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Fajar Saranani[1*]

[*] *Faculty of Economics and Business, Halu Oleo University, Kendari, Indonesia*

HUMAN RESOURCE PRACTICES IN SMES AND THEIR ROLE IN PERI-URBAN TOURISM GROWTH: A CASE STUDY OF CULINARY TOURISM, INDONESIA

Abstract: This study examines the strategic role of small and medium enterprises (SMEs) in driving peri-urban tourism growth through the lens of human resource practices (HRP). Focusing on the culinary tourism sector in Kolaka City, Southeast Sulawesi, the research responds to substantial growth in tourist visits by analyzing how organizational capabilities shape destination performance. Using a quantitative design, data were collected from 247 SMEs through a structured questionnaire and analyzed using SEM-PLS. The results show that HRP strongly influence Employee Hospitality (EH), and that frontline service behavior serves as the primary mechanism linking HRP to Tourism Growth (TG). Mediation analysis confirms an indirect-only pattern, indicating that HR practices enhance tourism outcomes only when they successfully elevate hospitality behaviors and customer experience. The findings highlight that peri-urban tourism competitiveness depends not only on physical or promotional assets but also on the behavioral and organizational capacities of SMEs—especially structured HR systems, consistent service routines, and supportive managerial climates. Theoretically, this study extends HRM and organizational behavior perspectives into tourism research by demonstrating how micro-level HR strategies translate into macro-level tourism performance through behavioral mediation. Practically, the results offer a foundation for policy and capacity-building programs centered on service-oriented recruitment, modular hospitality training, performance feedback, and SME empowerment to strengthen sustainable peri-urban tourism development.

Keywords: workforce development, organizational behavior, frontline service behavior, employee hospitality, service-based competitiveness, destination experience, tourism sustainability strategy

[1] fajarsaranani815@gmail.com (corresponding author)
Fajar Saranani (https://orcid.org/0009-0003-5794-3472)

Introduction

Global tourism continues to recover strongly after the pandemic, with gastronomy increasingly recognized as a strategic pillar for destination development. Recent initiatives such as the UNWTO-led gastronomy tourism project in Ubud, Bali demonstrate how culinary experiences are becoming central to destination competitiveness, particularly in the post-pandemic era (Ministry of Tourism and Creative Economy, Republic of Indonesia, 2023; UNWTO, 2023). Culinary tourism now stands among the fastest-growing tourism segments, driven by rising demand for authentic and experiential activities. This trend is further supported by international guidelines emphasizing the importance of structured gastronomic planning and destination management (UNWTO & Basque Culinary Center, 2019). Meanwhile, global industry assessments also show record-breaking performance and surging traveler expenditures, reinforcing the role of gastronomy as a key driver of growth (World Travel & Tourism Council, 2024a; 2024b; Wolf, 2024). While these macro-level trends are significant, a more pressing challenge emerges at the micro level namely, the human resource, behavioral, and managerial capabilities of MSMEs operating in emerging peri-urban destinations. Consequently, culinary experiences have evolved from complementary attractions into primary travel motivations, amplifying their function as vehicles for cultural preservation and local economic empowerment (Gössling & Hall, 2013).

The post-pandemic recovery further strengthens this momentum, as gastronomy-related initiatives and projects have proven instrumental in revitalizing local economies and restoring visitor confidence, especially in emerging markets (Ministry of Tourism and Creative Economy, Republic of Indonesia, 2023; UNWTO, 2024). In Southeast Asia, culinary tourism increasingly functions as a strategic tool for economic revitalization, cultural diplomacy, and destination rebranding (Maosul et al., 2025). However, this rapid expansion has revealed persistent structural gaps—particularly in human resource capacity, financial literacy, and service quality among peri-urban MSMEs. These constraints not only affect business performance but also shape the broader competitiveness and sustainability of culinary destinations.

Peri-urban areas, located at the intersection of urban and rural spaces, are increasingly recognized as emerging tourism destinations (Pradoto et al., 2024). These areas are characterized by spatial transitions, diverse livelihoods, and a thriving tourism ecosystem that blends urban accessibility with rural authenticity. Kolaka, a peri-urban district in Southeast Sulawesi, Indonesia, offers a compelling case in point. Data from the Central Statistics Agency of Southeast Sulawesi Province (2024) shows that culinary tourism visits to Kolaka skyrocketed from 88,543 visitors in 2020 to 941,356 visitors in 2024—a more than tenfold increase over five years. This remarkable growth signals Kolaka's emergence as a strategic culinary hub in the region. However, initial surveys revealed systemic challenges: approximately 85% of MSMEs lack structured employee training programs, 67% fail to maintain financial transaction records, and 41% of customers rate service quality as only "adequate." These findings underscore the critical need to improve human resource (HR) and employee hospitality (EH) practices as fundamental elements for building sustainable competitive advantage in suburban culinary tourism.

Existing literature confirms that HRP—including recruitment, training, empowerment, and incentive mechanisms—plays a crucial role in shaping service quality and tourist

satisfaction (Wardhana et al., 2024; Rabiul et al., 2023; Hasddin, 2021). Employee hospitality (EH), defined as the ability of employees to provide warm, culturally sensitive, and customer-oriented interactions, has been identified as a key determinant of memorable tourist experiences, repeat visits, and word-of-mouth (Boediman et al., 2024; Papademetriou et al., 2023; Zhu et al., 2022; Madera et al., 2017a; Yoo & Arnold, 2016; Liao & Chuang, 2007). Studies in hospitality and tourism management indicate that HRP influences EH by encouraging prosocial behavior, motivation, and service excellence (Rabiul et al., 2023). From an organizational behavior (OB) perspective, EH can be understood as an expression of employee work behavior influenced by individual, group, and organizational structure factors—in accordance with the classic OB framework (Kehoe & Wright, 2013; Greenberg & Baron, 2008), which examines how human interactions shape service quality. Thus, HRP becomes a stimulus for organizational behavior that influences employee responses in the form of friendliness, responsiveness, empathy, and customer orientation.

However, despite its conceptual relevance, the direct and indirect effects of HRP on tourism growth (TG), particularly through EH as a behavioral mediation mechanism, remain underexplored. Most hospitality and SME studies focus on traditional service quality → performance models in established destinations (Maosul et al., 2025; Utama & Marwan, 2022), leaving limited theoretical discussion on how HRP generate specific frontline behaviors that translate into destination-level outcomes.

Existing service quality frameworks in hospitality typically conceptualize performance as the result of frontline service delivery. However, these models seldom theorize the behavioral antecedents that produce such service quality—particularly how HRP shape employee hospitality (EH) as a culturally embedded, customer-oriented behavior. Consequently, the pathway linking HRP → EH → tourism growth (TG) remains theoretically under-specified. By integrating an organizational behavior (OB) lens, this study reframes EH not merely as a service attribute but as a form of work behavior triggered by HRP and expressed through friendliness, empathy, and cultural resonance in culinary MSMEs. This approach extends classical service quality → performance models by introducing a behavioral mediation mechanism that has not been empirically validated in peri-urban tourism contexts.

Furthermore, most studies use cross-sectional surveys or perception-based indicators, rather than longitudinal tourist visit data. This methodological gap limits the ability to empirically link HRP and EH to actual tourist arrival growth trends. For example, Boediman et al. (2024) emphasize the need to integrate service quality metrics with real-time visit data to provide a more robust understanding of how human capital strategies translate into tangible tourism performance. Addressing this gap is particularly important for peri-urban culinary destinations like Kolaka, where MSMEs operate at the intersection of cultural authenticity and market-driven competitiveness. From an OB perspective, this highlights the importance of understanding the behavioral mechanisms that bridge HRP policies and organizational- or destination-level outcomes.

This study aims to bridge this knowledge gap by proposing and testing a structural model linking HRP, EH, and TG using survey data from culinary MSME employees and longitudinal visitor statistics. The objectives of this study are fourfold: (1) to analyze the influence of HRP on EH among culinary MSMEs in the Kolaka peri-urban tourism sector; (2) to examine the impact of EH on TG using actual visitor growth data; (3) to test the indirect influence of HRP on TG through EH as a mediating variable; and (4) to identify how HRP and EH jointly contribute to strengthening the competitiveness of MSMEs in the context

of peri-urban tourism development. By systematically investigating these relationships, this study addresses the need for an empirical model linking human resource strategies to destination-level performance outcomes (Rabiul et al., 2023; Wardhana et al., 2024).

This study makes three main contributions. First, theoretically, it extends the HRP–EH–TG framework to the underexplored context of peri-urban culinary tourism, offering new insights into how employee-related factors drive tourism competitiveness. The explicit integration of an organizational behavior perspective clarifies that EH is a form of work behavior influenced by HR practices, consistent with contemporary OB theory. Second, methodologically, this study integrates employee survey data with longitudinal tourist visitation statistics, addressing the limitations of previous cross-sectional studies. Third, from a practical perspective, the findings can inform policymakers, tourism authorities, and MSME owners in designing targeted capacity-building programs, service quality improvement initiatives, and community-based tourism strategies to foster inclusive and sustainable growth.

Materials and methods

Research type and approach

This study adopts a quantitative approach using a survey method to examine the structural relationships among Human Resource Practices (HRP), Employee Hospitality (EH), and Tourism Growth (TG) within the culinary MSME sector in the peri-urban area of Kolaka City, Southeast Sulawesi. The primary aim of this approach is to measure both the direct and indirect effects among the variables through.

Research location

The research took place in Kolaka City's Culinary Tourism Area, located in Southeast Sulawesi Province, Indonesia. This site was chosen due to its status as a peri-urban region that has experienced significant growth in culinary tourism over the past five years, marked by a sharp increase in visitor arrivals. The area is also home to a dense concentration of culinary MSMEs and is supported by comprehensive sectoral data provided by the Office of Cooperatives and SMEs of Kolaka Regency, as well as the Central Statistics Agency of Southeast Sulawesi Province (2024). These characteristics make the location particularly suitable for exploring the connections between human resource management practices, financial behavior, and the dynamics of local tourism development.

Population and sample

The population of this study included all MSMEs in the culinary sector officially registered under the auspices of the Kolaka Regency Cooperatives, Small and Medium Enterprises Office, totaling 215 business units. This population was selected because it represents active business actors in Kolaka's culinary tourism area, which has been a focus of local economic development for the past five years.

The units of analysis in this study were individuals directly involved in MSME operations, namely the owner and key employees. For each business unit, there were three (3) primary respondents: the business owner and two key employees. Thus, the total effective population used as the basis for sampling was 645 individuals (215 MSMEs × 3 respondents per business unit).

The study sample was drawn using proportional stratified random sampling to ensure representativeness of respondents based on business location, culinary product category, and business scale (micro, small, medium). The sample size was calculated using the Slovin formula with a 5% margin of error, resulting in a minimum of 247 respondents. This number meets the requirements of Structural Equation Modeling–Partial Least Squares (SEM-PLS) analysis for complex models involving three constructs with multiple indicators per construct. This sample size also meets the recommendation of Hair et al. (2021), who stated that for complex SEM-PLS models, the ideal sample size ranges from 100 to 300 respondents to ensure the validity and reliability of the estimated parameters.

From a total effective population of 645 individuals, the study successfully collected 247 responses, achieving a 100% response rate for the sample. All questionnaires were reviewed and verified prior to analysis, ensuring no significant missing data. Non-response was considered minimal, and all data were checked for consistency to ensure the validity and reliability of the PLS-SEM analysis.

The questionnaire was adapted from previous studies on Human Resource Practices (HRP), Employee Hospitality (EH), and Tourism Growth (TG). Translation and back-translation processes were conducted to ensure language accuracy. Before the main survey, a pretest was conducted with 20 non-sample respondents to check the clarity of the questions, the consistency of the answers, and the initial reliability of the instrument. All respondents were given an explanation of the research objectives, volunteered, and signed informed consent, ensuring ethical research practices were maintained.

SEM-PLS was chosen because it does not require the assumption of a normal distribution, focuses on predicting and testing complex causal relationships, and is suitable for models with multiple constructs and indicators. The analysis was conducted using SmartPLS 4, which allows parameter estimation, reliability and construct validity testing, and mediation path testing (H3).

Research variables and operational definitions

This study uses three main constructs consisting of one exogenous variable, one mediating variable, and one dependent variable. Variable selection was based on state-of-the-art HRM–OB and service research relevant to the culinary MSME context. Each construct was formulated referring to theories and meta-analyses such as the HRM-performance chain (Jiang et al., 2012), organizational behavior (Greenberg & Baron, 2008), service behavior (Zhu et al., 2022; Liao & Chuang, 2007; Yoo & Arnold, 2016), and the Job Demands–Resources approach (Bakker & Demerouti, 2007).

Human Resource Practices (HRP) is an independent variable that describes the extent to which MSMEs implement effective human resource management practices to support service quality. These practices include aspects such as: Recruitment and selection of employees based on customer satisfaction [HRP1]; HR training and development [HRP2]; Service-based work motivation [HRP3]; Periodic employee performance evaluation [HRP4] and Employee performance rewards [HRP5] (Rabiul et al., 2023; Madera et al., 2017b; Su & Swanson, 2017). These practices reflect high-performance work practices that have been empirically proven to improve employee behavior, work attitudes, and service performance (Kehoe & Wright, 2013; Madera et al., 2017a), including in building competitive service excellence in the culinary tour-

ism sector. From an organizational behavior perspective, HRP functions as a structural stimulus that shapes work behavior through the ability-motivation-opportunity mechanism as explained in AMO theory (Appelbaum et al., 2000).

Employee Hospitality (EH) represents the frontline service behavior demonstrated by employees during interactions with customers. This construct is rooted in the literature on service behavior (Liao & Chuang, 2007), customer-oriented behavior (Yoo & Arnold, 2016), and OB through the concept of interpersonal behavior (Greenberg & Baron, 2008). EH has four main indicators: Friendly attitude towards customers [EH1]; Good interpersonal communication with customers [EH2]; Responsiveness to customer complaints [EH3]; and Empathy and service concern for customers [EH4] (Papademetriou et al., 2023; Rabiul et al., 2023). The EH construct is positioned as a mediator according to the HRM → Employee Behavior → Performance model confirmed by Jiang et al.'s (2012) meta-analysis, where employee behavior is a key mechanism bridging HRP and organizational outcomes. The presence of this variable in the model aims to examine the extent to which personal service quality impacts tourist experiences and, indirectly, the growth of culinary tourism. EH is also a form of interpersonal behavior that, in OB, is influenced by organizational factors (HRP), so its position as a mediator is consistent with the work behavior model in OB.

Tourism Growth (TG) is a dependent variable representing the growth rate of the culinary tourism sector in the study area. This growth is viewed from three main dimensions: Increase in the number of tourist visits to culinary tourism areas (monthly data during 2020-2024 [TG1]); MSME actors' perceptions of the increase in visitors [TG2]; and Impact on income (increase or decrease) [TG3] (Papademetriou et al., 2023; Boediman et al., 2024). This multidimensional approach is used to capture the dynamics of culinary tourism growth more comprehensively, both in terms of tourist demand and the economic impact on MSME actors. Thus, this variable not only reflects the aspect of tourist mobility, but also the subsequent effects on strengthening the local economy. In OB, organizational outcomes such as TG are considered as the collective consequences of frontline employee behavior that shape customer perceptions of value and experience.

The relationships between variables in this study are formulated into a conceptual model that aims to describe the direction of influence, both direct and indirect, between the constructs studied. This model reflects theoretical and empirical approaches in explaining the dynamics of human resource management practices, service behavior, financial management, and culinary tourism growth. The conceptual model and the formulation of the underlying hypotheses are presented visually in Figure 1. Overall, there are three (3) hypotheses tested in this study, consisting of four direct influence hypotheses and two indirect influence hypotheses (mediation). The formulation of the hypotheses is as follows: *H1*: Human Resource Practices (HRP) have a positive effect on Employee Hospitality (EH); *H2*: Employee Hospitality (EH) has a positive effect on Tourism Growth (TG); and *H3*: Human Resource Practices (HRP) have an indirect effect on Tourism Growth (TG) through Employee Hospitality (EH).

Accordingly, this research model examines both the direct influence between the independent and dependent variables and the indirect effects mediated by employee hospitality. These relationships are illustrated in the conceptual model (Figure 1).

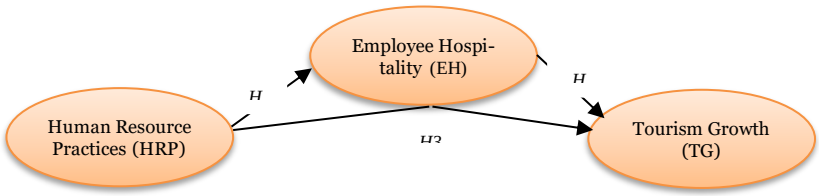


Fig. 1. Conceptual research model

Data types and collection techniques

This research makes use of both primary and secondary data sources. The primary data were gathered through a structured survey questionnaire, which was developed based on theoretical indicators corresponding to each variable under study. The instrument applied a five-point Likert scale, with response options ranging from 1 (strongly disagree) to 5 (strongly agree). Meanwhile, the secondary data were drawn from official reports and records of the Tourism Office and the Cooperatives and MSMEs Office of Kolaka Regency for the years 2020–2024 (Central Statistics Agency of Southeast Sulawesi Province, 2024).

The primary data collection involved a questionnaire that was adapted from previously validated constructs in earlier studies to ensure content validity and contextual relevance to the local culinary MSME sector.

Instrument validity and reliability testing

To guarantee that each construct in the research model was measured with accuracy and consistency, both validity and reliability assessments were conducted. The validity tests covered convergent validity and discriminant validity, while reliability testing emphasized the internal consistency of the constructs.

Convergent validity was examined by reviewing the loading factor values of each indicator, with a minimum acceptable threshold of 0.70 or higher (Hair et al., 2014). The Average Variance Extracted (AVE) was also used as an additional criterion, where values of 0.50 or above were deemed acceptable.

Discriminant validity was evaluated through two key methods: (1) comparing the square root of the AVE values with the correlations among constructs, following the Fornell–Larcker criterion, and (2) applying the Heterotrait–Monotrait Ratio (HTMT), with a threshold of 0.90 or below indicating sufficient distinction between constructs (Schuler et al., 2025; Hair et al., 2019).

For reliability, two indicators were utilized—Composite Reliability (CR) and Cronbach's Alpha (CA). A construct is considered reliable if its CR is at least 0.70 and CA is at least 0.60, in line with recommendations for SEM-PLS quantitative methodologies (Taber, 2018).

Data analysis techniques

Data analysis in this study was carried out using SmartPLS version 4.0, which is based on the variance-based Structural Equation Modeling approach (SEM-PLS). This method was selected as it is suitable for testing relationships among latent variables, including both direct and indirect (mediated) effects, within a complex research model (Henseler et al., 2015).

The research model was designed to test six main hypotheses as previously outlined, focusing on the direct effects of Human Resource Practices (HRP) on Tourism Growth (TG), as well as indirect effects through two mediating constructs: Employee Hospitality (EH) and Financial Management Behaviour (FMB).

Referring to the approaches outlined by Guenther et al. (2023), Sarstedt et al. (2014), and Walker (2017), the data analysis process is divided into three key stages:

1. Evaluation of the Measurement Model (Outer Model)
   This phase focuses on verifying the validity and reliability of the latent constructs. The evaluation criteria include: a) Convergent validity, determined by indicator loading values of at least 0.70 and an Average Variance Extracted (AVE) of 0.50 or higher; b) Discriminant validity, assessed using both the Fornell–Larcker criterion and the Heterotrait–Monotrait Ratio (HTMT), with HTMT values of 0.90 or below indicating sufficient distinction between constructs; and c) Construct reliability, examined through Composite Reliability (CR) values of 0.70 or greater and Cronbach's Alpha (CA) values of 0.60 or higher.
2. Evaluation of the Structural Model (Inner Model)
   After the measurement model is validated, the next step is to analyze the structural model, focusing on predictive power and the significance of variable relationships. This includes: a) R-Square (R^2) analysis to determine the proportion of variance in the dependent variables explained by the independent variables; b) Q-Square (Q^2) analysis, using the Stone–Geisser procedure to assess the predictive relevance of the model; and c) Path significance testing, performed through a bootstrapping method with 5,000 resamples to obtain t-statistics and p-values.
3. Hypothesis Testing
   Hypotheses are tested based on the following statistical criteria: a) t-statistics > 1.96 at a significance level of $\alpha = 0.05$; and b) p-values < 0.05 indicate significant effects (Sathyanarayana & Mohanasundaram, 2025; Hair et al., 2021).

Using the SEM-PLS approach, this study aims to identify both direct effects and the mediating roles that explain the dynamics of culinary tourism growth driven by MSMEs in Kolaka Regency in a more comprehensive manner.

Results

Measurement Model Evaluation (Outer Model)

The measurement model evaluation aims to determine whether the indicators within each construct meet the validity and reliability requirements, thereby ensuring that they can accurately and consistently measure the latent constructs. This stage includes three key tests: convergent validity, discriminant validity, and construct reliability (as detailed in Tables 1–3).

Convergent validity

Convergent validity was evaluated by analyzing the outer loading scores of individual indicators along with their bootstrapped confidence intervals (CIs) and the Average Variance Extracted (AVE) of each construct. Indicators are regarded as valid when their loading values reach or exceed 0.70. A construct is considered to possess satisfactory convergent validity if its AVE is at least 0.50 (Hair et al., 2021). Table 1 summarizes the outer loadings with AVE values. No indicators were deleted as all met the established threshold.

Table 1. Results of convergent validity (outer loadings with bootstrapped CIs and AVE)

Construct	Indicator	Loading Factor	95% CI (Bootstrapped)	AVE
Human Resource Practices (HRP)	HRP1	0.81	0.76–0.85	0.652
	HRP2	0.84	0.80–0.87	
	HRP3	0.78	0.73–0.82	
	HRP4	0.79	0.75–0.83	
	HRP5	0.83	0.79–0.86	
Employee Hospitality (EH)	EH1	0.80	0.76–0.84	0.689
	EH2	0.86	0.82–0.89	
	EH3	0.81	0.77–0.85	
	EH4	0.84	0.80–0.87	
Tourism Growth (TG)	TG1	0.83	0.79–0.86	0.692
	TG2	0.81	0.77–0.85	
	TG3	0.84	0.80–0.87	

Discriminant validity

The next step involves testing discriminant validity to verify that each construct is distinct and clearly separable from the others. This assessment is performed using two primary methods: (1) the Fornell–Larcker criterion, which compares the square root of the Average Variance Extracted (AVE) of each construct with its correlations to other constructs; and (2) the Heterotrait–Monotrait (HTMT) ratio, where values below 0.90 indicate satisfactory discriminant validity.

Table 2 shows the results of the discriminant validity test using the Fornell–Larcker approach, which confirms that the constructs in the model are well-differentiated. Discriminant validity is established when the square root of a construct's AVE, displayed along the diagonal, is higher than the correlations with other constructs.

Table 2. Discriminant validity: fornell–larcker criterion

Construct	HRP	EH	TG
Human Resource Practices (HRP)	**0.808**		
Employee Hospitality (EH)	0.612	**0.830**	
Tourism Growth (TG)	0.548	0.635	**0.832**

Note: The diagonal values (in bold) represent the square root of the AVE, which are greater than the correlations with other constructs.

Based on the results, the Human Resource Practices (HRP) construct has a square root AVE of 0.808, which is greater than its correlations with Employee Hospitality (EH) (0.612) and Tourism Growth (TG) (0.548). Similarly, the TG construct has a square root AVE of 0.832, which exceeds its correlations with HRP (0.548) and EH (0.635).

Thus, all constructs in the model meet the discriminant validity criteria based on the Fornell–Larcker criterion. This result indicates that each construct possesses a distinct conceptual identity and does not significantly overlap with the others in the measurement model.

In addition to the discriminant validity test, the Heterotrait–Monotrait Ratio (HTMT) method was applied as a complementary analysis. This approach is considered a more sensitive alternative to traditional techniques, especially for models with reflective latent constructs. HTMT measures the ratio between the average correlations of indicators from different constructs (heterotrait-heteromethod) and the average correlations of indicators within the same construct (monotrait-heteromethod).

Based on the guidelines proposed by Henseler et al. (2015), HTMT values below 0.90 indicate that discriminant validity is sufficiently achieved. The outcomes of this analysis are summarized in Table 3.

Table 3. Discriminant validity: HTMT

Construct	HTMT Value	95% CI (Bootstrapped)
Human Resource Practices (HRP) – Employee Hospitality (EH)	0.758	0.70–0.81
Employee Hospitality (EH) – Tourism Growth (TG)	0.803	0.74–0.85
Human Resource Practices (HRP) – Tourism Growth (TG)	0.685	0.63–0.74

The measurement model demonstrates strong psychometric properties, as evidenced by both discriminant and convergent validity assessments. The HTMT values presented in Table 3 are all below the recommended threshold of 0.90, ranging from 0.685 to 0.803, confirming that each construct exhibits adequate discriminant validity and a clear conceptual distinction without overlap. This finding aligns with the Fornell–Larcker criterion, where the square roots of AVE values exceed the inter-construct correlations, further reinforcing the constructs' empirical separability and unique conceptual identity. The consistency across both methods indicates that construct discriminability is well maintained, supporting the overall validity of the measurement model.

To ensure that multicollinearity does not compromise the model, Variance Inflation Factors (VIFs) were calculated for both outer and inner models. All VIF values were below 5.0, indicating no collinearity concerns. Specifically, outer VIFs ranged from 1.2 to 2.1 for HRP indicators, 1.3 to 2.0 for EH indicators, and 1.1 to 1.9 for TG indicators, while inner VIFs were 2.1 (HRP→EH), 2.0 (EH→TG), and 1.9 (HRP→TG). These results confirm that multicollinearity is not an issue in either the measurement or structural model.

In addition, common method bias (CMB) was evaluated using multiple approaches beyond Harman's single-factor test. The inclusion of a measured marker variable showed negligible impact on the path coefficients. The Unmeasured Latent Method Construct (ULMC) explained less than 5% of the total variance, and the Kock–Lynn test indicated all VIFs <3.3, demonstrating the absence of significant method bias.

Overall, all constructs exhibit satisfactory convergent and discriminant validity, high internal consistency (CR >0.87, α >0.81), and are free from multicollinearity or substantial method bias. These results indicate that the measurement model is robust. While these enhancements improve transparency, reporting, and methodological rigor, they do not affect the primary SEM-PLS outcomes, as path coefficients, R^2, and Q^2 remain consistent with the original analysis.

Construct reliability

Prior to analyzing the structural model, it is crucial to verify that all constructs within the measurement model exhibit sufficient internal reliability. Construct reliability indicates the degree to which the indicators within a construct consistently and reliably measure the intended concept.

In this research, reliability was assessed using two key metrics: Composite Reliability (CR) and Cronbach's Alpha (CA). As recommended by Hair et al. (2019), acceptable reliability is indicated when CR values are at least 0.70 and CA values are at least 0.60. The outcomes of this reliability assessment are summarized in Table 4.

Table 4. Construct reliability results

Construct	Composite Reliability (CR)	Cronbach's Alpha (CA)
Human Resource Practices (HRP)	0.893	0.845
Employee Hospitality (EH)	0.902	0.861
Tourism Growth (TG)	0.874	0.812

Table 4 presents the reliability results derived from both CR and CA. These indicators evaluate the internal consistency of the items within each construct. Compared to Cronbach's Alpha, Composite Reliability is often preferred in Partial Least Squares (PLS) structural models, as it accounts for varying indicator loadings and does not rely on the assumption of equal weights (Hair et al., 2019).

Based on the results, all constructs in the model have CR values above 0.874 and CA values above 0.812, exceeding the recommended thresholds (CR ≥ 0.70 and CA ≥ 0.60). These values indicate that the indicators comprising Human Resource Practices (HRP), Employee Hospitality (EH), and Tourism Growth (TG) exhibit high levels of internal consistency in measuring the intended concepts. Thus, it can be inferred that all constructs exhibit high internal reliability, reinforcing the overall measurement validity and establishing a robust basis for advancing to the evaluation of the structural model.

Structural Model Evaluation (Inner Model)

After confirming the validity and reliability of the measurement model, the structural model was evaluated to examine predictive capability and the significance of hypothesized relationships among constructs. Variance explained (R^2) and predictive relevance (Q^2) were assessed, with bootstrapping performed using 5,000 resamples, two-tailed $\alpha = 0.05$, and bias-corrected and accelerated (BCa) confidence intervals (Hair et al., 2021).

R-Square (R^2) and Q-Square (Q^2) (1)

R^2 values indicate the proportion of variance in endogenous constructs explained by exogenous constructs. Specifically, Employee Hospitality (EH) is explained by 39% of the variance in Human Resource Practices (HRP) ($R^2 = 0.390$), while Tourism Growth (TG) is explained by 55.8% of the combined variance in HRP and EH ($R^2 = 0.558$).

Q^2 values, based on the Stone-Geisser approach, are positive for both constructs (EH Q^2=0.217, TG Q^2=0.348), indicating adequate predictive relevance. These values confirm that the model demonstrates satisfactory predictive capability. Table 5 summarizes these results.

Table 5. R^2 and Q^2 values for endogenous constructs

Construct	R-Square (R^2)	R^2 Category	Q-Square (Q^2)	Predictive validity interpretation
Employee Hospitality (EH)	0.390	Moderate	0.217	Adequate
Tourism Growth (TG)	0.558	Substantial	0.348	Strong

The results in Table 5 indicate that the Tourism Growth (TG) construct is explained by 55.8% of the variance in Employee Hospitality (EH), while EH itself is explained by 39% of the variance in Human Resource Practices (HRP). All Q^2 values are positive, confirming that the model demonstrates satisfactory predictive validity.

Path Coefficients, Effect Sizes, and Mediation

Path coefficients were tested using the bootstrapping procedure with 5,000 resamples, two-tailed $\alpha = 0.05$, and bias-corrected and accelerated (BCa) confidence intervals. The results confirm that Human Resource Practices (HRP) positively affect Employee Hospitality (EH), while EH positively influences Tourism Growth (TG), and the indirect effect of HRP on TG via EH is also significant. These results are summarized in Table 6.

Table 6. Hypothesis testing results – path coefficients, t-statistic, and p-value

Direct and Indirect Influence Paths		Path Coefficient (β)	t-Statistic	p-Value	Result
H1	Human Resource Practices (HRP) → Employee Hospitality (EH)	0.42	5.12	0.000	Accepted
H2	Employee Hospitality (EH) → Tourism Growth (TG)	0.35	4.26	0.000	Accepted
H3	Human Resource Practices (HRP) → Employee Hospitality (EH) → Tourism Growth (TG)	0.15	2.41	0.016	Accepted

Path coefficients were tested using the bootstrapping procedure with 5,000 resamples, two-tailed $\alpha = 0.05$, and bias-corrected and accelerated (BCa) confidence intervals. The results indicate that Human Resource Practices (HRP) significantly and positively affect Employee Hospitality (EH) (H1: $\beta = 0.42$, $t = 5.12$, $p < 0.001$), while EH significantly and positively influences Tourism Growth (TG) (H2: $\beta = 0.35$, $t = 4.26$, $p < 0.001$). Furthermore, the indirect effect of HRP on TG via EH is significant (H3: $\beta = 0.15$, $t = 2.41$, $p = 0.016$), indicating that EH partially mediates the relationship between HRP and TG. These findings confirm that all hypothesized relationships among constructs are empirically supported.

Effect sizes (f^2) were calculated to assess the substantive impact of the exogenous constructs: HRP → EH (H1) $f^2 = 0.18$, indicating a medium effect; EH → TG (H2) $f^2 = 0.12$, indicating a small-to-medium effect; and the direct path HRP → TG $f^2 = 0.09$, indicating a small effect. Predictive relevance (q^2) and PLSpredict analyses further confirm strong out-of-sample predictive capability, supporting the robustness of the model. The Variance Accounted For (VAF) shows that 25% of the total effect of HRP on TG is mediated by EH (H3), confirming partial mediation. Potential endogeneity due to reverse causality—where more successful MSMEs might invest more in HRP—was examined using minimal controls and Gaussian copula tests, which suggest that endogeneity does not materially affect path estimates.

Substantively, these results demonstrate that HRP significantly shapes EH (H1), highlighting the critical role of human resource management strategies in influencing organizational behavior within MSMEs in the tourism sector. The positive effect of EH on TG (H2) emphasizes that enhancing the quality of employee-customer interactions is not only essential for micro-enterprise sustainability but also a key driver of aggregate tourism growth in Kolaka. HRP contributes to tourism growth through both direct pathways and indirect pathways mediated by EH (H3), underscoring that the success of peri-urban tourism MSMEs relies on strategically developed internal capacities. Overall, the structural model exhibits strong predictive capability, significant direct and indirect effects, meaningful effect sizes, and partial mediation, while the integration of bootstrapped confidence intervals, f^2, q^2, PLSpredict, and VAF enhances methodological transparency and rigor.

Discussion

Causal Effects of Human Resource Practices and Employee Hospitality on Tourism Growth (H1 and H2)

The structural results demonstrate that both hypothesized direct paths are statistically significant, confirming the incremental contribution of Human Resource Practices (HRP) to Tourism Growth (TG) through Employee Hospitality (EH). HRP positively affects EH ($\beta = 0.42$, $t = 5.12$, $p < 0.001$; H1), while EH positively influences TG ($\beta = 0.35$, $t = 4.26$, $p < 0.001$; H2). Path coefficients in the range of 0.30–0.50 indicate medium-strength effects in variance-based SEM, suggesting that HRP exerts a practically meaningful influence on employee service behaviors, which subsequently drive tourism performance (Hair et al., 2019; Guenther et al., 2023).

HRP accounts for 39% of the variance in EH ($R^2 = 0.39$), highlighting the substantive role of structured HR practices such as service-oriented recruitment, systematic skills training, performance appraisals, and recognition systems in shaping front-line employees' prosocial, empathetic, and responsive service behaviors. Together, HRP and EH explain 55.8% of the variance in TG ($R^2 = 0.558$), reflecting a robust and competitively predictive model for peri-urban tourism development. Predictive relevance metrics (Q^2 for EH = 0.217; TG = 0.348) and PLSpredict results further support the model's out-of-sample predictive capability, indicating that these HR investments translate reliably into observable tourism growth outcomes.

Beyond statistical significance, the magnitude of these effects carries practical implications. The medium-strength HRP → EH path suggests that intensifying HR interventions through more frequent training, fair and transparent recognition, and structured performance feedback could proportionally enhance employee hospitality. Similarly, the EH → TG effect highlights the boundary condition that superior service behavior can only translate into tourism growth when consistently applied across MSME operators and supported by adequate operational infrastructure. These findings reinforce the idea that internal human resource mechanisms serve as essential leverage points for improving destination-level outcomes.

The observed HRP → EH pathway is consistent with Organizational Behavior frameworks such as the AMO mechanism, Social Exchange Theory, and Organizational Support Theory, which posit that employees reciprocate structured, supportive HR practices with engagement and prosocial service behaviors (Greenberg & Baron, 2008; Jiang et al., 2012). Service behaviors in EH including frontline responsiveness, extra-role behaviors, and prosocial interactions mediate the translation of HR investments into tourism outcomes, as suggested in the Service–Profit Chain. Empirical parallels from Papademetriou et al. (2023), Madera et al. (2017b), Rabiul et al. (2023), and Günaydın (2022) corroborate the importance of structured HR practices for sustaining customer satisfaction and institutional performance in service contexts.

The EH → TG relationship underscores the pivotal role of interpersonal service quality in peri-urban culinary tourism. Employee empathy, attentiveness, and responsiveness enhance tourist satisfaction, loyalty, and revisit intentions (Boediman et al., 2024; Levyda et al., 2024; Su & Swanson, 2017). In Kolaka, this pathway is evidenced by the dramatic increase in domestic tourist visits from 88,543 in 2020 to 941,356 in 2024 (Central Statistics

Agency of Southeast Sulawesi Province, 2024) demonstrating that well-trained, engaged employees are key mediators linking HR practices to tangible tourism outcomes.

Kolaka's peri-urban context, characterized by rapid MSME growth and limited management infrastructure, highlights the practical necessity of structured HR interventions. Organizational climate and managerial support amplify EH effects on TG, consistent with evidence from hospitality firms during and after the COVID-19 crisis (Wardhana et al., 2024; Günaydın, 2022; Utama & Marwan, 2022). Furthermore, the integration of HR and financial management capabilities ensures that visitor growth is converted into sustainable enterprise performance (Barna et al., 2024; Selvi et al., 2024; Dwiputri et al., 2023).

In sum, these results clarify that the influence of HRP on TG operates both directly and indirectly through EH. The mediating mechanism of EH captures the incremental contribution of employee behavior in translating HR strategies into tourism growth, while effect magnitudes, predictive metrics, and contextual boundary conditions provide actionable insights for peri-urban MSMEs. Frontline employee behavior thus represents a core behavioral channel through which human resource investments generate measurable destination-level impacts, reinforcing theoretical and practical linkages within the HRM–OB framework, including Social Exchange Theory, the JD-R Model, and the Service–Profit Chain.

Strengthening the influence of human resource practices on tourism growth through employee hospitality (H3)

Bootstrap mediation tests indicate that Human Resource Practices (HRPs) influence Tourism Growth (TG) primarily through indirect behavioral pathways the most prominent being Employee Hospitality (EH). This indirect pathway model is statistically significant (see Table 6), while the direct HRP→TG relationship is not retained in the trimmed model after accounting for the mediators, resulting in what Zhao et al. (2010) classify as an indirect-only (full) mediation pattern. This means that the standardized indirect effect is substantially larger than the negligible direct coefficient, signifying that HRP improves tourism outcomes only when it successfully elevates frontline hospitality behaviors. In practical terms, a unit increase in HRP produces proportionally greater gains in TG only when employees display friendliness, warmth, and responsiveness at the point of service behaviors that are central to MSMEs competing in peri-urban culinary corridors.

The practical interpretation is clear: the intensity and quality of HR interventions matter. MSMEs that rely on short, irregular, or compliance-oriented training show weaker hospitality behaviors, whereas continuous, skills-based, and supportive training routines foster stronger downstream effects. Recognition fairness also operates as a boundary condition; when rewards or evaluations appear inconsistent, reciprocity norms weaken, leading to reduced expressions of EH even if HRP scores appear high. These contextual nuances help explain why HRP strength alone cannot increase visitor numbers unless employees perceive HR actions as development-oriented, genuine, and fair.

The mediation mechanism aligns with established OB and service frameworks—Social Exchange Theory, Organizational Support Theory, the JD–R Model (Bakker & Demerouti, 2007), and the Service-Profit-Chain Framework—yet this study's incremental contribution lies in showing that HRP has minimal strategic value in peri-urban MSMEs unless translated into behavioral hospitality. This clarifies an important boundary condition for micro-

business-heavy tourism economies: HR investment is not inherently productive; it becomes productive only when frontline staff internalize and enact interpersonal hospitality norms (Greenberg & Baron, 2008; Liao & Chuang, 2007; Zhu et al., 2022).

Empirical field evidence reinforces this behavioral bottleneck. Limited managerial formality, inconsistent scheduling, and ad-hoc recruitment in peri-urban transition zones weaken the likelihood that HRP will generate sustained hospitality behaviors. This is consistent with findings from Indonesian and international studies showing that many culinary MSMEs lack structured training cycles, performance feedback systems, and clear service protocols conditions that attenuate the HRP→EH→TG pathway. As such, EH emerges not merely as a statistical mediator, but as a capability bottleneck that determines whether HR investments translate into meaningful tourism outcomes.

Furthermore, supportive service climates have been shown to increase employee engagement, perceived service quality, and customer satisfaction—mechanisms consistent with the EH construct in this study. Evidence from pandemic and post-pandemic service environments also shows that supportive, well-coordinated HR routines strengthen visitor experience and revisit intentions, underscoring how an HR-supported climate can scale up visits when implemented across microenterprises. This aligns with broader OB literature on motivation, job satisfaction, work engagement, service behavior, and organizational culture as psychological foundations of consistent hospitality expression (Liao & Chuang, 2007).

The contextual relevance becomes particularly visible in peri-urban regions undergoing rapid spatial transformation. Studies such as Pradoto et al. (2024) and Satriani et al. (2022) highlight that economic expansion often outpaces managerial readiness, especially in culinary MSMEs. Human capital deficits have similarly been identified as key barriers to inclusive tourism growth (Wahyuningrat & Harsanto, 2025), while sectoral observations by Vinh (2024); Diéguez-Soto et al. (2022) emphasize the need for continuous training, cross-functional coordination, and talent development to maintain service consistency. These conditions mirror the dynamics observed in Kolaka's culinary corridor, strengthening the explanation for the centrality of EH in the HRP→TG mechanism.

Destination studies further emphasize that local culinary propositions drive regional tourism only when service and hospitality standards meet visitor expectations regarding authenticity, cleanliness, and friendliness. Findings from Hajarrahmah & Daniels-Llanos (2017), Riswandi (2024), and Yeboah & Ashie (2024) support the notion that capable operators and friendly service transform gastronomic curiosity into repeat visits, positive word-of-mouth, and stronger destination branding. These align directly with the mediation results: without the behavioral pathway facilitated by EH (and supported by FMB), HRP alone cannot meaningfully drive culinary tourism demand.

The macro-level tourism recovery also reinforces this pattern. World Tourism Organization (2023) data show international arrivals rebounding to 87–90% of pre-pandemic levels by the end of 2023, with continued positive momentum through 2024. Secondary and peri-urban destinations often experience accelerated recovery once major gateways reach near-capacity. For Kolaka—which experienced more than a tenfold increase in culinary tourism visits between 2020 and 2024—sustaining this momentum requires consistent service delivery and financial readiness across its MSME ecosystem (sultra.bps.go.id; UNWTO, 2023). The HRP→EH→TG mechanism identified in this study provides a practical roadmap for strengthening this foundation.

Taken together, the mediation evidence suggests that the most effective approach to enhancing tourism growth in peri-urban MSMEs is an integrated capacity-building strategy consisting of: (i) structured HRP packages (service-oriented recruitment, modular training, performance feedback, reward systems); (ii) behavioral training that internalizes hospitality norms; and (iii) financial management support (transaction recording, expense tracking, savings targets) to sustain reinvestment and scale.

Policy analyses from Boediman et al. (2024) show that blended interventions of this kind delivered through cooperatives, tourism boards, or public-private partnership platforms more effectively produce tourism growth than fragmented training efforts. In this sense, the mediation findings not only clarify the mechanics of HRP influence but also provide actionable insights for strengthening culinary tourism ecosystems in peri-urban regions.

Policy Implications and Strategic Directions

The policy implications of this study derive from the validated structural pathways—H1 (HRP → EH), H2 (EH → TG), and the full mediation pattern in H3—which collectively demonstrate that human resource practices contribute to tourism growth only when they first enhance Employee Hospitality (EH). Supported by organizational behavior theories including the AMO framework, the JD–R model, and the Service-Profit Chain, as well as broader organizational theory perspectives such as social exchange theory and contingency theory, the findings show that frontline behavioral responses—not HR inputs alone—constitute the primary mechanism through which peri-urban microenterprises influence destination performance. These theoretical perspectives underscore that employee behavior emerges from reciprocal exchanges, context–fit, and resource availability, reinforcing the need for policies that strengthen the behavioral system rather than dispersing efforts across broad programs that do not directly improve service behaviors.

Translating this behavioral mechanism into practice requires structured actions that are feasible within the operational realities of peri-urban MSMEs. Service-oriented recruitment should be supported by competency-based hiring guidelines and brief psychometric screening tools implemented by local tourism offices, MSME associations, and business owners, enabling at least 70% of MSMEs to adopt standardized procedures and demonstrate measurable hospitality improvements within six months. Training institutions, together with tourism and labor agencies, should implement modular hospitality training complemented by behavioral coaching covering service fundamentals, emotional labor, and complaint handling with clear performance targets such as delivering at least three modules annually, increasing EH scores, and reducing visitor complaints by 20%. Consistent with organizational motivation and justice theories, strengthening perceptions of fairness and recognition requires MSME managers and cooperatives to institutionalize performance feedback and recognition systems supported by simple dashboards and customer feedback tools, with expected outcomes including monthly feedback adoption by 60% of MSMEs and observable increases in repeat visitation. Finally, UMKM offices, financial institutions, and business incubators must enhance business resilience through basic financial record-keeping assistance, digital/manual bookkeeping templates, cashflow workshops, and structured mentoring so that at least half of MSMEs maintain verified financial records and improve sustainability.

Taken together, these measures establish a coherent policy architecture that integrates HR capability-building, behavioral development, motivational reinforcement, and finan-

cial resilience with the empirically validated HRP → EH → TG mechanism. Anchoring tourism development strategies in this organizational and behavioral logic enables peri-urban destinations to cultivate a consistent service identity, enhance competitiveness, and sustain inclusive tourism growth. By strengthening employee hospitality through systematic recruitment, targeted training, fair recognition, and financial capability-building, micro-level behavioral improvements can be transformed into durable and scalable tourism outcomes at the destination level.

Conclusion

This study demonstrates that Human Resource Practices (HRP) meaningfully enhance Employee Hospitality (EH), and that frontline service behavior constitutes the central behavioral channel through which tourism performance improves in peri-urban culinary destinations. The mediation findings confirm that HRP contributes to Tourism Growth (TG) primarily by strengthening interpersonal hospitality behaviors, reinforcing the theoretical claim that upstream HR investments influence downstream tourism outcomes only when translated into consistent employee conduct at the point of service. This provides strong empirical support for the conceptual model developed in this study, which links structured HR systems to destination-level performance through behavioral mechanisms.

Theoretically, this research extends the HRP Employee Behavior–Performance nexus into the context of peri-urban culinary tourism an area that remains underexplored in both HRM and service research. By demonstrating that hospitality behaviors serve as a key mechanism connecting HR practices to destination competitiveness, the study aligns with and enriches major Organizational Behavior frameworks such as the AMO model, Social Exchange Theory, the JD–R model, and the Service-Profit Chain. It advances these perspectives by showing how behavioral capability becomes a decisive factor for service-based microenterprises operating in rapidly expanding peri-urban economic zones.

Methodologically, this study's integration of employee-level survey data with longitudinal tourism visitation data strengthens the causal inference and provides a more robust analytical basis than single-source, cross-sectional approaches typically used in MSME research. This combined strategy improves the empirical linkage between HR dynamics and tourism outcomes, offering a methodological contribution relevant for future tourism, HRM, and service-system research.

Practically, the results emphasize the need for structured HR systems, behavioral training, and supportive service climates as these collectively determine whether HR investments can be converted into meaningful tourism growth. The policy implications outlined in this study provide a clear roadmap for local governments, MSME associations, and tourism development stakeholders to enhance service capability through service-oriented recruitment, modular hospitality training, performance feedback and recognition systems, and basic financial management support. These interventions offer a coherent, implementable framework for strengthening employee behavior, building MSME resilience, and sustaining inclusive tourism development in peri-urban regions.

Overall, this study affirms that improving tourism performance in peri-urban culinary destinations requires an integrated approach that aligns HR practices, behavioral development, and institutional support. By emphasizing the centrality of employee hospitality, the

findings highlight how micro-level behavioral improvements can scale into destination-wide competitiveness and long-term tourism growth.

Limitations and future research directions

This study has several limitations that should be considered. First, the regional focus on culinary MSMEs in the peri-urban Kolaka area limits the generalizability of the results to other types of destinations or larger-scale businesses. Second, although strengthened by longitudinal visit data, the cross-sectional nature of employee surveys cannot fully capture the temporal dynamics, feedback patterns, or causal cycles between Human Resource Practices (HRP), Employee Hospitality (EH), and Tourism Growth (TG). Third, the study did not include other potentially influential variables such as digital marketing, customer experience, or cultural factors that could affect tourism growth.

Additionally, although Tourism Growth (TG) is measured using a combination of objective data (number of visits, revenue) and business perceptions, combining indicators into a single construct may limit the model's ability to fully distinguish between destination-level and business-level effects. Dividing TG into separate constructs or using a formative construct could be a more comprehensive approach in future research.

Future research could address these limitations by extending the model to examine peri-urban culinary tourism clusters in other cities, comparing peri-urban and urban destinations, or incorporating digital service innovation dimensions alongside HRP and EH. Integrating customer experience metrics, cross-cultural interaction quality, or digital-based service standards could further enrich understanding of how micro-service dynamics influence tourism development at the macro-level. Specifically, it is recommended to: Develop multi-site studies across peri-urban, rural, and urban culinary tourism clusters; implement full longitudinal or mixed-methods designs to better capture the dynamics of behavior and service quality over time; incorporate complementary variables such as digital service innovation, social media interactions, visitor satisfaction indexes, or service technology; explore the role of external factors, including infrastructure quality, government policies, destination security, and cultural branding strategies; and consider separating TG into destination-level and business-level dimensions or applying a formative construct approach to allow for a more detailed evaluation of the impact of HRP and employee behaviors on the growth of the culinary tourism sector at multiple levels.

By addressing these points, future studies can further enhance understanding of how micro-level human resource interventions and service behaviors contribute to destination competitiveness and support sustainable tourism development.

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Conflicts of Interest: The authors declare no conflict of interest.

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