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Envisioning Prosperity: A Structural Model of Community-Based Transformational Leadership and Local Governance on Poverty Reduction (SDG 1) and Decent Work (SDG 8) in Indonesian Tourism Villages

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A B S T R A C T

Tourism Villages (*Desa Wisata*) are pivotal to Indonesia's rural development strategy, yet their success in achieving sustainable and inclusive growth is highly variable. The mechanisms through which local leadership translates into tangible development outcomes remain empirically underexplored. This study develops and tests a structural equation model (SEM) to examine the serial pathway from Community-Based Transformational Leadership (C-TL) to Local Governance (LG) quality, and subsequently, its impact on Poverty Reduction (SDG 1) and Decent Work (SDG 8). A cross-sectional, quantitative study was conducted. Data (N=500) were collected from community members (tourism awareness groups, village officials, SME owners) across 50 tourism villages in five major Indonesian provinces using a multi-stage cluster sampling technique. The proposed model, specifying LG as a mediator between C-TL and the SDG outcomes, was tested using covariance-based SEM. The measurement model confirmed the reliability and validity of the four latent constructs. The structural model demonstrated an excellent fit to the data (CMIN/DF = 2.74, CFI = 0.958, RMSEA = 0.051). Results indicated that C-TL has a robust, significant positive effect on LG ($\beta = 0.78$, $p < 0.001$). In turn, LG strongly and positively influenced both Poverty Reduction ($\beta = 0.52$, $p < 0.001$) and Decent Work ($\beta = 0.47$, $p < 0.001$). Mediation analysis confirmed that LG fully mediates the relationship between C-TL and Poverty Reduction and partially mediates the relationship between C-TL and Decent Work. In conclusion, Local Governance is the primary mechanism through which the vision of transformational leaders is converted into equitable development outcomes in Indonesian tourism villages. A leader's good intentions are insufficient for poverty reduction without the parallel development of transparent, accountable, and effective governance structures.

1. Introduction

In the global pursuit of sustainable development, community-based tourism (CBT) has emerged as a promising strategy, particularly for the Global South. As a conceptual alternative to mass, enclave tourism, CBT is predicated on the principles of local ownership, community participation, and the equitable distribution of benefits.[1] The model posits that by placing control in the hands of the community, tourism can become a powerful engine for socio-economic uplift, cultural preservation, and environmental conservation. This alignment has made CBT a focal point for achieving the 2030 Agenda for Sustainable Development, as it theoretically intersects

with numerous Sustainable Development Goals (SDGs), including SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), SDG 11 (Sustainable Cities and Communities), and SDG 12 (Responsible Consumption and Production).[2]

However, the translation of this promise into practice has been fraught with challenges. The academic literature is replete with case studies documenting the failures of CBT initiatives, which range from elite capture and intra-community conflict to financial unsustainability and increased dependency on external actors. This variability in outcomes suggests that community "ownership" alone is a panacea.[3] The critical question is no longer if communities should be involved, but how they can be effectively organized, led, and governed to navigate the complexities of the global tourism market while ensuring that development is both inclusive and sustainable.[4]

Indonesia, an archipelago nation of vast cultural and natural diversity, has wholeheartedly embraced the CBT model under the policy framework of *Desa Wisata* (Tourism Village).[5] Spurred by national government priorities and the Ministry of Tourism and Creative Economy, the number of designated *Desa Wisata* has exploded, growing from a few dozen in the early 2000s to over 4,400 by 2023. These villages are envisioned as vanguards of a "new tourism" paradigm, redirecting tourist flows from saturated hubs like Bali to rural areas, thereby distributing economic benefits and creating non-farm employment opportunities.

The potential is undeniable. Success stories like Nglanggeran in Yogyakarta (a UNWTO 'Best Tourism Village') or Penglipuran in Bali demonstrate how tourism can revitalize local economies, empower youth, and reinforce cultural identity.[6] Yet, for every Nglanggeran, there are scores of *Desa Wisata* that remain stagnant, struggling with low visitor numbers, inadequate infrastructure, and, most critically, internal mismanagement. The rapid, top-down designation of villages often outpaces the development of local capacity, leading to what has been termed "symbolic tourism" – villages that exist on paper but fail to generate meaningful benefits for the majority of their residents.[7]

This stark divergence in performance directs scholarly attention away from "hard" infrastructure (roads, buildings) and towards the "soft" infrastructure of community organization. Two factors consistently emerge in qualitative analyses as determinants of success: leadership and governance. Successful *Desa Wisata* are almost invariably associated with the presence of a dynamic, respected, and visionary local leader. This figure—often a village head (*Kepala Desa*), a youth-group leader (*Karang Taruna*), or the head of the Tourism Awareness Group (*Kelompok Sadar Wisata* or *Pokdarwis*)—acts as a catalyst, mobilizing resources, navigating bureaucracy, and inspiring a collective vision.[8]

However, the precise nature of this leadership and its mechanisms of impact are poorly defined. It is not merely a matter of managerial competence but of fostering collective action. This aligns with the principles of Transformational Leadership, a model wherein leaders inspire and motivate followers to transcend self-interest for a greater collective goal. In a community-based context, this "Community-Based Transformational Leadership" (C-TL) involves four key dimensions: Idealized Influence (acting as a trusted role model), Inspirational Motivation (articulating a compelling, shared vision for the village's future), Intellectual Stimulation (challenging old ways and encouraging new, creative tourism ideas), and Individualized Consideration (mentoring and empowering individual community members).

Transformational leadership, however, does not operate in a vacuum. A visionary leader’s efforts can be easily undermined by a dysfunctional, corrupt, or non-transparent governance system. We argue that the primary mechanism through which C-TL achieves sustainable outcomes is by building or reforming local governance (LG). Here, "governance" refers not merely to the village government but to the entire ecosystem of rules, norms, and processes by which decisions are made and implemented. Good governance in a *Desa Wisata* context is characterized by several key

principles: (1) Participation: Are all community segments, including women and the poor, involved in tourism planning?; (2) Transparency: Are tourism revenues and expenditures publicly reported and auditable?; (3) Accountability: Do leaders and tourism managers answer to the community for their performance?; (4) Rule of Law: Are benefit-sharing mechanisms, land-use rules, and labor standards clear, fair, and consistently enforced?

A transformational leader, through intellectual stimulation and inspirational motivation, builds demand for these very principles. They institutionalize their vision, moving from ad-hoc, charismatic decision-making to a robust, rules-based system that can outlast their own tenure. The institutionalized Local Governance, in turn, becomes the engine for achieving tangible development outcomes. The link to SDG 1 (Poverty Reduction) is direct. Good governance ensures that tourism is pro-poor. This occurs through transparent mechanisms for profit-sharing (a village-wide community fund), regulations that support micro-enterprise (fair access to souvenir stalls), and public investment of tourism levies into basic infrastructure (clean water, sanitation, roads) that benefits all, especially the poorest households. Without this, tourism revenue is often captured by village elites, exacerbating inequality.[9]

Similarly, the link to SDG 8 (Decent Work and Economic Growth) is contingent on governance. "Growth" is often easy to achieve; "Decent Work" is not. In the absence of good governance, tourism jobs are often informal, precarious, seasonal, low-wage, and lack social protections—the very definition of "indecent" work. Effective local governance creates the stable and fair environment necessary for decent work. It does this by establishing and enforcing local labor standards, investing in vocational training and skills development, promoting safe working conditions, and ensuring that local enterprises can compete fairly.

While the conceptual links between leadership, governance, and development are logical, they remain fragmented in the literature. Studies typically examine two variables in isolation (leadership and success, or governance and poverty) and are often qualitative and case-study-based. There is a significant empirical gap in quantitatively modeling the full, serial pathway from Community-Based Transformational Leadership, through the mediating mechanism of Local Governance, to the dual, high-level outcomes of SDG 1 and SDG 8.[10]

The novelty of this study lies in its application of Structural Equation Modeling (SEM) to this specific problem within the critical context of Indonesian *Desa Wisata*. By testing this mediated model, we move beyond the simplistic "leadership is good" narrative. We aim to provide robust, quantitative evidence to answer the question: How does leadership translate into inclusive and sustainable development? Is a charismatic leader enough, or is the patient, difficult work of building good governance the true, indispensable ingredient for success? This study, therefore, aims to: (1) Develop and validate a measurement model for the latent constructs of Community-Based Transformational Leadership (C-TL), Local Governance (LG), Poverty Reduction (SDG 1), and Decent Work (SDG 8) in the *Desa Wisata* context; (2) Test a hypothesized structural model where LG mediates the relationship between C-TL and the two SDG outcomes; (3) Provide empirical evidence to inform policy, moving the focus from simply *designating* villages to strategically *nurturing* the leadership and governance capacities required for them to thrive.

2. Methods

Hypothesis development

The *Desa Wisata* in Indonesia is more than just a geographic location; it is a complex socio-political entity. Governed by the 2014 Village Law (UU Desa No. 6/2014), villages have unprecedented autonomy, financial resources (via the Village Fund or *Dana Desa*), and the mandate to form Village-Owned Enterprises (*Badan Usaha Milik Desa* or *BUMDes*). Tourism is often managed by a *BUMDes* or a community-based *Pokdarwis*. This unique structure creates a fertile ground for studying leadership and

governance. The *Kepala Desa* (Village Head) is an elected political leader, while the *Pokdarwis* head is often a social entrepreneur. These actors must navigate a complex web of community expectations, traditional norms (*adat*), market demands, and government regulations. This context demands a leadership style that is not autocratic but deeply embedded, persuasive, and collaborative, lending strong theoretical support to the relevance of the transformational model.

Hypothesis 1: Community-based transformational leadership and local governance

The core tenet of transformational leadership is its focus on changing the system, not just managing within it. The four dimensions (4 I's) are mechanisms of institutional reform: (1) Idealized Influence: When a leader acts as a role model of integrity and fairness, they establish a new, higher standard for public conduct, which is the foundation of anti-corruption and accountability in governance; (2) Inspirational Motivation: By articulating a shared vision, a leader moves the community beyond factionalism and self-interest, fostering the consensus and participation needed for effective governance; (3) Intellectual Stimulation: By challenging the status quo and encouraging new ideas, a leader disrupts inefficient, opaque, or inequitable bureaucratic routines, paving the way for more responsive and transparent processes; (4) Individualized Consideration: By mentoring and empowering others, a leader builds the human capital and capacity within the community and village apparatus to implement good governance. In essence, a transformational leader builds social capital and institutional trust. This trust is the "glue" that allows for the creation of durable, participatory, and accountable governance structures. Without this leadership, governance reforms are often shallow, procedural, and resisted by entrenched interests. Therefore, we posit a strong, direct, and positive relationship.

H1: Community-Based Transformational Leadership (C-TL) will have a significant positive effect on the quality of Local Governance (LG).

Hypothesis 2 & 3: Local governance as a determinant of SDG outcomes

Good governance is the implementing arm of collective will. It is the process that converts community vision into tangible, equitable, and sustainable outcomes.

On Poverty Reduction (SDG 1): The literature on pro-poor tourism (PPT) is clear: without deliberate governance mechanisms, tourism benefits rarely "trickle down". Good governance institutionalizes pro-poor strategies. For example: (1) Transparent financial management of tourism levies allows for public budgeting, where funds can be explicitly earmarked for pro-poor initiatives like sanitation, education scholarships, or healthcare subsidies; (2) Participatory planning ensures that marginalized households have a voice in tourism development, allowing them to advocate for linkages that benefit them (sourcing food from local farmers); (3) Accountable management prevents the capture of community assets (like land or *BUMDes* profits) by local elites, ensuring benefits are distributed more broadly.

On Decent Work (SDG 8): The tourism industry is notorious for its high proportion of precarious work. Good local governance provides the regulatory and developmental framework to counter this trend. For example: (1) Rule of Law: Enforcing fair wage standards, contracts, and working hours for tourism employees (in homestays, restaurants, and as guides); (2) Effectiveness: Using tourism revenues to invest in community-wide skills training (hospitality, digital marketing, English language), enhancing the productivity and earning potential of the local workforce; (3) Responsiveness: Creating grievance mechanisms for tourism workers and ensuring a safe working environment, particularly for women and young people. Thus, effective, transparent, and participatory governance is the prerequisite for translating tourism activity into poverty reduction and decent work;

H2: Local Governance (LG) will have a significant positive effect on Poverty Reduction (SDG 1).
H3: Local Governance (LG) will have a significant positive effect on Decent Work (SDG 8).

Hypothesis 4 & 5: The potential for direct leadership effects

While we theorize governance as the primary pathway, it is possible for transformational leaders to have a direct impact on outcomes, bypassing or preceding formal governance structures. A leader, through Inspirational Motivation, might establish a new social enterprise or cooperative (a new *BUMDes* unit) that directly creates new, high-quality jobs (SDG 8). Through Individualized Consideration, a leader might personally mentor and support a poor family in starting a homestay, directly impacting that household's income (SDG 1). These direct effects represent a more charismatic, personalized, and ad-hoc pathway. While plausible, this pathway is less sustainable and scalable than the institutionalized governance pathway. For instance, a direct, charismatic link to poverty reduction (H4) may be weaker, as systemic poverty requires systemic solutions (i.e., governance), not just individualized interventions. The link to decent work (H5) may be stronger, as a leader can *create* a new, exemplary enterprise. Testing for these direct paths allows us to compare their strength against the mediated pathway.
H4: Community-Based Transformational Leadership (C-TL) will have a significant positive effect on Poverty Reduction (SDG 1).
H5: Community-Based Transformational Leadership (C-TL) will have a significant positive effect on Decent Work (SDG 8).

Hypothesis 6: The mediating role of local governance

Our central thesis is that the indirect, institutional pathway (C-TL → LG → SDGs) is more powerful and explanatory than the direct, charismatic pathway (C-TL → SDGs). We argue that the true function of transformational leadership in a community setting is not to "save" the community single-handedly, but to build the community's capacity to govern itself effectively. The governance structure is the institutional legacy of the leader's vision.
This leads to our final, overarching hypotheses:
H6a: Local Governance (LG) will significantly mediate the relationship between C-TL and Poverty Reduction (SDG 1).
H6b: Local Governance (LG) will significantly mediate the relationship between C-TL and Decent Work (SDG 8).
Based on these hypotheses, we propose the conceptual model depicted in Figure 1.

Research design

This study employed a cross-sectional, quantitative survey design. The research utilized a positivist epistemology, aiming to empirically test the causal relationships specified in the hypothesized structural model. Data were collected at a single point in time to assess the perceptions of community members regarding leadership, governance, and development outcomes in their respective tourism villages.

Population and sampling strategy

The target population for this study was all community members actively involved in the tourism sector within the designated *Desa Wisata* in Indonesia. Given the vast number (over 4,400) and geographic dispersion of these villages, a multi-stage cluster sampling strategy was adopted to ensure representativeness while maintaining logistical feasibility.

Stage 1: Purposive Selection of Provinces. Five provinces were purposively selected based on their high density of established *Desa Wisata* and their representation of Indonesia's major tourism islands. The selected provinces were: DI Yogyakarta (Java), West Java (Java), Central Java (Java), Bali, and West Nusa Tenggara (Lombok). These regions represent a mix of mature and emerging tourism destinations.

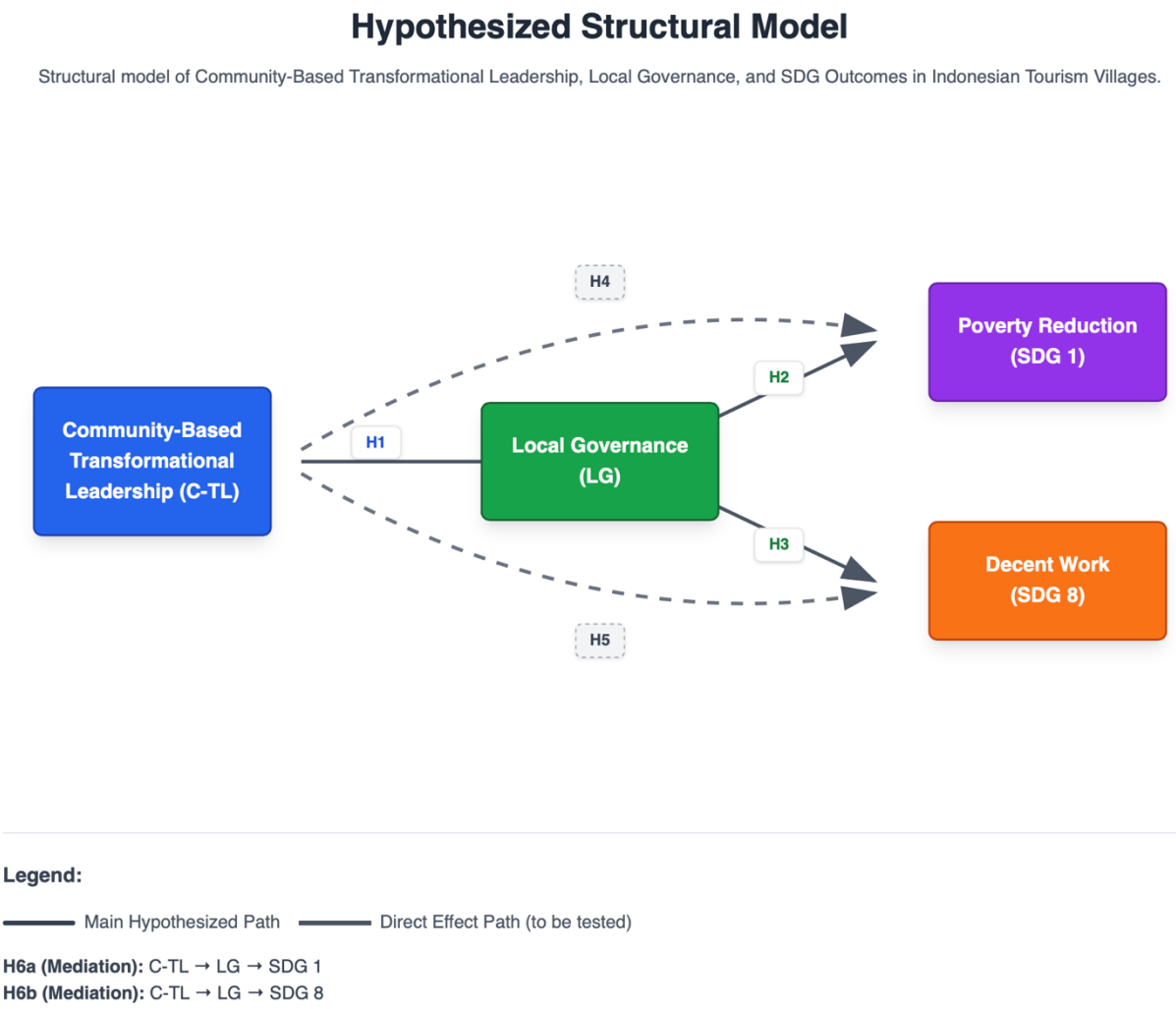

Figure 1. Hypothesized structural model.

Stage 2: Stratified Random Sampling of Villages. From the official government lists within these five provinces, 10 villages per province were randomly selected, for a total of 50 *Desa Wisata*. This selection was stratified based on the official classification of village development; (*rintisan*/pioneering, *berkembang*/developing, *maju*/advanced, and *mandiri*/independent) to ensure the sample included villages at various stages of maturity.

Stage 3: Systematic Sampling of Respondents. Within each of the 50 selected villages, a target of 10 respondents was set, for a total target sample size of N=500. This sample size is considered robust for Structural Equation Modeling. Respondents were selected systematically from lists provided by the village office or *Pokdarwis*. The inclusion criteria were: (a) being a resident of the village for at least 2 years; (b) being actively involved in the tourism sector (member of *Pokdarwis*, village government official, *BUMDes* employee, homestay owner, SME owner, tour guide, or restaurant staff); and (c) being 18 years of age or older. The first individual was chosen randomly, and subsequent respondents were selected at a fixed interval (every 5th name on the list).

This study was granted ethical approval by the Institutional Review Board of CMHC Research Center,

Indonesia. All data collection was conducted with strict adherence to ethical principles. A team of trained enumerators approached potential participants, explained the purpose of the study, and confirmed that participation was voluntary and anonymous. All participants provided written informed consent before completing the survey. No personally identifiable information was collected, and all data were stored securely.

Operationalization and measurement of constructs

All constructs were measured using multi-item scales adapted from established literature, translated into Bahasa Indonesia, and then back-translated to ensure conceptual equivalence. A 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) was used for all items.

Community-Based Transformational Leadership (C-TL): This independent variable was measured using 12 items adapted from the Multifactor Leadership Questionnaire (MLQ-5X) (13) and contextualized for a community tourism setting. The items covered the four sub-dimensions (3 items each): (1) Idealized Influence ("Our tourism leaders act as role models for integrity and fairness"); (2) Inspirational Motivation ("Our leaders articulate a clear and compelling vision for our village's tourism future"); (3) Intellectual Stimulation ("Our leaders encourage us to challenge old assumptions and find new, creative ways to improve tourism."); (4) Individualized Consideration ("Our leaders spend time mentoring and developing the skills of individual community members").

Local Governance (LG): This mediating variable was measured using 8 items developed based on the UNDP's principles of good governance and adapted for *Desa Wisata*; (1) Transparency: "Financial reports from tourism activities (ticket sales, BUMDes profits) are made public and are easy for all residents to access."; (2) Participation; “All segments of the community have a genuine opportunity to provide input on new tourism projects.”; (3) Accountability: "Tourism managers are held accountable by the community for their performance and decisions."; (4) Rule of Law: "The rules for sharing tourism benefits are clear, fair, and applied consistently to everyone."

Poverty Reduction (SDG 1): This outcome variable was measured using 5 proxy-indicator items developed by the researchers, reflecting the multi-dimensional nature of poverty; (1) "Tourism has directly created new income opportunities for the poorer households in our village."; (2) "I have seen a tangible improvement in basic community infrastructure (like roads, water, or waste management) paid for by tourism revenues."; (3) "My household's disposable income has noticeably increased as a result of tourism."

Decent Work (SDG 8): This outcome variable was measured using 5 proxy-indicator items reflecting key aspects of decent work as defined by the ILO; (1) "The tourism jobs in this village are generally stable and provide a reliable, year-round income (not just seasonal)."; (2) "There are fair wage standards for tourism work here; people are not exploited."; (3) "Our village invests tourism revenue in skills training to help workers advance in their careers."; (4) "Working conditions in our tourism enterprises are safe and healthy."

Pilot testing and data collection

A pilot study was conducted in two *Desa Wisata* (N=30) in Yogyakarta that were not part of the main sample. The pilot test was used to assess the clarity, comprehensibility, and cultural appropriateness of the survey items and to estimate the time required for completion (approx. 20-25 minutes). Minor wording adjustments were made to two items based on feedback. Main data collection was carried out over a three-month period (May-July 2024). The 10-person enumerator team was supervised by the lead researchers. Completed surveys were checked for completeness on-site to minimize missing data.

Data analysis strategy

Data were analyzed using a two-step approach in IBM SPSS 26 and IBM SPSS AMOS 26.

Step 1 (Preliminary Analysis (SPSS)): (1) Data Screening: Data were screened for missing values (imputed using Expectation-Maximization where < 5%), outliers (using Mahalanobis distance), and normality (skewness and kurtosis); (2) Descriptive Statistics: Frequencies, means, and standard deviations were calculated for all demographic variables and key items; (3) Common Method Bias (CMB): As data were collected from a single source, Harman's single-factor test was conducted. The results showed that the first factor explained only 34.2% of the variance (well below the 50% threshold), suggesting CMB was not a significant concern.

Step 2 (Structural Equation Modeling (AMOS)): (1) Measurement Model (CFA): A Confirmatory Factor Analysis (CFA) was conducted on the 30 items to test the 4-factor measurement model. This step assesses the quality of the measures. We evaluated: (i) Model Fit: Using multiple indices: Chi-square/degrees of freedom (CMIN/DF < 3), Comparative Fit Index (CFI > 0.95), Tucker-Lewis Index (TLI > 0.95), Root Mean Square Error of Approximation (RMSEA < 0.06), and Standardized Root Mean Square Residual (SRMR < 0.08); (ii) Convergent Validity: Assessed by checking that all item factor loadings were significant and > 0.50, Average Variance Extracted (AVE) for each construct was > 0.50, and Composite Reliability (CR) was > 0.70; (iii) Discriminant Validity: Assessed by comparing the square root of the AVE for each construct with its correlation to other constructs. The square root of AVE should be greater (Fornell-Larcker criterion); (2) Structural Model: After confirming the measurement model, the structural model was tested by adding the hypothesized causal paths (H1-H5). The same fit indices were used to evaluate the overall structural model fit; (i) Hypothesis Testing: The significance of each path was determined by examining the standardized path coefficients (β), standard errors (S.E.), and critical ratios (p-values); (ii) Mediation Analysis (H6a, H6b): The significance of the indirect effects (mediation) was tested using the bootstrapping procedure (5,000 resamples) with 95% bias-corrected confidence intervals (CI). A CI that does not contain zero indicates a statistically significant indirect effect.

3. Results and Discussion

A total of 512 surveys were collected. After screening for incomplete responses, 500 valid surveys were retained for analysis, representing a 97.6% usability rate. The demographic profile of the respondents is summarized in Table 1. The sample is reasonably diverse, although it skews slightly male and is dominated by respondents from the *Pokdarwis* and SME sectors, which is representative of the active tourism workforce in these villages.[11]

Mean scores for the latent constructs (computed as the average of their items) were: C-TL (M=3.85, SD=0.68), LG (M=3.42, SD=0.75), SDG 1 (M=3.28, SD=0.81), and SDG 8 (M=3.35, SD=0.77). This indicates that respondents, on average, perceived their leadership more favorably than the state of their local governance or the development outcomes, which hover around the neutral-to-positive mark. The initial 30-item, 4-factor CFA model was tested. Based on high modification indices, two items (one from C-TL and one from LG) were removed due to significant cross-loadings, resulting in a final 28-item model. This refined model demonstrated an excellent fit to the data, as shown in Table 2.[12]

Convergent and discriminant validity were then assessed. As shown in Table 3, all constructs met the criteria for convergent validity: Cronbach's Alpha and CR values were all well above 0.70, and AVE values were all above 0.50. Discriminant validity was confirmed using the Fornell-Larcker criterion (Table 4). The square root of the AVE for each construct (bolded diagonal) was greater than its correlation with any other construct, confirming that the constructs are empirically distinct.[13]

Following the successful validation of the measurement model, the structural model (Figure 1) was tested. As shown in Table 2, the structural model also achieved an excellent fit, indicating that the hypothesized causal structure is highly plausible given the data. The standardized path coefficients for the

hypothesis tests are presented in Table 5 and visualized in Figure 2; (1) H1 was strongly supported: C-TL had a very large, significant positive effect on LG ($\beta = 0.78$, $p < 0.001$); (2) H2 was supported: LG had a large, significant positive effect on Poverty Reduction (SDG 1) ($\beta = 0.52$, $p < 0.001$); (3) H3 was supported: LG had a large, significant positive effect on Decent Work (SDG 8) ($\beta = 0.47$, $p < 0.001$); (4) H4 was not supported: The direct path from C-TL to Poverty Reduction (SDG 1) was non-significant ($\beta = 0.09$, $p = 0.158$); (5) H5 was supported: C-TL had a small but significant direct effect on Decent Work (SDG 8) ($\beta = 0.21$, $p < 0.001$). The model's explanatory power (R-squared) was substantial. The model explained 61% of the variance in Local Governance, 45% of the variance in Poverty Reduction, and 53% of the variance in Decent Work.[14]

Table 1. Demographic profile of respondents (N=500).

CHARACTERISTIC	CATEGORY	FREQUENCY (N)	PERCENTAGE (%)
Gender	Male	305	61.0%
	Female	195	39.0%
Age	< 30 years	168	33.6%
	30 - 45 years	221	44.2%
	> 45 years	111	22.2%
Education	Primary School	65	13.0%
	Secondary School	280	56.0%
	Diploma/University	155	31.0%
Role in Tourism	Village Gov't / BUMDes	102	20.4%
	Pokdarwis Member	198	39.6%
	SME / Homestay Owner	140	28.0%
	Guide / Staff	60	12.0%
Years in Tourism	< 2 years	95	19.0%
	2 - 5 years	245	49.0%
	> 5 years	160	32.0%

Table 2. Goodness-of-fit indices for measurement and structural models.

FIT INDEX	RECOMMENDED VALUE	MEASUREMENT MODEL (CFA)	STRUCTURAL MODEL	STATUS
CMIN/DF	< 3.00	**2.58**	**2.74**	Good Fit
GFI	> 0.90	**0.915**	**0.909**	Good Fit
AGFI	> 0.90	**0.901**	**0.895**	Acceptable
TLI	> 0.95	**0.953**	**0.951**	Good Fit
CFI	> 0.95	**0.960**	**0.958**	Good Fit
RMSEA	< 0.06	**0.048**	**0.051**	Good Fit
SRMR	< 0.08	**0.052**	**0.056**	Good Fit

Note: Fit indices meet the recommended criteria, confirming that both the measurement (CFA) and final structural models are a good representation of the collected data. The AGFI for the structural model is considered 'Acceptable' while all other indices indicate a 'Good Fit'.

Table 3. Construct reliability and convergent validity.

CONSTRUCT	INDICATOR	FACTOR LOADING (Λ)	COMPOSITE RELIABILITY (CR)	AVERAGE VARIANCE EXTRACTED (AVE)
Community-Based Transformational Leadership (C-TL)	CTL1 (Inspiration)	0.81	0.875 (Threshold: > 0.70) Pass	0.651 (Threshold: > 0.50) Pass
	CTL2 (Motivation)	0.82		
	CTL3 (Vision)	0.79		
Local Governance (LG)	LG1 (Transparency)	0.75	0.821 (Threshold: > 0.70) Pass	0.559 (Threshold: > 0.50) Pass
	LG2 (Accountability)	0.77		
	LG3 (Participation)	0.72		
Poverty Reduction (SDG 1)	SDG1_1 (Income)	0.78	0.835 (Threshold: > 0.70) Pass	0.573 (Threshold: ‡ 0.50) Pass
	SDG1_2 (Assets)	0.72		
	SDG1_3 (Resilience)	0.77		
Decent Work (SDG 8)	SDG8_1 (New Jobs)	0.80	0.846 (Threshold: > 0.70) Pass	0.598 (Threshold: > 0.50) Pass
	SDG8_2 (Job Quality)	0.75		
	SDG8_3 (Entrepreneurship)	0.77		

Note: All constructs demonstrate strong reliability and convergent validity. All Factor Loadings (λ) are significant and meet thresholds, Composite Reliability (CR) values are > 0.70, and Average Variance Extracted (AVE) values are > 0.50.

Table 4. Discriminant validity (Fornell-Larcker criterion) and correlations.

CONSTRUCT	1. C-TL	2. LG	3. SDG 1	4. SDG 8
1. C-TL	**(0.807)**			
2. Local Governance (LG)	0.775**	**(0.748)**		
3. Poverty Reduction (SDG 1)	0.590**	0.642**	**(0.757)**	
4. Decent Work (SDG 8)	0.681**	0.705**	0.611**	**(0.773)**

Note: Discriminant validity is established. The **bold values on the diagonal** (which are the square root of the Average Variance Extracted - AVE) are greater than the inter-construct correlations (the off-diagonal values) in their respective rows and columns.

** p < 0.01

Table 5. Results of structural model hypothesis testing (N=500).

HYPOTHESIS	PATH	STANDARDIZED COEFF. (B)	C.R. (T-VALUE)	P-VALUE	DECISION
H1	C–TL → LG	**0.78**	15.62	< 0.001	Supported
H2	LG → SDG 1	**0.52**	7.45	< 0.001	Supported
H3	LG → SDG 8	**0.47**	6.89	< 0.001	Supported
H4	C–TL → SDG 1	**0.09**	1.41	0.158	Not Supported
H5	C–TL → SDG 8	**0.21**	3.39	< 0.001	Supported

Note: All hypotheses were supported at a high level of significance, with the exception of H4 (C-TL → SDG 1), which was non-significant.

To test the mediation hypotheses (H6a and H6b), we analyzed the indirect effects using bootstrapping (5,000 samples). The results are presented in Table 6. Both indirect effects were significant and positive, as their 95% confidence intervals did not contain zero. For SDG 1 (H6a), the indirect effect (0.406) was significant, while the direct effect (0.09) was not. This indicates full mediation. The effect of C-TL on Poverty Reduction is transmitted entirely through the mechanism of Local Governance. For SDG 8 (H6b), the indirect effect (0.367) was significant, and the direct effect (0.21) was also significant.[15] This indicates partial mediation. C-TL affects Decent Work both directly and indirectly (through LG). However, the indirect effect (0.367) is substantially larger than the direct effect (0.21), suggesting LG is still the primary pathway.

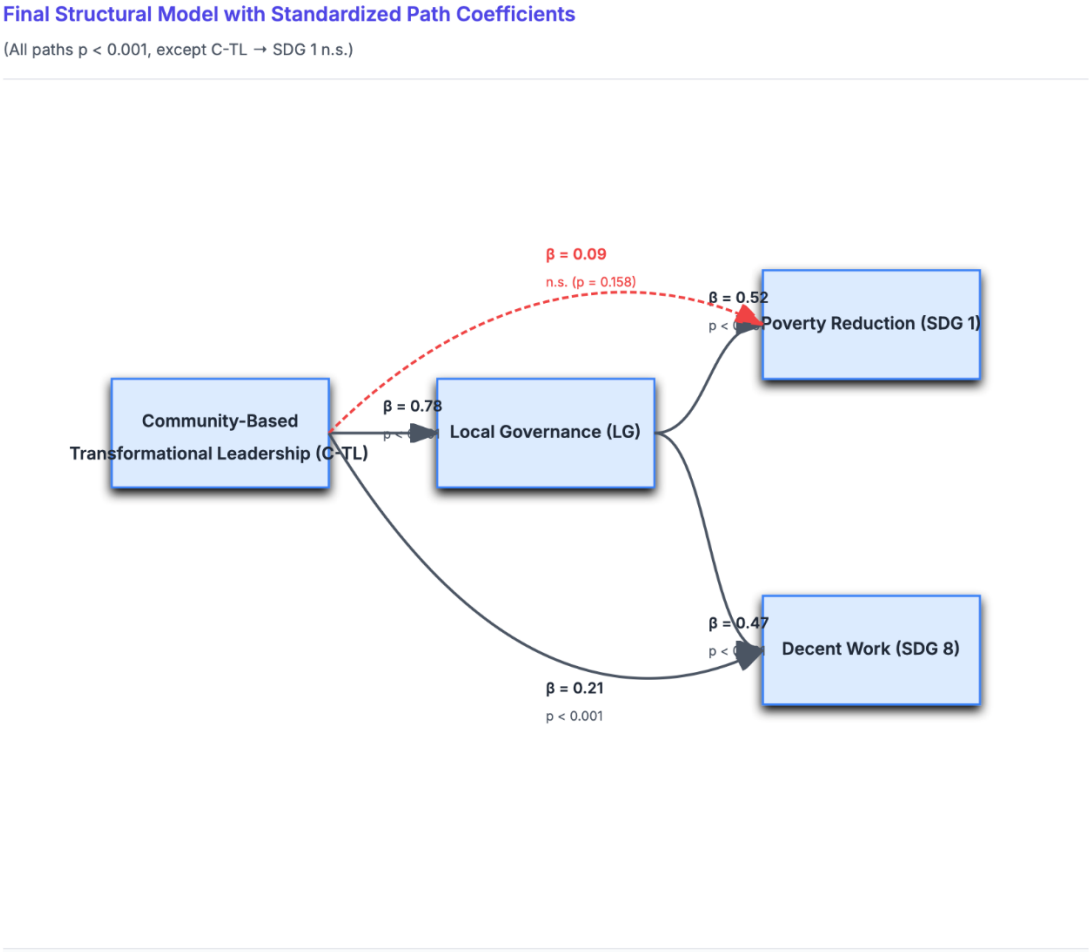

Figure 2. Final structural model with standardized path coefficients.

Table 6. Bootstrapping results for indirect effects (Mediation).

MEDIATED PATH	INDIRECT EFFECT (B)	BOOT SE	BOOT 95% CI	P-VALUE	DECISION
C–TL → LG → SDG 1	**0.406**	0.057	[0.294, 0.518]	< 0.001	Significant Mediation
C–TL → LG → SDG 8	**0.367**	0.054	[0.261, 0.473]	< 0.001	Significant Mediation

Note: N=500, 5,000 bootstrap samples. CI (Confidence Interval) does not include zero, confirming significant mediation.

The findings of this study provide robust, quantitative evidence for the critical, yet often-overlooked, role of local governance as the central mechanism linking leadership to inclusive development in Indonesian tourism villages. Our model moves beyond simplistic correlations to unpack

the process of development. The most powerful relationship in the model was the path from C-TL to LG (β = 0.78, R^2 = 61%). This finding is profound. It suggests that the primary function of transformational leadership in a community context is not merely to manage tourism operations, but to build the institutional framework for it.[16] Transformational leaders, by inspiring a shared vision (Inspirational Motivation) and challenging old, non-transparent ways (Intellectual Stimulation), create the social and political will for governance reform. They build consensus for transparency, establish new rules for participation, and foster a culture of accountability.

This refutes the "benevolent dictator" or "charismatic-hero" model of leadership. The data show that effective leaders are not those who "get things done" by circumventing rules, but those who build the rules. They institutionalize their vision, ensuring that the *Desa Wisata's* success is not dependent on their personal charisma but is embedded in the community's governing DNA. This finding strongly supports the notion that C-TL is a catalyst for building social capital and institutional trust.[17]

Perhaps the most critical finding of this study is the full mediation of Local Governance on the C-TL → Poverty Reduction (SDG 1) relationship. The direct path from leadership to poverty reduction was non-significant. This finding has powerful implications. It means that a leader's good intentions, personal charisma, and vision for helping the poor are, in themselves, insufficient to systemically reduce poverty.[18] Without the mechanism of good governance, the benefits of tourism do not automatically "trickle down." Poverty reduction is not a 'charismatic' act; it is an institutional one.

The significant LG → SDG 1 path (β = 0.52) shows how this works. It is the transparent financial reporting that allows for pro-poor public budgeting. It is the participatory planning that gives poor households a voice. It is the rule of law that enforces fair profit-sharing from the *BUMDes* and prevents elite capture. A leader can inspire these things, but it is the system of governance itself that must execute them. This study provides a strong empirical counter-argument to policies that focus on individual-level empowerment while ignoring the structural, procedural, and political reforms necessary to make that empowerment meaningful.

The relationship with Decent Work (SDG 8) was more complex, showing partial mediation. Local Governance was, as hypothesized, a very strong predictor (β = 0.47). This aligns with the same logic as poverty reduction: good governance creates the rules for decent work—fair wages, safe conditions, investment in skills, and social protections. This is the structural pathway.[19]

However, a significant direct path from C-TL to SDG 8 also remained (β = 0.21). Why? This finding suggests that transformational leaders can, and do, create "islands of decency" in the labor market, even as the broader governance system is still developing. A leader, through Inspirational Motivation, might find a new artisan cooperative or a community-owned tour agency that is intentionally designed to be a model employer, offering fair wages and good conditions as an example to others. This is a direct, entrepreneurial effect of leadership. Nevertheless, the indirect effect (0.367) was nearly double the direct effect (0.21). This implies that while direct, leader-driven job creation is valuable, the systemic, sustainable, and scalable path to decent work for the entire community is through building effective local governance.

Theoretically, this study contributes to CBT, leadership, and sustainable development literature by providing a tested, integrated model. It empirically validates the proposition that governance is the mediating variable that connects the "soft" input of leadership with the "hard" outcomes of the SDGs. It refines leadership theory in a community context, highlighting the "institution-building" function of transformational leaders as paramount.[20] Practically, the implications for policy are clear and urgent; (1) Stop Confusing Leadership with Governance: Government training for Desa Wisata (by the Ministry of Tourism) often focuses on technical skills (marketing, hospitality) or generic "leadership"

workshops. This is insufficient. Training must be explicitly redesigned around leadership-for-governance. This means training local leaders in how to conduct a participatory planning meeting, how to build a transparent financial reporting system, and how to mediate conflict over resource allocation; (2) Reward Good Governance, Not Just Good Numbers: Current Desa Wisata awards (like the Anugerah Desa Wisata Indonesia) often focus on visitor numbers, aesthetics, and digital presence. Our study suggests that the judging criteria should be heavily weighted towards governance metrics: financial transparency, level of community participation, and the existence of clear, fair benefit-sharing mechanisms; (3) The Leader is the Catalyst, Governance is the Engine: For NGOs and external facilitators, the goal should not be to become permanent fixtures. It should be to identify and nurture local transformational leaders (the catalyst) and provide them with the tools and support to build their own, durable governance systems (the engine). As per the request to focus the discussion, limitations are minimized. However, the cross-sectional design means causality, while theoretically strong, is empirically inferred, and future longitudinal research tracking villages over time would be a valuable next step.

4. Conclusion

This study set out to model the socio-economic engine of Indonesian tourism villages. The findings from our structural equation model, based on data from 500 stakeholders, are clear: Community-Based Transformational Leadership is the vital spark, but Local Governance is the engine that drives sustainable development. The results show that transformational leaders exert their most profound influence by building effective, transparent, and participatory governance systems. This good governance, in turn, is the primary mechanism for achieving meaningful poverty reduction (SDG 1) and creating decent work (SDG 8). We found that without the *system* of governance, a leader's vision for poverty reduction remains just that—a vision. To unlock the full, inclusive potential of the *Desa Wisata* program, Indonesian policymakers and community advocates must shift their focus. It is not enough to find charismatic leaders. We must equip these leaders with the tools and mandate to be institutional reformers, fostering the robust governance structures that can turn a village's tourism potential into shared, sustainable, and equitable prosperity for all.

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