	-
26	NTB	-	-	-	8	2	-	-	-	-	8	2	-
27	NTT	-	-	-	5	13	4	-	-	-	5	13	4
28	Maluku	-	-	-	3	5	3	-	-	-	3	5	3

No.	Province	year 2020						Year 2021					
		PREDICATE RECIPIENT (REGENCY/CITY)						PREDICATE RECIPIENT (REGENCY/CITY)					
		AA	A	BB	B	CC	C	AA	A	BB	B	CC	C
29	Maluku Utara	-	-	-	2	3	5	-	-	-	2	3	5
30	Papua	-	-	-	1	18	4	-	-	-	1	16	4
31	Kepulauan Riau	-	-	3	2	2	-	-	-	3	2	2	-
32	Papua Barat	-	-	1	2	5	3	-	-	1	2	5	3
33	Sulawesi Barat	-	-	1	2	2	1	-	-	1	2	2	1
34	Kalimantan Utara	-	-	-	4	1	-	-	-	-	4	1	-
TOTAL		0	11	56	258	115	59	0	12	54	272	106	48

Source: Kemenpan RB RI, 2021

In Table 1 above, it can be seen that no Regency/City Regional Government in Indonesia has yet received the highest AA predicate, only 12 (2.4%) A predicate in 2021, and only 56 (11.2%) BB predicate in 2021. In 2020, the number was still small and did not increase in number, while the highest predicate was B, 272 (55.28%) in 2021 with a score of 60-70, meaning that in the Regency/City regional government only one third (1/3) of the units Only the work that has good performance, the rest still requires improvement in work units and commitment to performance management and performance measurement has only been implemented up to echelon 2/work unit level. The phenomenon of organizational performance problems must be quickly corrected and improved in order to gain trust from society and answer the demands of current developments. For this reason, according to Obeidat et al. (2017), organizations must create ideas or innovations in solving performance problems for the better and add value to the organization.

Digital innovation is the application of digital technology (Karimi & Walter, 2015), or utilizing cyber platforms as a tool for expanding the reach of government services to the public (PP No. 38 of 2017) can produce smarter devices, better data storage and retrieval and the dissemination of information is becoming widespread (White, 2017), besides that digital innovation can be described as the embedding of digital components in physical products (Yoo et all. 2010a). Digital innovation is implemented through e-government or digitalization programs (Nurrahman A., et al, 2021).

Digitalization refers to the use of digital technology by organizations to improve their performance (Kuusito, M., 2017), and is supported by the development of digital infrastructure, cheap and affordable prices for access facilities (Rahmatsyah, H.T. et al., 2022). Digitalization is considered one of the main drivers of change (Zdraveski D. & Janeska M., 2021), a means of progress (Rabonju C. & Babucea A., 2020), and is used to provide equal access to services, information and knowledge based on technology digital for all communities (Nikolina I.I., et al, 2020) which can significantly increase organizational activities leading to efficient use of resources, costs, technological, social and economic progress of the organization concerned, as well as creating new opportunities to make public services more accessible (Roja A. & Boc M., 2021).

Regency/City Regional Governments in Indonesia, especially in the Provinces of West Java, Central Java and East Java, can make breakthroughs to improve and achieve their performance according to predetermined targets by making improvements and accelerating problem solving through the "Digital Innovation Strategy Model and Implementation of Digitalization of Public Services in Improving the Performance of Regency/City Regional Government Organizations in Indonesia."

Based on the research background that has been described, the formulation of the problem to be studied in this research is as follows:

1. What is the description of the Internal Environment, External Environment, Digital Innovation, Digitalization of Public Services, and Performance of Regency/City Regional Government Organizations in Indonesia?
2. Do external environmental factors influence digital innovation?

3. Do Internal Environmental factors influence Digital Innovation?
4. Do external environmental factors influence the digitalization of public services?
5. Do Internal Environmental factors influence the Digitalization of Public Services?
6. Does Digital Innovation influence the Performance of Regency/City Regional Government Organizations in Indonesia?
7. Does Digital Innovation mediated by the Digitalization of Public Services affect the Performance of Regency/City Regional Government Organizations in Indonesia?
8. Does Digital Innovation influence the Digitalization of Public Services?
9. Does the digitalization of public services affect the performance of district/city regional government organizations in Indonesia?

Method

This research uses an explanatory research method, namely a method that aims to explain variables through statistical testing in order to obtain explanations of variables (Saunders, et.al, 2009). The approach used is a quantitative approach, which can be interpreted as a research method based on the philosophy of positivism, used to research certain populations or samples, collecting data using research instruments, statistical data analysis, with the aim of testing predetermined hypotheses (Sugiyono, 2017).

The research method used is a survey method through data collection by distributing questionnaires offline or online via the Google Forms feature, which presents questions/statements and answer choices that can be chosen by respondents. The time for carrying out the research uses a cross-sectional design, because the data is collected, processed, analyzed, and then conclusions are drawn in one time period.

Population and Sample

Population is a generalized area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied, and then conclusions are drawn (Sugiyono, 2017). In this study, the population size is certain, namely 100 Regency/City Regional Governments in Indonesia, consisting of:

Table 3: Details of Research Population

No.	Name of Province	Total of District/City
1	West Java	27
2	Central Java	35
3	East Java	38
Total		100

Result And Discussion

Descriptive Data Analysis

Descriptive analysis is a statistical method used to analyze data by describing the data that has been collected as it is, without intending to make general conclusions or generalizations (Sugyono, 2017). Descriptive analysis refers to each variable studied and compiled in the form of a questionnaire, namely variable X1 (External Environment), variable X2 (Internal Environment), variable Y1 (Digital Innovation), variable Y2 (Digitalization of Public Services) and variable Y3 (Performance of Government Organizations Region), the statements in the questionnaire have a large number of weights so that it is easier to interpret the variables studied, score categorization is carried out on respondent responses with scores between 1-7 as in Table 3.8, then processed to find out the total score and determine the ideal score, using the formula :

Ideal score = Highest Score x Number of Respondents

Deskriptif Dimensi Regulasi

Based on data processing, it can be seen that the total score of respondents' responses to the X1.1 Regulation dimension is 2373 or 40.70% with an ideal total score of 2800. The highest value for the indicator of the X1.1 Regulation dimension is the indicator for Government Regulation No. 38 of 2017 in formulating the implementation of Regional Innovation, with a total score of 603 or 25.41%. Government Regulation No. 38 of 2017 concerning Regional Innovation is the most dominant indicator influencing the regulatory dimensions. This is appropriate as the basis and guideline for implementing digital innovation in the Regional Government.

Descriptive Dimensions of Information Technology

Based on data processing, it can be seen that the total score of respondents' responses to the X1.2 Information Technology dimension is 1720 or 29.50% with an ideal total score of 2100. The highest value for the indicator of the X1.2 Information Technology dimension is an indicator of the impact of information technology, which is increasingly developing and advanced for district/city regional governments with a total score of 577 or 33.55%, this shows that the impact of information technology plays an important role in bringing about changes and developments in the technology used in regional governments.

Next, the indicator value for the availability of hardware, software, internet/WiFi networks and other telecommunications media in various places received a score of 576 or 33.49% and the lowest indicator value was the creation of many service systems that use information technology in various fields, both services, education, health, financial transactions and others with a score of 567 or 32.97%.

Verification Data Analysis

Based on Figure 1 above, it can be concluded that the respondents' responses to the X1.2 Information Technology dimension are included in the good category because the value of this category is in the interval 1585.71-1842.86, which consists of:

1. Descriptive Public Dimension (Society) The respondents' responses to the X1.3 Public (Society) dimension are included in the good category because the value of this category is in the interval 1585.71-1842.86.
2. Internal Environment Variables are measured through dimensions X2.1 Leadership, X2.2 HR (Human Resources), X2.3 IT Infrastructure and X2.4 Finance. These variables and dimensions are conditions that can influence and exist within the Regency/City Regional Government in formulating organizational strategies.
3. Descriptive Leadership Dimensions, the value of the indicator of leadership's understanding of the use of digital technology in providing public services received a score of 611 or 33.35%, and the lowest value was the indicator of leadership's ability to communicate through various digital technology-based channels, with a score of 609 or 33.24%. %. The score interpretation criteria for the X2.1
4. Descriptive Dimensions of HR (Human Resources). Based on the above, it can be seen that the total score of respondents' responses to the X2.2 HR (Human Resources) dimension is 1136 or 21.94% with an ideal score of 1400. The highest value of the X2.2 HR (Source) dimension indicator Human Power) is an indicator of employee skills regarding changes in digital technology developments, with a total score of 572 or 50.35% and the lowest score is an indicator of employee operational technical capabilities regarding digital technology developments. Based on the above regarding the continuum line of dimension .1057,14.
5. Descriptive Dimensions of IT. Based on the above regarding the continuum line of the X2.3 IT Infrastructure dimension, it can be concluded that the respondents' responses regarding the X2.3 IT Infrastructure dimension are included in the good category because the value of this category is in the interval 1057.14-1228.57.
6. Descriptive Financial Dimensions Based on the above, it can be seen that the total score of respondents' responses to the Financial development of digital technology with a total score of 556 or 50.68% and the lowest score is the indicator of continuity of budget allocation which is the priority scale for the development of digital technology with a score of 541 or 49.32%.
7. Digital Innovation Variables, The Digital Innovation Strategy variable is measured through dimensions Y1.1 Digital Transformation, Y1.2 Collaboration and Partnership, Y1.3. Local

Empowerment, Y1.4 Human Capital Development, and Y1.5 Citizen Engagement IT Infrastructure. These variables and dimensions are conditions that can influence Regency/City Regional Governments in formulating organizational strategies to improve performance.

8. Descriptive Digital Transformation, Transformation dimension is the leadership's decision to use digital technology in innovation in public services with full attention to data security, with a total score of 592 or 50.21% and the lowest score is an indicator of the leadership's decision to exploit digital technology to improve public service processes through innovation, with a score of 587 or 49. 79%.
9. Descriptive Dimensions of Collaboration and Partnership. Based on the data above regarding the continuum line of the Y1.2 Collaboration and Partnership dimension, it can be concluded that the respondents' responses regarding the Y1.2 Collaboration and Partnership dimension are included in the good category because the value of this category is in the interval 1585.71-1842.86.
10. Descriptive Dimensions of Local Empowerment. Based on the data above regarding the Y1.3 Local Empowerment dimension continuum line, it can be concluded that the respondents' responses regarding the Y1.3 Local Empowerment dimension are included in the good category because the category value is in the interval 1057.14-1228.57.
11. Descriptive Dimensions of Human Capital Development. Based on the data above regarding the continuum line in the Y1.4 Human Capital Development dimension, it can be concluded that the respondents' responses regarding the Y1.4 Human Capital Development dimension are included in the good category because the category value is in the interval 1057.14-1228.57
12. Descriptive Dimensions of Citizen Engagement. Based on the data above regarding the Y1.5 Citizen Engagement dimension continuum line, it can be concluded that the respondents' responses regarding the Y1.5 Citizen Engagement dimension are included in the good category because the category value is in the interval 1585.71-1842.86.
13. Variables for Digitalization of Public Services, These data show that the most dominant dimension influencing the Public Service Digitalization variable (Y2) is the Digital Service Integration dimension, thus nine priority digital services, including education, health, social assistance, population administration, integrated state financial transactions for payment gateways, apparatus services integrated country, public service portal services, until one Indonesian data has been understood, planned and implemented by Regency/City Regional Governments in Indonesia.
14. Descriptive Dimensions of National Digital Service Integration, Digital Service Integration, it can be concluded that the respondents' responses regarding the Y2.1 National Digital Service Integration dimension are included in the good category because the value of this category is in the interval 2114.29-2457.14.
15. Descriptive Dimensions of Public Service Application Integration. Based on the data above regarding the continuum line in the Y2.2 Public Service Application Integration dimension, it can be concluded that the respondents' responses regarding the Y2.2 Public Service Application Integration dimension are included in the good category because the category value is in the interval 2114.29-2457 .14
16. Descriptive Dimensions of ICT Asset Management. Based on the data above regarding the continuum line of the Y2.3 ICT Asset Management dimension, it can be concluded that the respondents' responses regarding the Y2.3 ICT Asset Management dimension are included in the good category because the category value is in the interval 2114.29-2457.14
17. Regional Government Organizational Performance Variables Based on the data, it can be seen that the Y3.1 IKM (Community Satisfaction Index) dimension has a minimum value of 71.82, a maximum value of 95.94, a mean value of 86.19, and a standard deviation value of 3.86.

Model Test

As stated, the output results from the smart PLS program, the lambda estimate is the same as the estimated value of the standardized regression parameters (standardized regression weight), called the path coefficient, knowing that the value of the path coefficient will take into account how large the value of the direct structural influence is. And whether the indirect or total influence of the predictor variable on the outcome can be determined or known.

Table 4. Estimated Lambda Value (Loading Factor)

Indikator	***Loading Factor***	**R Critis**	**Criteria (*Loading Factor* ≥ 0,6)**
X1.1 <- External Environment (X1)	0,956	0,7	Valid
X1.2 <- External Environment (X1)	0,920	0,7	Valid
X1.3 <- External Environment (X1)	0,955	0,7	Valid
X2.1 <- Internal Environment (X2)	0,836	0,7	Valid
X2.2 <- Internal Environment (X2)	0,945	0,7	Valid
X2.3 <- Internal Environment (X2)	0,963	0,7	Valid
X2.4 <- Internal Environment (X2)	0,930	0,7	Valid
Y1.1 <- Digital Innovation (Y1)	0,968	0,7	Valid
Y1.2 <- Digital Innovation (Y1)	0,979	0,7	Valid
Y1.3 <- Digital Innovation (Y1)	0,965	0,7	Valid
Y1.4 <- Digital Innovation (Y1)	0,982	0,7	Valid
Y1.5 <- Digital Innovation (Y1)	0,966	0,7	Valid
Y2.1 <-Public Service Digitalization (Y2)	0,979	0,7	Valid
Y2.2 <- Public Service Digitalization (Y2)	0,988	0,7	Valid
Y2.3 <- Public Service Digitalization (Y2)	0,987	0,7	Valid
Y3.1 <- Performance of Local Government Organization (Y3)	0,639	0,7	Valid
Y3.1 <- Performance of Local Government Organization (Y3)	0,771	0,7	Valid
Y3.1 <- Performance of Local Government Organization (Y3)	0,884	0,7	Valid
Y3.1 <- Performance of Local Government Organization (Y3)	0,917	0,7	Valid

Source: Print Out of SmartPLS Program Analysis Results

The results of the estimated parameter value λ, there are exogenous variables, intervening variables, or endogenous variables all show coefficients greater than 0.6 and significant at α = 0.05. This condition shows that the dimensions or indicators (measured variables) are valid factors and reliable for each latent variable or construct.

External Environmental Variable Measurement Model (X1)

Table 5 Measurement Model for Dimensions of Environmental Variables External (X1)

Dimensi	**Value (Loading Factor)**	**Standard Error**	**t statistic**	***p-values***	**AVE**	**Composite Reliability**
X1.1 <- External Environment(X1)	0,956	0,008	114,23	0,000	0,891	0,961
X1.2 <- External Environment (X1)	0,920	0,019	48,362	0,000		
X1.3 <- External Environment (X1)	0,955	0,009	110,907	0,000		

Source: SmartPLS Output

Table 5 shows that the dimensions used to measure the External Environmental variable (X1) have a loading factor value greater than 0.6, so it can be concluded that these three dimensions produce a composite reliability of more than 0.70, so that these three dimensions can be concluded as valid and valid. Reliable. From the calculation results above, the Regulatory dimension (X1.1) is the most dominant dimension of the External Environment variable (X1) with a loading factor value of 0.956.

Internal Environmental Variable Measurement Model (X2)

Table 6 Measurement Model for Dimensions of Environmental Variables Internal (X2)

Dimension	**Value (Loading Factor)**	**Standard Error**	**t statistic**	***p-values***	**AVE**	**Composite Reliability**
X2.1 <- Internal Environment (X2)	0,836	0,026	32,141	0,000	0,846	0,956
X2.2 <- Internal Environment (X2)	0,945	0,015	63,703	0,000		
X2.3 <- Internal Environment (X2)	0,963	0,009	105,147	0,000		
X2.4 <- Internal Environment (X2)	0,930	0,035	26,841	0,000		

Source: SmartPLS Output

Table 6 shows that the dimensions used to measure the Internal Environment variable (X2) have a loading factor value greater than 0.6, so it can be concluded that these four dimensions produce a composite reliability of more than 0.70, so that these four dimensions can be concluded as valid and valid. Reliable. From the calculation results above, the Information Technology Infrastructure dimension (X2.3) is the most dominant dimension of the Internal Environment variable (X2) with a loading factor value of 0.956. 3. Digital Innovation Variable Measurement Model (Y1) The measurement of the Digital Innovation variable (Y1) uses 5 (five) dimensions, namely Digital Transformation (Y1.1), Collaboration and Partnerships (Y1.2), Local Empowerment (Y1.3), Human Capital Development (Y1.4), and Citizen Engagement (Y1.5). Based on the calculation results of the Partial Least Squares (PLS) measurement model, the measurement model that fits the data is the final model, as shown in Table 7 below:

Table 7 Measurement Model for Digital Innovation Variable Dimensions (Y1)

Dimension	**Valuer (Loading Factor)**	**Standard Error**	**t statistic**	***p-values***	**AVE**	**Composite Reliability**

Y1.1 <- Digital Innovation (Y1)	0,968	0,008	114,056	0,000	0,945	0,988
Y1.2 <- Digital Innovation (Y1)	0,979	0,005	204,469	0,000		
Y1.3 <- Digital Innovation (Y1)	0,965	0,008	116,055	0,000		
Y1.4 <- Digital Innovation (Y1)	0,982	0,005	188,458	0,000		
Y1.5 < Digital Innovation - (Y1)	0,966	0,018	54,502	0,000		

Source: SmartPLS Output

Table 7 shows that the dimensions used to measure the Digital Innovation variable (Y1) have a loading factor value greater than 0.6, so it can be concluded that the five dimensions produce a composite reliability of more than 0.70, and thus the five dimensions can be considered valid. Reliable.

From the calculation results above, the Human Capital Development dimension (Y1.4) is the most dominant dimension of the Digital Innovation variable (Y1) with a loading factor value of 0.982.

Public Service Digitalization Variable Measurement Model (Y2)

Table 8 Measurement Model for the Variable Dimensions of Digitalization of Public Services (Y2)

Dimension	**Value (Loading Factor)**	**Standard Error**	**t statistic**	***p-values***	**AVE**	**Composite Reliability**
Y2.1 <- Public Service Digitalization (Y2)	0,979	0,018	54,502	0,000	0,969	0,990
Y2.2 <- Public Service Digitalization (Y2)	0,988	0,005	190,663	0,000		
Y2.3 <- Public Service Digitalization (Y2)	0,987	0,006	166,622	0,000		

Source: SmartPLS Output

Table 8 shows that the dimensions used to measure the variable Digitalization of Public Services (Y2) have a loading factor value greater than 0.6, so it can be concluded that these three dimensions produce a composite reliability of more than 0.70, and thus these three dimensions can be concluded as valid and reliable.

From the calculation results above, the Public Service Application Integration dimension (Y2.2) is the most dominant dimension of the Public Service Digitalization variable (Y2) with a loading factor value of 0.988.

Regional Government Organizational Performance Variable Measurement Model (Y3)

The measurement of the Regional Government Organizational Performance variable (Y3) uses 4 (four) dimensions, namely AKIP (Accountability for Performance of Government Agencies) (Y3.1), IRB (Bureaucratic Reform Index) (Y3.2), IPM (Human Development Index) (Y3.3), and IKM (Community Satisfaction Index) (Y3.4). Based on the calculation results of the Partial Least Squares (PLS) measurement model, the measurement model that fits the data is the final model, as seen in Table 9 below:

Table 9 Measurement Model for Regional Government Organizational Performance Variable Dimensions (Y3)

Dimension	Value (Loading Factor)	Standard Error	t statistic	*p-values*	AVE	Composite Reliability
Y3.1 <- Performance of Local Government Organization (Y3)	0,639	0,144	4,43	0,000	0,656	0,882
Y3.2 < Performance of Local Government Organization - (Y3)	0,771	0,083	9,273	0,000		
Y3.3 <- Performance of Local Government Organization (Y3)	0,884	0,036	24,633	0,000		
Y3.4 <- Performance of Local Government Organization (Y3)	0,917	0,028	33,118	0,000		

Source: SmartPLS Output

Table 9 shows that the dimensions used to measure the Regional Government Organizational Performance variable (Y3) have a loading factor value greater than 0.6, so it can be concluded that these four dimensions produce a composite reliability of more than 0.70; thus, these four dimensions can be concluded valid and reliable. From the calculation results above, the IKM (Community Satisfaction Index) dimension (Y3.4) is the most dominant dimension of the Regional Government Organizational Performance variable (Y3) with a loading factor value of 0.917.

Inner Model Evaluation (Structural Model Evaluation)

After evaluating the measurement model (outer model), the structural model (inner model) is then evaluated.

Table 10 Structural Model Testing (Inner Model)

Variabel Laten	AVE	Cronbach Alpha	Rho	R-Square
External Environment (X1)	0,891	0,939	0,939	
Internal Environment (X2)	0,846	0,938	0,941	
Digital Innovation(Y1)	0,945	0,985	0,985	0,824
Digitalization of Public Service (Y2)	0,969	0,984	0,984	0,908
Performance of Local Government Organization (Y3)	0,656	0,827	0,926	0,153

Source: *Output* SmartPLS

Convergent validity is said to be good when each item has an Average Variance Extracted (AVE) greater than or equal to 0.50 (Hair et al., 2014). Table 11 presents the results of data processing using Smart PLS software, and the AVE value obtained is above 0.5.

Table 11 Inner Model Equations

Inner Model	Path Coefficient	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Model Equation
Digitalisazion Of Public Service (Y2) -> Performance of Local Government Organization(Y3)	-0,068	0,262	0,259	0,796	Y3 = -0,068 Y2 + ζ_1
Digital Innovation (Y1) -> Digitalisazion Of Public Service (Y2)	0,777	0,082	9,511	0,000	Y2 = 0,777 Y1 + ζ_2
Digital Innovation (Y1) -> Performance of Local Government Organization (Y3)	0,454	0,254	1,786	0,075	Y3 = 0,454 Y1 + ζ_3
External Environment (X1) -> Digitalisazion Of Public Service (Y2)	-0,421	0,093	4,537	0,000	Y2 = -0,421 X1 + ζ_4
External Environment (X1) -> Digital Innovation (Y1)	0,166	0,135	1,231	0,219	Y1 = 0,166 X1 + ζ_5
Internal Environment (X2) -> Digitalisazion Of Public Service (Y2)	0,562	0,119	4,722	0,000	Y2 = 0,562 X2 + ζ_6
Internal Environmenty (X2) -> Digital Innovation (Y1)	0,756	0,131	5,754	0,000	Y1 = 0,756 X2 + ζ_7

Source: *Output* SmartPLS

Figure 2 and Table 12 present the results of testing the influence of Public Service Digitalization (Y2) on Regional Government Organizational Performance (Y3), Digital Innovation (Y1) on Public Service Digitalization (Y2), and Digital Innovation (Y1) on Regional Government Organizational Performance (Y3).

External Environment (X1) on Digitalization of Public Services (Y2), External Environment (X1) on Digital Innovation (Y1), Internal Environment (X2) on Digitalization of Public Services (Y2), and Internal Environment (X2) on Digital Innovation (Y1).

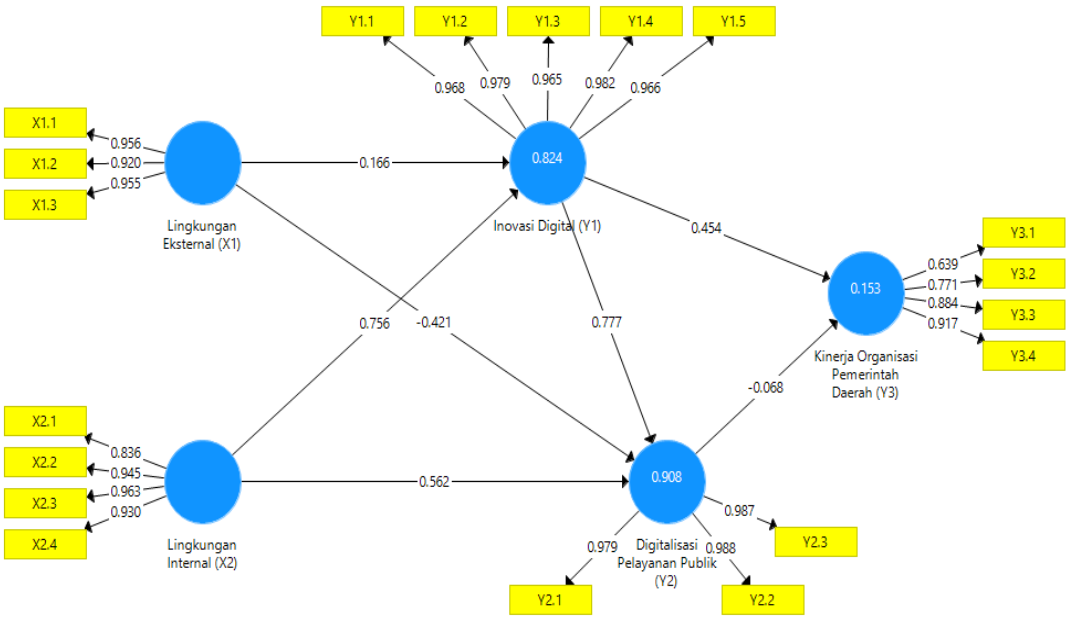

Figure 2: Full Model and Structural Parameter Estimation Results

Figure 2 above illustrates the t-test value of the complete model for both the measurement model and the structural model. Next, the following is a table that shows the complete measurement model equation:

Table 12 Complete Measurement Model Equation

Variable	Dimension	Valuer (Loading Factor)	Standard Error	t statistic	*p-values*	AVE	Composite Reliability
External Environment (X1)	X1.1 <- External Environment (X1)	0,956	0,008	114,23	0,000	0,891	0,961
	X1.2 <- External Environment (X1)	0,920	0,019	48,362	0,000		
	X1.3 <- (X1)	0,955	0,009	110,907	0,000		
Internal Environment (X2)	X2.1 <- Internal Environment (X2)	0,836	0,026	32,141	0,000	0,846	0,956
	X2.2 <- Internal Environment (X2)	0,945	0,015	63,703	0,000		
	X2.3 <- Internal Environment (X2)	0,963	0,009	105,147	0,000		
	X2.4 <- Internal Environment (X2)	0,93	0,035	26,841	0,000		
Digital Innovation (Y1)	Y1.1 <- Digital Innovation (Y1)	0,968	0,008	114,056	0,000	0,945	0,988
	Y1.2 <- Digital Innovation (Y1)	0,979	0,005	204,469	0,000		
	Y1.3 <- Digital Innovation (Y1)	0,965	0,008	116,055	0,000		
	Y1.4 <- Digital Innovation (Y1)	0,982	0,005	188,458	0,000		
	Y1.5 <- Digital Innovation (Y1)	0,966	0,018	54,502	0,000		
Digitalization of Public Service (Y2)	Y2.1 <- Digitalization of Public service (Y2)	0,979	0,018	54,502	0,000	0,969	0,99
	Y2.2 < Digitalization of Public service - (Y2)	0,988	0,005	190,663	0,000		

Variable	Dimension	Valuer (Loading Factor)	Standard Error	t statistic	*p-values*	AVE	Composite Reliability
	Y2.3 < Digitalization of Public Service (Y2)	0,987	0,006	166,622	0,000		
Performance of Local Government Organization (Y3)	Y3.1 <- Performance of Local Government Organization (Y3)	0,639	0,144	4,43	0,000	0,656	0,882
	Y3.2 <- Performance of Local Government Organization (Y3)	0,771	0,083	9,273	0,000		
	Y3.3 < Performance of Local Government Organization - (Y3)	0,884	0,036	24,633	0,000		
	Y3.4 <- Performance of Local Government Organization (Y3)	0,917	0,028	33,118	0,000		

Source: *Output* SmartPLS

Testing Hypothesis 2

Based on the results of hypothesis 2, the internal environment influences digital innovation, as can be seen from the relationship between variables based on the summary of parameter estimation results in Table 13 below:

Table 14 Testing Hypothesis 2

Hypotesis	Path Copeficien	Standard Deviation	t statistics	p-values	R^2
Internal Environment (X2) to Digital Innovation (Y1)	0,756	0,131	5,754	0,000	0,572

Source: *Output* SmartPLS

Based on Table 14, the internal environmental path coefficient value for digital innovation is +0.756. This value indicates that there is a positive relationship between the internal environment and digital innovation. This relationship is strengthened by a P-value of 0.000 or below 0.05; this value states that the relationship between the two variables is significant.

Hypothesis Testing 3

Based on the results of hypothesis 3, the external environment influences the digitalization of public services, as can be seen from the relationship between variables based on the summary of parameter estimation results in Figure 5 and Table 16 below:

Hypothesis Testing 3

Based on the results of hypothesis 3, the external environment influences the digitalization of public services, as can be seen from the relationship between variables based on the summary of parameter estimation results in Figure 5 and Table 16 below.

Hypothesis Testing 3

Based on the results of hypothesis 3, the external environment influences the digitalization of public services, as can be seen from the relationship between variables based on the summary of parameter estimation results in Figure 5 and Table 16 below:

Hypothesis Testing 3

Based on the results of hypothesis 3, the external environment influences the digitalization of public services, as can be seen from the relationship between variables based on the summary of parameter estimation results in Table 16 below:

Table 15 Testing Hypothesis 3

Hypotesis	**Path Coefficient**	**Standard Deviation**	**t statistics**	**p-values**	**R^2**
External Environment (X1) to Digitalization of Public Service (Y2)	-0,421	0,093	4,537	0,000	0,177

Source: *Output* SmartPLS

Based on Table 16, the external environment path coefficient value for digitalization of public services is -0.421. This value indicates that there is a negative relationship between the external environment and the digitalization of public services. This relationship is strengthened by a P-value of 0.000 or below 0.05, this value states that the relationship between the two variables is significant. The results of test 3 show that there is a significant influence from the external environment on the digitalization of public services, with an R-squared value of 0.177 or 17.7%. This means that the digitalization of public services is influenced by the external environment by 17.7% while the remaining 0.823 or 82.3% is influenced by other variables not studied. This shows that the external environment is effective in influencing the digitalization of public services.

Testing of Hypothesis 4

Based on the results of hypothesis 4, the internal environment influences the digitalization of public services, as can be seen from the relationship between variables based on the summary of parameter estimation results in Table 16 below:

Table 16 Testing of Hypothesis 4

Hipotesis	**Path Coofecien**	**Standard Deviation**	**t statistics**	**p-values**	**R^2**
Internal Environment (X2) to Digitalization of Public Service (Y2)	0,562	0,119	4,722	0,000	0,316

Based on Table 16, the internal environmental path coefficient value for digitalization of public services is +0.562. This value indicates that there is a positive relationship between the internal environment and the digitalization of public services. This relationship is strengthened by a P-value of 0.000 or below 0.05; this value states that the relationship between the two variables is significant.

The results of test 4 show that there is a significant influence of the internal environment on the digitalization of public services, with an r-square value of 0.316 or 31.6%. This means that the digitalization of public services is influenced by the internal environment by 31.6%, while the remaining 0.684 or 68.4% is influenced by other variables not studied. This shows that the internal environment is effective in influencing the digitalization of public services.

Testing of Hypothesis 5

Based on the results of hypothesis 5, digital innovation influences the performance of local government organizations, as can be seen from the relationship between variables based on the summary of parameter estimation results in Table 17 below:

Tabel 17 Testing of Hypotesis 5

Hypotesis	**Path Coofecient**	**Standar Deviation**	**t statistics**	**p-values**	**R^2**
Digital Innovation (Y1) to Performance of Local Government Organization (Y3)	0,454	0,254	1,786	0,075	0,206

Source: *Output* SmartPLS

Based on table 17, the coefficient value of the digital innovation pathway on the performance of local government organizations is +0.454. This value indicates that there is a positive relationship between digital innovation and the performance of local government organizations. This relationship is strengthened by a P-value of 0.075 or above 0.05 (alpha 5%), but if you use an alpha of 10% then the P-value is 0.075 or below 0.1, this value states that the relationship between the two variables is significant.

The results of test 5 show that there is a significant influence of digital innovation on the performance of local government organizations, with an r-square value of 0.206 or 20.6%. This means that the performance of local government organizations is influenced by digital innovation by 20.6% while the remaining 0.794 or 79.4% is influenced by other variables not studied. This shows that digital innovation is effective in influencing the performance of local government organizations.

Testing of Hypothesis 6

Based on the results of hypothesis 6, the performance of local government organizations is influenced by digital innovation mediated by digitalization of public services, as can be seen from the relationship between variables based on the summary of parameter estimation results in Figure 8 and Table 18 below.

Table 18 Testing of Hypotesis 6

Hypotesis	**Path Coofecient**	**Standar Deviation**	**t statistics**	**p-values**	**R^2**
Digital Innovation (Y1) to Performance of Local Government Organization (Y3) Through Digitalization Public Service (Y2)	-0,053	0,209	0,252	0,801	0,153

Source: *Output* SmartPLS

Based on table 18, the coefficient value for the digital innovation path towards the performance of local government organizations through digitalization of public services is -0.053. This value indicates that there is a negative relationship between digital innovation and the performance of local government organizations through digitalization of public services, but it is not significant. This relationship is strengthened by a P-value of 0.801 or above 0.05, this value states that the relationship between the three variables is not significant.

The results of test 6 show that there is no significant influence of digital innovation on the performance of local government organizations through digitalization of public services, with an r-square value of 0.153 or 15.3%. This means that the performance of local government organizations is influenced by digital innovation through the digitization of public services by 15.3%, while the remaining 0.847 or 84.7% is influenced by other variables not studied. This shows that digital innovation is not effective in influencing the performance of local government organizations through digitalization of public services.

Testing of Hypothesis 7

Based on the results of hypothesis 7, digital innovation has an influence on the digitalization of public services, as can be seen from the relationship between variables based on the summary of parameter estimation results in Figure 9 and Table 20 below:

Table 19 Testing of Hypotesis 7

Hipotesis	Path Coofecient	Standar Deviation	t statistics	p-values	R^2
Digital Innovation (Y1) to Digitalization Public Service (Y2)	0,777	0,082	9,511	0,000	0,604

Source: *Output* SmartPLS

Based on table 19, the coefficient value for the digital innovation path towards the digitalization of public services is +0.777. This value indicates that there is a positive relationship between digital innovation and the digitalization of public services. This relationship is strengthened by a P-value of 0.000 or below 0.05, this value states that the relationship between the two variables is significant. The results of test 7 show that there is a significant influence of digital innovation on the digitalization of public services, with an r-square value of 0.604 or 60.4%. This means that the digitalization of public services is influenced by digital innovation by 60.4%, while the remaining 0.396 or 39.6% is influenced by other variables not studied. This shows that digital innovation is effective in influencing the digitalization of public services.

Hypothesis Testing 8

Based on the results of hypothesis 8, digitalization of public services has no effect on the performance of local government organizations, as can be seen from the relationship between variables based on the summary of parameter estimation results in Figure 10 and Table 20 below:

Table 20 Testing of Hypotesis 8

Hypotesis	Path Coofecient	Standar Deviation	t statistics	p-values	R^2
Digitalization of Public Service (Y2) to Performance of Local Government Organization (Y3)	-0,068	0,262	0,259	0,796	0,005

Source: *Output* SmartPLS

Based on table 20, the coefficient value for the digitalization of public services on the performance of local government organizations is -0.068. This value indicates that there is a negative relationship between the digitalization of public services and the performance of local government organizations. This relationship is strengthened by a P-value of 0.796 or above 0.05, this value states that the relationship between the two variables is not significant.

The results of test 8 show that there is an insignificant influence from the digitalization of public services on the performance of local government organizations, with an r-square value of 0.005 or 0.5%. This means that the performance of local government organizations is influenced by the digitalization of public services by 0.5%, while the remaining 0.995 or 99.5% is influenced by other variables not studied. This shows that digitalization of public services is not effective in influencing the performance of local government organizations.

External Environmental Variables

The external environment is factors outside its control that influence an organization's choices regarding direction and action which ultimately also influence the organization's structure and internal processes. Apart from that, the external environment can provide opportunities for growth and pose threats to the existence of the organization (Pearce II J.A & Robinson, 2009). The research results show that respondents' responses to the External Environment are included in the good category and the

External Environment variable is measured through the dimensions X1.1 Regulation, X1.2 Information Technology and X1.3 Public (Society), the research results as in Figure 4.14 show that the dimensions are The most dominant influence on the External Environment is the Regulatory dimension.

Regulations are a set of authoritative rules accompanied by several mechanisms to monitor and promote compliance with applicable rules (Koop C. & Martin L., 2015). According to Black J. (2015) regulation is a continuous and focused effort to change the behavior of other people in accordance with specified standards and goals with the intention of producing broadly identified results or results, which may involve mechanisms for setting standards, gathering information and modifying behavior.

According to Ewurah Mahama S.K, (2017), government regulatory indicators include the legal framework, appropriate policies and standards, unpredictable changes in regulations and implementation of regulations in the digital realm. The results of research on respondents' responses to dimension X1.1 Regulations are based on being in the good category. The research results show that the most dominant indicator influencing the regulatory dimension is the indicator of the statement of Government Regulation No. 38 of 2017 in formulating the implementation of Regional Innovation.

Internal Environmental Variables

The internal environment of an organization consists of variables (strengths and weaknesses) that exist within the organization itself and are within the short-term management control of superiors. These variables shape the context in which work is performed, (Wheelen et al., 2018). An atmosphere in an organization's internal management where the company's strengths and weaknesses can be identified by evaluating the organization's current profile (Pearce & Robinson, 1994).

The research results as in Figure 4.20 show that respondents' responses to the Internal Environment (X2) are included in the good category and the Internal Environment variable is measured through the dimensions X2.1 Leadership, X2.2 HR (Human Resources), X2.3 IT Infrastructure and X2. 4 Finance, research results as in Figure 4.19 show that the most dominant dimension influencing the Internal Environment is the Leadership dimension, this reinforces that Leadership is an important factor to consider internally to encourage organizational change and effectiveness and shows that top management support and governance or Strong management is essential to avoid some of the challenges.

Leadership is the ability to influence a group towards achieving goals. A person can carry out a leadership role solely because of his position in the organization (Robbin P. Stephen, 2003). Leaders can influence followers because they have five basic powers, namely reward-based power, conservative power, legitimacy-based power, appointment-based authority, and expertise-based power (Stoner & Freeman, 2006).

The research results of respondents' responses to the X2.1 Leadership dimension are included in the good category. The research results are based on the indicator that most dominantly influences the X2.1 Leadership dimension, namely the indicator of leadership's statement of response and support for the development of digital technology in the District/City local government environment.

Digital Innovation Strategy Variables

Digital innovation is innovation that utilizes cyber platforms or uses information and communication technology (ICT) as a tool to expand the reach of government services to the public (PP No. 38 of 2017). Digital innovation is the application of digital technology to improve services, traditional business models, products and processes (Karimi & Walter, 2015), which is considered new to be realized with technology (Fichman, et al., 2014) as well as producing smarter devices, data storage and retrieval become better and the dissemination of information becomes wider (White, 2017). Digital innovation can also be described as the embedding of digital components in physical products (Yoo et all. 2010a).

The research results as in Figure 4.26 show that the respondents' responses to the Digital Innovation variable (Y1) are included in the good category and the Digital Innovation variable is measured through the dimensions Y1.1 Digital Transformation, Y1.2 Collaboration and Partnership, Y1.3. Local Empowerment, Y1.4 Human Capital Development and Y1.5 Citizen Engagement IT Infrastructure, research results as in Figure 2.25 show that the most dominant dimension influencing the Digital Innovation variable is the Collaboration and Partnership dimension, thus collaboration between government institutions, the private sector, and non-governmental organizations have been implemented and well established, resulting in more innovative and effective public services.

Collaboration and partnerships strengthen collaboration between government institutions, the private sector and non-government organizations to produce more innovative and effective public services.

The research results of respondents' responses to the Y1.2 Collaboration and Partnership dimension based on Figure 4.12 are included in the good category. The research results are based on Table 4.9, the indicator that most dominantly influences the Y1.2 Collaboration and Partnership dimension, namely the indicator of the statement of the leader's decision to collaborate between local governments, the private sector and non-governmental organizations to produce more innovative and effective innovations.

Public Service Digitalization Variables

Digitalization is considered one of the main drivers of change (Zdraveski D. & Janeska M., 2021), a means of progress (Rabonju C. & Babucea A., 2020), and is used to provide equal access to services, information and knowledge based on technology digital for all communities (Nikolina I.I., et al, 2020) which can significantly increase organizational activities leading to efficient use of resources, costs, technological, social and economic progress of the organization concerned, as well as creating new opportunities to make public services more accessible (Roja A. & Boc M., 2021), simple, fast and transparent (Baesu C., 2021). Digitalization in the public sector requires an integrated approach to technology, processes and people to manage the availability and sustainability of processes (Alhaqbani et Al., 2016).

The research results as well as respondents' responses to the Public Service Digitalization variable (Y2) are included in the good category and the Public Service Digitalization variable is measured through the dimensions Y2.1 Digital Service Integration, Y2.1 Public Service Application Integration, and Y2.3 ICT Asset Management, research results as in Figure 4.32 shows that the most dominant dimension influencing the Digitalization of Public Services is the Digital Service Integration dimension.

The integration of national digital services was designed by the government to establish nine priority digital services, including education, health, social assistance, population administration, integrated state financial transactions for payment gateways, integrated state apparatus services, public service portal services, and one Indonesian data.

The research results of respondents' responses to dimension Y2.1 National Digital Service Integration are included in the good category. The research results are based on Table 4.13, the indicator that most dominantly influences the Y2.1 dimension of National Digital Service Integration, namely the statement indicator of the effectiveness of the national digital service integration program.

Regional Government Organizational Performance Variables

Regional Government organizational performance is the overall achievement of results that have been achieved and achieved in handling all activities carried out by the Regional Government in a certain period or how far the Regional Government organization carries out its duties and functions as promised to the public (Muhamad F., 2009), apart from that Organizational performance is seen as the organization's capacity to access and handle various resources to achieve the stated goals and objectives of the organization (Smriti & Das, 2018), while Regional Government organizational performance is the overall achievement of results that have been achieved and achieved in handling all activities carried out by the Regional Government in a certain period (Muhamad F, 2009) and confirmed through Permenpan RB No. PER/09/M. PAN/5/2007 states that the performance of a Regional Government organization is a description of the achievement of the government's goals and objectives as an explanation of the organization's vision, mission and strategy which indicates the level of success or failure in implementing activities determined by the Regional Government in accordance with the programs and policies established has been set.

To find out the efforts and steps taken by the organization to achieve its goals, it can be measured through performance assessments. Performance assessment is an attempt to determine the level of success of an organization. Performance assessment is important to carry out because apart from being used as a measure of success in a certain period it can also be used as input for improvements in increasing performance in the future. Apart from that, measuring organizational performance is a process of assessing or measuring various indicators within a certain time, including assessments carried out towards predetermined goals and objectives and indicates that performance measures are designed to measure the level of goals that have been achieved according to initial planning and to compare results and previous plans (Suryani, N.K & E.H.J John, 2018), besides that performance

measurement functions as a milestone that shows the level of achievement of the main tasks and functions (Sembiring M., 2018). The steps for measuring performance depend on the organizational unit being assessed and the goals to be achieved (Rahim A.R & Radjab E., 2017). Various literatures that discuss government performance basically have substantial similarities, namely to see how far the government has achieved the results (Rahim AR & Radjab E., 2017).

The Regional Government Organizational Performance variable is measured through the dimensions Y3.1 IKM (Human Development Index), Y3.2 AKIP (Government Organizational Performance Accountability), Y3.3 IPM (Human Development Index), Y3.4 IRB (Bureaucratic Reform Index). The results of the research show that based on Table 4.16 all data on the variable dimensions of Regional Government Organizational Performance are good data, while the dimension that obtained the highest average value is the Y3.1 IKM (Community Satisfaction Index) dimension, thus the IKM dimension is the most dominant dimension. influences the Regional Government Organizational Performance variable, this indicates that the public services that have been carried out and implemented by Regency/City Regional Governments in Indonesia have met the needs and expectations of the community as service users and are in accordance with the ultimate goal of the performance evaluation process, namely providing better services. better, more efficient and more effective based on community needs. Community satisfaction can be used as a reference for the success or failure of program implementation at a public service institution (government organization) (LKj Sukabumi District 2020).

Hypothesis Testing 1

Hypothesis 1 is a model test of the influence of the External Environment on Digital Innovation. The results of this test show a positive relationship between the External Environment and Digital Innovation, but the relationship between the two variables is declared not significant.

The results of the hypothesis 1 decision show that there is a positive but not significant influence from the External Environment on Digital Innovation, this indicates that the External Environment is not effective in influencing Digital Innovation, even though the condition of the External Environment is good, overall it will be insignificant and has no effect on development and progress. Digital Innovation in City District Government in Indonesia.

Hypothesis Testing 2

Hypothesis 2 is a model test of the influence of the Internal Environment on Digital Innovation. The results of this test show a positive relationship between the Internal Environment and digital Innovation and the relationship between the two variables is declared significant.

The results of the hypothesis 2 decision show that there is a positive and significant influence of the Internal Environment on Digital Innovation, this indicates that the Internal Environment is effective in influencing Digital Innovation, the better the condition of the Internal Environment, the better and better the development and progress of Digital Innovation will be in the Regional Government Regency/City in Indonesia.

Hypothesis Testing 3

Hypothesis 3 is a model test of the influence of the External Environment on the Digitalization of Public Services. The results of this test show a negative relationship between the External Environment and the Digitalization of Public Services, but the relationship between the two variables is declared significant.

The results of the hypothesis 3 decision show that there is a negative and significant influence from the External Environment on the Digitalization of Public Services, this indicates that the External Environment is effective in influencing the digitalization of public services, even though the condition of the External Environment is decreasing but the implementation of Digitalization of Public Services in Regency/City Regional Governments in Indonesia will get better and improve.

Testing of Hypothesis 4

Hypothesis 4 is a model test of the influence of the Internal Environment on the Digitalization of Public Services. The results of this test show a positive relationship between the Internal Environment and the Digitalization of Public Services and the relationship between these two variables is declared significant.

The results of the hypothesis 4 decision show that there is a positive and significant influence of the Internal Environment on the Digitalization of Public Services, this indicates that the Internal Environment is effective in influencing the Digitalization of Public Services, the better the condition of the Internal Environment, the greater the implementation of Digitalization of Public Services in the Regency Regional Government. /Cities in Indonesia

Testing of Hypothesis 5

Hypothesis 5 is a model test of the influence of Digital Innovation on Regional Government Organizational Performance. The results of this test show a positive relationship between Digital Innovation and Regional Government Organizational Performance and the relationship between these two variables is declared significant.

The results of the hypothesis 5 decision show that there is a positive and significant influence of Digital Innovation on the Performance of Regional Government Organizations, this indicates that Digital Innovation is effective in influencing the Performance of Regional Government Organizations, the better the implementation of Digital Innovation, the better the Regency/City Regional Government Organizational Performance will be. good and improving.

Testing of Hypothesis 6

Hypothesis 6 is a model test of the influence of Digital Innovation on the Performance of Regional Government Organizations through Digitalization of Public Services. The test results show that there is a negative relationship between Digital Innovation through Digitalization of Public Services on the Performance of Regional Government Organizations and the relationship between these variables is declared not significant.

The results of the hypothesis 6 decision show that there is a negative but not significant influence of Digital Innovation through Digitalization of Public Services on the Performance of Regional Government Organizations, this indicates that Digital Innovation is not effective in influencing the Performance of Regional Government Organizations through Digitalization of Public Services, no matter how good the results of the Innovation Digital through digitalization of public services will not be meaningful and will not have an effect on improving the performance of Regency/City Regional Government Organizations in Indonesia.

Testing of Hypothesis 7

Hypothesis 7 is a model test of the influence of Digital Innovation on the Digitalization of Public Services. The results of this test show a positive relationship between Digital Innovation and Digitalization of Public Services and the relationship between these two variables is declared significant.

The results of the hypothesis 7 decision show that there is a positive and significant influence of Digital Innovation on the Digitalization of Public Services. This indicates that Digital Innovation is effective in influencing the Digitalization of Public Services. Cities in Indonesia.

Testing of Hypothesis 8

Hypothesis 8 is a model test of the influence of Digitalization of Public Services on the Performance of Regional Government Organizations. The results of this test show a negative relationship between Digitalization of Public Services on the Performance of Regional Government Organizations, but the relationship between the two variables is declared not significant.

The results of test 8 show that there is a negative but not significant influence from the Digitalization of Public Services on the Performance of Regional Government Organizations, this indicates that the Digitalization of Public Services is not effective in influencing the Performance of Regional Government Organizations, even though the conditions for implementing the Digitalization of Public Services are running well, it will not meaningful and has no effect on improving the performance of Regency/City Regional Government Organizations in Indonesia.

Conclusion

Regency/City Regional Governments in Indonesia always strive to ensure that the performance achieved continues to increase in each year's activity budget, for this reason this research can be used as a reference as an effort to improve performance.

From the results of the calculations and analysis carried out in the previous chapter regarding "Digital Innovation Strategy Model and Implementation of Public Service Digitalization in Improving the Performance of Regional Government Organizations in Indonesia", it can be concluded:

1. Description of the External Environment is included in the good category with the most dominant dimension influencing it being the regulatory dimension, the Internal Environment is included in the good category with the most dominant dimension influencing it being the Leadership dimension, Digital Innovation is included in the good category with the most dominant dimension influencing it being the Collaboration dimension and Partnership, Digitalization of Public Services is included in the good category with the most dominant dimension influencing it being the digital service integration dimension, while for the Regional Government Organizational Performance variables using ratio data, where the data used for all dimensions has a limited distribution and all data is good data with The dimension that obtained the highest average value was the IKM (Community Satisfaction Index) dimension.
2. There is a positive but not significant influence from the External Environment on Digital Innovation, this indicates that the External Environment is not effective in influencing Digital Innovation, even though the condition of the External Environment is good, overall it will be insignificant and will not have an effect on the development and progress of Digital Innovation in Regional Government City Districts in Indonesia.
3. There is a positive and significant influence of the Internal Environment on Digital Innovation, this indicates that the Internal Environment is effective in influencing Digital Innovation, the better the condition of the Internal Environment, the better and better the development and progress of Digital Innovation will be in Regency/City Regional Governments in Indonesia. 4. There is a negative and significant influence from the External Environment on the Digitalization of Public Services, this indicates that the External Environment is effective in influencing the digitalization of public services, even though the condition of the External Environment is decreasing, the implementation of Digitalization of Public Services in Regency/City Regional Governments in Indonesia will be getting better and increase. 5. There is a positive and significant influence of the Internal Environment on the Digitalization of Public Services, this indicates that the Internal Environment is effective in influencing the Digitalization of Public Services, the better the condition of the Internal Environment, the greater the implementation of Digitalization of Public Services in Regency/City Regional Governments in Indonesia
4. There is a positive and significant influence of Digital Innovation on the Performance of Regional Government Organizations, this indicates that Digital Innovation is effective in influencing the Performance of Regional Government Organizations, the better the implementation of Digital Innovation, the better and better the Performance of Regency/City Regional Government Organizations will be.
5. There is a negative but not significant effect of Digital Innovation through Digitalization of Public Services on the Performance of Regional Government Organizations, this indicates that Digital Innovation is not effective in influencing the Performance of Regional Government Organizations through Digitalization of Public Services, no matter how good the results of Digital Innovation through Digitalization of Public Services will be meaningless and have no effect on improving the performance of Regency/City Regional Government Organizations in Indonesia
6. There is a positive and significant influence of Digital Innovation on the Digitalization of Public Services, this indicates that Digital Innovation is effective in influencing the Digitalization of Public Services, the more advanced the development of Digital Innovation, the more it will improve the implementation of Digitalization of Regency/City Regional Government Public Services in Indonesia.

There is a negative but not significant influence from the Digitalization of Public Services on the Performance of Regional Government Organizations, this indicates that the Digitalization of Public Services is not effective in influencing the Performance of Regional Government Organizations, even though the conditions for implementing the Digitalization of Public Services are running well, it will be meaningless and have no effect towards improving the performance of Regency/City Regional Government Organizations in Indonesia.

References

1. Alhaqbani A, et al, (2016) The impact of middle management commitment improvement initiatives in public organizations. Business Proses Management Journal, V, 22 N 5. https://www.emerald.com/insight/content/doi/10.1108/BPMJ-01-2016-0018/full/html. DOI: 10.1108/BPMJ-01-2016-0018.
2. Alrowwad A., et al. (2020). Innovation and intellectual capital as intermediary variables among transformational leadership, transactional leadership, and organizational performance. https://www.emerald.com/insight/0262-1711.htm
3. Ancok, D. (2012). Psikologi Kepemimpinan dan Inovasi. Jakarta: Erlangga.
4. Anggara S. (2018). Kebijakan Publik. Pustaka setia. Bandung
5. Anisah H.U. (2022). Manajemen dan Lingkungan Eksternal Organisasi. Media sains Indonesia.
6. Anwar M. (2020) Manajemen Srategi Daya Saing dan Globalisasi. Sasanti Institute. Banyumas
7. Ashaye R.O., & Irani Z., (2019) The role of stakeholders in the effective use of e-government resources in publik services. www.elsevier.com/locate/ijinfomgt
8. Baesu Camelia (2021). Digitalization of public administration in Romania
9. Bambang,Sudaryana (2016) Metode Penelitian . Teori dan Konsep, CV. Deepublish, Jogyakart
10. Bambang,Sudaryana,(2022) Metode Penelitian Kunatitatif dan Kualitatif, CV. Deepublish, Jogyakarta
11. Barney J.B & Hesterly W.S. (2019). Strategic Mangement & Competitive Advantage. Person Education. Newyork
12. Barney, J. (1991), “Firm resources and sustained competitive advantage”, Journal of Management,Vol. 17 No. 1, pp. 99-120.
13. Bastian, I. 2005. Akuntasi Sektor Publik: Suatu Pengantar. Yogyakarta: Erlangga
14. Black J. (2015). Decentring Regulation:Understanding The Role Of Regulation And Self-Regulation In A “Post-Regulatory”Wold.
15. BPS (2024). Indeks Pembangunan Manusia 2023.
16. Certo S., (2010) Strategic Management. New York. McGraw Hill
17. Ciriello F.R., et al (2018)) Digital Inovation. https://doi.org/10.1007/s12599-018-0559-8
18. Cumming, B. S. (1998). Innovation overview and future challenges. European Journal of Innovation Management, 1(1), 21-30. https://doi.org/
19. Crawford J., et al (2020) View of covid-19:20 countries higher education intra-period digital pedagogy responses. Journal of Applied Learning and Teaching. www.journals.sfu.ca/jalt/index.php/jalt/article/view/191/163
20. Daft, Richard L. 2012. Manajemen, Edisi 6. Jakarta: Salemba Empat.
21. Damanpour, F., & M. Schneider. 2009. Characteristics of Innovation and Innovation Adoption in Public Organizations: Assessing the Role of Managers. Journal of public administration research and theory.
22. Damanpour, F. (1996), “Organizational complexity and innovation: developing and testing multiplecontingency models”, Management Science, Vol. 42 No. 5,
23. Damanpour, F. & Gopalakrishnan, S. (1998). Theories of organizational structure and innovation adoption: The role of environment change. Journal of Engineering and Technology Management.
24. Damanpour Fariborz, Schneider Marguerite (2009). Phases of the adoption of innovation inorganizations: effects of environment, organization and top managers.
25. Dasgupta, M. & Gupta, R. K. (2009). Innovation in organizations: A review of the role of organizational learning and knowledge management. Global Business Review.
26. David R.Fred & David R. Forest (2017). Strategic Mangement. Person Education Limited. England
27. Doucek P., et al (2022) Management and Digitalization. DOI: 10.35011/IDIMT-2022-35
28. Dhewanto W., et.al. (2020). Manajemen Inovasi. Andi. Yogyakarta
29. Ewurah Mahama S.K., (2017) The Concept Of e-Government: ICT Policy Guidelines for the Policy Makers of Ghana. www.scirp.org/journal/jis
30. Ficman R.G., et al (2014) Digital innovation as a fundamental and powerful concept in the information system curriculum MIS Quarterly.
31. Fink A.,et al (2005) The future secorecard: combining external and internal scenarios to create strategic foresight. www.emeraldinsight.com/0025-1747.htm
32. Gartner (2015) IT Glossary-Bimodal IT. www.gartner.com/it-glossary/bimodal
33. Ghozali I (2005). Struktural Equation Modeling. Badan Penerbit Universitas Diponegoro. Semarang.
34. Glueck W.F & Jauch R.L (1998) Manajemen Strategis dan Kebijakan Perusahaan. Erlangga. Jakarta
35. Gurlek, M. et al. (2020). “Understanding the relationships among knowledge-oriented leadership, knowledge management capacity, innovation performance and organizational performance”. www.emerald.com/insight/0368-492X.htm
36. Gupta, P.D., Guha, S. and Krishnaswami, S.S. (2013). “Firm growth and its determinants”, Journal of Innovation and Entrepreneurship, Vol. 2 No. 15
37. Gobble M.MA., (2018) Digitalization, Digitization, and Innovation. https://doi.org/10.1080/08956308.2018.1471280
38. Ghozali, Imam, Hengky Latan. 2015. Konsep, Teknik, Aplikasi Menggunakan Smart PLS 3.0 Untuk Penelitian Empiris. BP Undip. Semarang.
39. Hair, J.F. Risher, J.J.,Sarstedt, M.andRingle, C.M.(2019), "When to use and how to report the results of PLS-SEM",European Business Review, Vol. 31 No. 1, pp. 2-24.

40. Hair, J.F., Hult, G.T.M., Ringle, C.M. and Sarstedt, M. (2017a), A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM), Sage, Thousand Oaks, CA.
41. Hanelt A et al (2020) Digital M&A, digital innovation, and firm performance: an empirical investigation. https://www.tandfonline.com/loi/tjis20
42. Hariandja E.T.M (2005). Manajemen sumberdaya manusia. PT Gramedia Widisarana Indonesia. Jakarta
43. Henderson, R.M. dan Clark, K.B. (1990). Architectural Innovation: The Reconfiguration of Existing Product Technologies and the Failure of Established Firms. Administrative Science Quarterly Journal 35.
44. Heimonen, T. (2012). "What are the factors that affect innovation in growing SMEs?", European Journal of Innovation Management, Vol. 15 No. 1
45. Hair F. Joseph F., et. al. (2019). Multivariate Data Analysis. Eighth Edition. United Kindom. Cengage Learning, EMEA Cheriton.
46. Indrajit Eko R., (2006) Electronic Government. Andi Offeset. Yogyakarta
47. Trisantosa Nyoman I., et al (2022) Pelayanan Publik Berbasis Digital. Deepublish. Sleman
48. Indris S. & Primiana I. (2015) Internal and Ekternal Environment Analysis On The Performance Of Small And Medium Industries (Smes) Indonesia. International Journal Of Scientific & Technology Research Volume 4.
49. Jiménez-Jiménez, D., Martínez-Costa, M. and Sanz-Valle, R. (2014), "Knowledge management practicesfor innovation: a multinational corporation's perspective", Journal of Knowledge Management,Vol. 18 No. 5
50. Johannessen J.A & Olsen B (2010). The future of value creation and innovations: Aspects of a theory of value creation and innovation in a global knowlwdge economy. Internattional Journal of information Management. www.doi.org/10.1016/j.ijinfomgt.2010.03.007
51. Kaplan, R.S. and Norton, D.P. (2001). "Transforming the balanced scorecard from performancemeasurement to strategic management: part II", Accounting Horizons, Vol.15 No. 2.
52. Karimi J., & Walter Z., (2015) The role of dynamic capabilities in responding to digital disruption: A factor-based study of the newspaper industry. Journal of Management Information Systems
53. Khikmah A (2013) Pengukuran Kinerja Pemerintah Daerah Kabpaten Lamongan Berdarkan Konsep Value for Money. Jurnal Mahasis Universitas Negeri Surabaya
54. Kim, D.H. (1993), "The link between individual and organizational learning", MIT Sloan Management Review
55. Khin S & Ho CF Theresa (2018). Digital technology, digital capability and organizational performance a mediating role of digital innovation. www.emeraldinsight.com/1757-2223.htm
56. Kock, N. (2016). Hypothesis testing with confidence intervals and P values in PLS-SEM. International Journal of e-Collaboration, 12(3), 1-6.
57. Koop C. & Martin L. (2015). What is Regulation? An Interdisciplinary Concept Analysis. Regulation & Governance
58. Kuusisto M. (2017) Organizational Effects Of digitalization: a literature review. https://doi.org/10.1108/IJOTB-20-03-2017-B003
59. Liando, Saerang, E, P, D, & Elim, I. (2014). Analisis Kinerja Keuangan Pemerintah Kabupaten Kepulauan Sangihe Menggunakan Metode Value for Money". ISSN 2303-1174, Jur-nal Emba, Vol. 2 No.3, September 2014, Hal.1686-1694.
60. Lopez, Susana P, & Alegre, Joaquin. 2012. Information Tecnology Competency, Knowledge Processes and Firm. Industrial Management & Data Systems
61. Mahmudi (2010). Manajemen Kinerja Sektor Publik. UPP STIMYKPN. Yogyakarta
62. Mahsun, M. (2006). Pengukuran Kinerja Sektor Publik. Yogyakarta: BPFE Yogyakarta.
63. Mangkunegara A.P., (2001). Manajemen sumberdaya manusia. PT Remaja Rosdakarya. Bandung.
64. Mart-ınez-P-erez, A., Garcıa-Villaverde, P.M. and Elche, D. (2016), "The mediating effect of ambidextrous knowledge strategy between social capital and innovation of cultural tourism clusters firms", International Journal of Contemporary Hospitality Management, Vol. 28 No. 7.
65. Masa'deh, R., Obeidat, B.Y. and Tarhini, A. (2016), "A Jordanian empirical study of the associations among transformational leadership, transactional leadership, knowledge sharing, job performance, and firm performance: a structural equation modelling approach", Journal of Management Development, Vol. 35 No. 5.
66. Mergel, I., (2019). Defining digital transformation. Government Information Quarterly. DOI:0.016/j.giq.2019.06.002.
67. Mergel, I. (2019) Digital service teams in government. Government Information Quarterly. www.elsevier.com/locate/govinf. doi.org/10.1016/j.giq.2019.07.001
68. Migdadi M.M (2019). Knowledge management processes, innovation capability and organizational performance. https://www.emerald.com/insight/1741-0401.htm
69. Morales, V.J.G., et al. (2011). Transformational leadership influence on organizational performance through organizational learning and innovation. http://dx.doi.org/10.1016/j.jbusres.2011.03.005