



Are Business Savings a Mediator for Culinary Tourism Development?

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Culinary tourism significantly boosts local economies and enriches tourist experiences. This study investigates whether business savings mediate the relationship between financial literacy, profit, and culinary tourism development in Klaten, Central Java, Indonesia. Employing a quantitative approach with a case study design, the research involved 100 culinary business owners as respondents. Data were collected through questionnaires and interviews and analyzed using path analysis with SmartPLS 3.0. The findings reveal that financial literacy and profit influence business savings and culinary tourism development. Furthermore, business savings mediate the relationship between financial literacy, profit, and culinary tourism development. Specifically, higher financial literacy and profits lead to increased business savings, which then facilitate investment in infrastructure, innovation, marketing, and employee training, thereby enhancing the overall development of culinary tourism. These results provide a comprehensive understanding of the financial dynamics driving culinary tourism growth in Klaten. The study's implications include recommendations for policymakers, business owners, and financial institutions to design effective strategies and policies that support the sustainable growth of the culinary tourism sector.

INTRODUCTION

The development of the culinary tourism sector has become a major concern in tourism studies. According to Hall (2003), culinary tourism encompasses more than just the tasting of local foods; it also includes a comprehensive experience that reflects the culture and identity of a region. The growth of culinary tourism positively impacts the local economy and serves as an additional attraction for tourists (Wijaya, 2019; șa-TLupșa-Tătaru, Lixăndroiu and șa-TLupșa-Tătaru, 2023)

Klaten, a regency in Central Java, Indonesia, is renowned for its rich cultural heritage and diverse culinary offerings, making it a prime candidate for culinary tourism development (Pradiatiningtyas *et al.*, 2020; Studyanto *et al.*, 2022). This region has significant potential to become a major culinary tourism destination, which could serve as a substantial economic resource. However, realizing this potential requires a deep understanding of the factors that drive culinary ((Freire and Gertner, 2021).

Business savings play a crucial role in supporting the growth and sustainability of culinary businesses by providing the necessary financial stability for investment, expansion, and improvements in product and service quality (Ambrose, 2013; Rikwentishe, Musa Pulka and Msheliza, 2015). As a financial buffer, business savings enable enterprises to innovate, expand operations, and enhance their offerings, thereby fostering the development of the culinary tourism sector (Abdmouleh and Kalai, 2021). This study examines how financial literacy and profit, mediated by business savings, influence the development of culinary tourism in Klaten, offering insights that are crucial for policymakers, local governments, and business owners seeking to enhance the economic benefits of culinary tourism (Dhewanto *et al.*, 2021; Matwick and Matwick, 2022)

Efforts to optimize the potential of culinary tourism require a thorough understanding of the factors that influence its development (Dhewanto *et al.*, 2021; Matwick

and Matwick, 2022). Business savings provide financial stability, enabling investment and expansion, which are critical for the sustainability of culinary enterprises (Ambrose, 2013; Rikwentishe, Musa Pulka, and Msheliza, 2015). Understanding how financial literacy and profit contribute to these savings can offer valuable insights for developing effective strategies. This study examines the mediating role of business savings in the relationship between financial literacy, profit, and culinary tourism development in Klaten.

Business savings are essential for fostering culinary enterprises' growth and long-term sustainability. They provide the necessary financial stability for investment, expansion, and product and service quality improvements. According to Ambrose (2013) and Rikwentishe *et al.* (2015), business savings offer the financial security and impetus needed for investment and development.

Business savings act as a buffer, allowing businesses to innovate, expand, and improve, thereby fostering the growth of the culinary tourism sector (Ambrose, 2013; Rikwentishe *et al.*, 2015). These savings are crucial for sustaining culinary enterprises by providing the financial foundation for investment and development. Understanding this mechanism underscores the importance of financial literacy and profit in accumulating business savings. This study explores how these factors, mediated by business savings, influence culinary tourism development in Klaten (Abdmouleh and Kalai, 2021).

Business savings can mediate the relationship between profit, financial literacy, and culinary tourism development. In this study, business savings are considered an intervening variable that may mediate the relationship between financial literacy and profit in culinary tourism development. Revealing the role of business savings in this relationship can provide a deeper understanding of the economic and financial dynamics within the culinary sector. Adequate business savings, business owners can effectively address emerging financial challenges, providing them with the flexibility to innovate, expand operations, and enhance product and

service quality. The economic and social context of Klaten, including income levels, consumption habits, and tourist behavior patterns, also influences the dynamics of the culinary tourism sector. Therefore, developing this sector effectively requires a deep understanding of the balance between the needs of the local market and the appeal to tourists.

Profit is a key indicator in assessing the financial health of a business. According to Anderson, Chandy, and Zia (2018), a high-profit level can provide additional resources to develop and improve the culinary tourism industry's quality of products and services. Therefore, understanding how profits influence the development of culinary tourism is crucial. The profits earned by culinary business owners can significantly impact business development and sustainability, influencing their motivation and ability to innovate and improve product and service quality. This understanding is essential for optimizing the potential of culinary businesses and ensuring their long-term success.

Financial literacy is closely related to the ability of individuals or businesses to understand and manage the financial aspects of their operations. In the context of culinary tourism, business owners with high levels of financial literacy can manage their finances more effectively, enabling them to invest and grow sustainably (Ćumurović and Hyll, 2019; Baporikar and Akino, 2020; Nugraha, Eksanti and Haloho, 2022). Financial literacy is a critical element in culinary business management. Business owners with high financial literacy can manage financial risks, make informed investment decisions, and plan for business growth more strategically. Therefore, improving financial literacy among culinary business owners can positively impact the development of the culinary tourism sector.

This research aims to address the gap in understanding how financial literacy specifically impacts the sustainability and growth of culinary tourism businesses in Klaten, Central Java. By enhancing financial literacy among these business owners, it is possible to significantly improve their ability to manage financial risks,

make informed investment decisions, and strategically plan for business growth, ultimately fostering the development of the culinary tourism sector in this region.

While there is existing research on the impact of financial literacy and profit on business performance, studies specifically investigating the role of business savings as an intervening variable in the development of culinary tourism are relatively scarce (Ambrose, 2013; Rikwentishe, Musa Pulka and Msheliza, 2015). Most studies have focused on direct relationships without examining the mediating effects of business savings. This research aims to fill this gap by exploring how business savings mediate the influence of financial literacy and profit on the development of culinary tourism in Klaten (Ćumurović and Hyll, 2019; Baporikar and Akino, 2020). By addressing this theoretical gap, the study seeks to provide a more nuanced understanding of the financial mechanisms that support the growth of the culinary tourism sector.

This study is important as it examines how financial literacy and profit influence the development of culinary tourism, with business savings acting as a mediating variable. By understanding these dynamics, the research can offer valuable insights into how financial practices can enhance the sustainability and growth of culinary tourism businesses in Klaten. The findings are expected to contribute significantly to the fields of tourism and microfinance, particularly at the local level. The objectives of this study are to analyze the direct effects of financial literacy and profit on the development of culinary tourism in Klaten, Central Java, and to investigate the role of business savings as a mediating variable in these relationships. Specifically, the research aims to explore how business savings mediate the impact of financial literacy and profit on the development of culinary tourism.

RESEARCH METHODS

This research employs a quantitative approach with a case study design focused on Klaten, Central Java, Indonesia. This

methodology allows for an in-depth examination of the influence of profit and financial literacy on the development of culinary tourism, with a particular emphasis on the role of business savings as an intervening variable.

The study's population comprises culinary business owners in Ngerangan Village,

Klaten. A randomized sampling method was used to select respondents who owned culinary businesses. The sample size for this study includes 100 culinary business owners. For this research, the operational definitions of variables, along with their indicators and measurement scales, are outlined in Table 1.

Table 1. Operational Variable Definition

| Variables | Operational Definition | Indicator | Source |
|---------------------------------|---|--|--|
| Development of culinary tourism | Culinary business development that survives and is operationalized as a characteristic of experiencing growth in 2 years. | 1. total availability 2. growth 3. innovation 4. creativity 5. customer Growth | (Amam <i>et al.</i> , 2019) |
| Profit | Net income earned by the company | 1. gross income 2. production cost 3. net income 4. profit growth 5. profit utilization | (Lesmana, 2022); (Yusuf <i>et al.</i> , 2022) |
| Financial Literacy | Financial knowledge and ability to apply it (knowledge and ability). | 1. general financial knowledge 2. banking 3. insurance 4. investment 5. Savings | (Mpaata, Koskei and Saina, 2020); (Titin and Satono, 2022); (Yakob <i>et al.</i> , 2021) |
| Business Savings | Aside from business activities, a portion of income is earmarked for savings or funds. | 1. profit percentage 2. savings utilization 3. where to save 4. savings products 5. flexibility of use | (Hartono and Isbanah, 2022); (Alfi and Yusuf, 2022) |

Source: Data Processed, 2024

Data Collection instruments were conducted by: 1). Questionnaires to collect data on business owner profiles, profit levels, financial literacy, perceptions of business savings, and culinary tourism development efforts; 2). Interviews are used to gain deeper insights into factors that may not be revealed through questionnaires.

Research variables include independent variables: Profits (X_1) and Financial Literacy (X_2). Intervening variable of business savings (Mediator). Dependent variable in the form of Culinary Tourism Development (Y). Data analysis was conducted using SmartPLS 3.0 software to analyze the relationship between profit, financial literacy, business savings, and culinary tourism development. In addition, testing the effect of profit financial literacy on

culinary tourism development and identifies the role of business savings as an intervening variable in the relationship between profit, financial literacy, and culinary tourism development.

This research employs a quantitative approach with a case study design focused on Klaten, Central Java, Indonesia. This methodology allows researchers to understand how profit and financial literacy influence culinary tourism development, with business savings acting as an intervening variable.

The study's population consists of culinary business owners in Ngerangan Village, Klaten, an area recognized for its vibrant culinary tourism potential (Pradiatiningtyas *et al.*, 2020). This location was selected to explore the unique challenges and opportunities culinary businesses in a region rich in cultural and culinary offerings

encounter. The population's characteristics, including the businesses' size and operational stages, provide a diverse data set for comprehensive analysis.

A randomized sampling method was employed to ensure a representative population sample. Randomization mitigates selection bias and enhances the generalizability of the study's findings (Hair et al., 2021). The sample comprises 100 culinary business owners, sufficient for conducting robust statistical analysis using Structural Equation Modeling (SEM). This approach ensures that the sample accurately reflects the diversity within the culinary business community in Ngerangan Village.

The sampling distribution was carefully designed to cover various business sizes and stages of development, capturing a comprehensive view of the sector. This includes small, medium, and large culinary businesses at different stages of their business lifecycle (Sitardja and Lesmana, 2022; Yusuf et al., 2022). The study aims to identify common patterns and unique differences in how financial literacy, profit, and business savings impact culinary tourism development in Klaten by including a wide range of businesses.

A multivariate approach, specifically Structural Equation Modeling (SEM) using SmartPLS 3.0, was chosen over simple regression analysis because it examines multiple relationships between variables, including direct and indirect effects. This is essential for understanding the mediating role of business savings in the relationship between financial literacy, profit, and culinary tourism development (Hair et al., 2022; Chin et al., 2008). The research mathematical equation is:

$$CTD = \beta_1 P + \beta_2 FL + \beta_3 BS + \varepsilon \dots\dots\dots(1)$$

$$BS = \beta_4 P + \beta_5 FL + \varepsilon \dots\dots\dots(2)$$

Where CTD is Culinary Tourism Development, P is Profit, FL is Financial Literacy, BS is Business Saving, $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ is Intercept, and ε is the Error value. This equation using several following assumption: Assumption: The relationships between the variables are linear; Independence: Observations are independent of other; Homoscedasticity: Constant variance of the error terms; Normality: The regression residuals are normally distributed (Tenenhaus et al., 2005).

The theoretical framework is grounded in the literature highlighting the importance of financial literacy and profit in business development. The hypotheses formulated are: H1: Profit has a positive effect on business savings (Adzkiya', 2016; Haryadi et al., 2021). H2: Financial literacy has a positive effect on business savings (Ćumurović and Hyll, 2019; Baporikar and Akino, 2020). H3: Business savings have a positive effect on the development of culinary tourism (Rikwentshe, Musa Pulka, and Msheliza, 2015). H4: Business savings mediate the effect of profit on culinary tourism development (Pramono et al., 2021). H5: Business savings mediate the effect of financial literacy on culinary tourism development (Aribawa, 2016).

RESULTS AND DISCUSSION

The characteristics of the respondents are shown in Table 2. Table 2 provides a detailed profile of the respondents participating in this study, focusing on key demographic and business-related characteristics, such as age, education, length of business operation, and business savings. Analyzing these characteristics offers insights into the composition of the study sample and helps in understanding the potential influence of these variables on business savings and the development of culinary tourism.

Table 2. Profile of Respondents

| Variables | Description | Frequency | (%) |
|-----------------------|--------------------|------------------|------------|
| Age | <35 | 21 | 21 |
| | 35-45 | 39 | 39 |
| | >45 | 40 | 40 |
| Education | < High school | 48 | 48 |
| | High school | 45 | 45 |
| | Graduate | 7 | 7 |
| long time in business | <1.5 | 17 | 17 |
| | 1.5-2.5 | 77 | 77 |
| | >2.5 | 6 | 6 |
| business savings | <1 | 20 | 20 |
| | 1-1.5 | 43 | 43 |
| | >1.5 | 37 | 37 |

Source: Data Processed, 2024

The respondents' ages are distributed as follows: 21% are under 35 years old, 39% are between 35 and 45 years old, and 40% are over 45 years old. This distribution indicates a relatively balanced age range, with a slight concentration in the middle and older age groups. Age can significantly influence business savings behaviors and decisions. Older business owners may have more experience and potentially greater financial stability, allowing them to save more effectively. Conversely, younger business owners might be more inclined to take financial risks and invest in innovative business practices, although they might have less accumulated savings than their older counterparts (Adzkiya', 2016; Haryadi, Seputro, & Bullah, 2021).

The education levels among respondents varied: 48% had less than a high school education, 45% had completed high school, and 7% had a graduate degree. Education plays a critical role in financial literacy, which in turn affects business savings. Higher educational attainment is often associated with better financial management skills and a greater propensity to save. Educated business owners are likely to understand the importance of savings for business sustainability and growth, enabling them to make informed financial decisions (Cumurovic & Hyll, 2019; Baporikar & Akino, 2020).

Regarding the length of business operation, 17% of respondents have been in

business for less than 1.5 years, 77% for between 1.5 to 2.5 years, and 6% for more than 2.5 years. The duration of business operations is a crucial factor in business savings. Typically, businesses that have been operational for longer tend to have more stable income streams and a better understanding of their financial cycles, facilitating more substantial savings. Newer businesses might focus more on reinvestment to establish themselves in the market, thereby saving less in the initial years (Freire & Gertner, 2021; Yakob et al., 2021).

Business savings are categorized as follows: 20% of respondents have savings of less than 1 million IDR, 43% have between 1 to 1.5 million IDR, and 37% have more than 1.5 million IDR. The business savings level reflects a business's financial health and strategic planning. Businesses with higher savings are better positioned to invest in growth opportunities, manage financial uncertainties, and improve overall business resilience (Martono & Khafid, 2019; Prakoso, 2020).

The second stage of testing assessed the structural model. The bootstrap procedure is used to evaluate the significance of indicators and path coefficients (Chin, Peterson, and Brown, 2008). (Chin, Peterson, and Brown, 2008). The goodness-of-fit value of the model is 0.73, meaning that the model fit is considered acceptable (Tenenhaus et al., 2005). The R value2 indicates that profit, financial literacy, and business savings explain 80% of the variance in

culinary tourism development. This study also found that profit and financial literacy explained 85% of the variance in business savings. Thus, it

can be concluded that the tested model is robust. The results of the analysis can be seen in Table 3.

Table 3. Hypothesis Testing

| Path (hypothesis) | Direct effect | | Indirect effect | | Total effect | |
|--|---------------|-----------|-----------------|----------|--------------|-----------|
| | β | t-value | β | t-value | β | t-value |
| Profits -> business savings | 0,456 | 5,081*** | | | 0,456 | 5,081*** |
| financial literacy -> business savings | 0,495 | 5,778*** | | | 0,495 | 5,778*** |
| business savings-> culinary tourism development | 0,897 | 11,749*** | | | 0,897 | 11,750*** |
| Profits -> culinary tourism development | | | 0,409 | 4,544*** | 0,409 | 4,544*** |
| financial literacy -> culinary tourism development | | | 0,444 | 5,385*** | 0,444 | 5,385*** |

Notes: *** significant at α 1% = 0,01

Source: Data Processed, 2024

Table 3 illustrates that profit, as hypothesized, significantly influences business savings, and business savings influence culinary tourism development and financial literacy. The results show that all indirect and total effects are significantly influential.

Profit positively impacts business savings, which occurs for several reasons. The profit generated by a business is the primary source of funds allocated to savings, and the greater the profit earned, the more financial resources are available for business savings. This relationship aligns with the theory that higher profits enhance a business's ability to save and invest in future growth (Anderson, Chandu, & Zia, 2018). Profits can also serve as a source of additional capital for business development or diversification, supporting the theoretical framework that posits profits as essential for capital accumulation and investment in business expansion (Baporikar & Akino, 2020). Stable and consistent profits contribute to business sustainability by enabling the business to meet financial obligations, pay employee salaries, and maintain liquidity for daily operations, as emphasized by the theory of business sustainability (Cumurovic & Hyll, 2019).

Moreover, profit provides financial flexibility for the enterprise, offering options such as expanding operations, making investments to improve efficiency, or adapting to changing market conditions, which aligns with the flexibility theory (Ambrose, 2013). Enterprises generating sufficient profits also have better

financial resilience to crises or economic downturns, with accumulated profits used as reserves to overcome financial difficulties, supporting the resilience theory (Yakob et al., 2021). Also, profits can be used to repay business debts, strengthening the business's credibility and maintaining good relations with suppliers and financial institutions, as financial management theory suggests (Rikwentishe, Musa Pulka, & Msheliza, 2015). The profit generated also provides business resilience to market changes, fluctuations in raw material prices, or economic conditions, as posited by the theory of market resilience (Agustina et al., 2020).

Financial literacy has a positive effect on business savings through various mechanisms. It enables individuals to manage their income effectively by creating adequate budgets that cover daily needs and business savings, as per the theory of financial planning, which emphasizes that effective income management is critical for accumulating savings and ensuring financial stability (Baporikar & Akino, 2020). Financially literate individuals are better equipped to avoid financial problems that could harm their business, aligning with the theory of financial risk management, which suggests that knowledge and awareness allow for proactive risk mitigation (Cumurovic & Hyll, 2019). Furthermore, financial literacy helps make informed investment decisions that align with business savings goals, leading to better diversification, reduced risks, and increased chances of business success, as posited by the investment theory

(Yakob et al., 2021). It also protects businesses from unexpected losses, such as natural disasters or financially damaging events, highlighting the importance of preparedness for unforeseen circumstances as per the theory of financial resilience (Martono & Khafid, 2019).

Additionally, financial literacy facilitates long-term financial planning, which is crucial for sustaining business operations and growth over time, according to lifecycle theory (Baporikar & Akino, 2020). It enables effective debt management, ensuring that business savings are not burdened by excessive debt, as suggested by the debt management theory (Yakob et al., 2021). Financial literacy allows individuals to understand how financial markets work, access additional sources of funds, and optimize business financial management, aligning with the theory of market participation, which posits that market knowledge leads to better financial decisions and funding opportunities (Cumurovic & Hyll, 2019). Lastly, financial literacy leads to wiser financial decisions, avoiding unnecessary waste, and improving efficiency in business financial management, underscoring the importance of informed choices in achieving financial efficiency and success per the financial decision-making theory (Martono & Khafid, 2019). These detailed points illustrate how financial literacy significantly impacts business savings, aligning with theoretical frameworks and the research purpose of understanding financial dynamics in culinary tourism development. The findings are consistent with previous studies (Martono & Khafid, 2019) on the importance of financial literacy in managing and increasing business savings in culinary tourism in Klaten.

Business savings have a positive effect on the development of culinary tourism. Effective management and growth of business savings can significantly impact business development in the culinary tourism sector. Business savings can be used as capital to develop and improve facilities, such as restaurant design, additional seating, or better customer amenities, aligning with capital investment theory, which suggests that physical improvements enhance customer experience and

operational efficiency (Ambrose, 2013). With sufficient savings, culinary tourism business owners can be more flexible in innovating and diversifying their menus, increasing attractiveness, and meeting diverse customer tastes, as supported by the innovation management theory (Freire & Gertner, 2021). Funds saved through business savings can be allocated for aggressive marketing and promotional activities, such as social media campaigns, advertisements, or special events, which aligns with the marketing theory that increased visibility drives business growth (Lupşa-Tătaru, Lixăndroiu, & Lupşa-Tătaru, 2023).

Additionally, business savings can be used to train employees to improve service quality and customer experience, reflecting human capital theory, which emphasizes the importance of skilled labor (Yakob et al., 2021). Savings can also be utilized to improve the quality of raw materials, enhancing food quality and customer satisfaction, which aligns with quality management theory (Pramono et al., 2021). Adopting new technologies or innovations through business savings can improve operational efficiency and customer experience, supported by technological adoption theory (Martono & Khafid, 2019). Moreover, savings can be used to implement sustainable and socially responsible business practices, such as using local raw materials, recycling, or partnering with local farmers, consistent with corporate social responsibility theory, which posits that sustainable practices enhance business reputation and customer loyalty (Buyck et al., 2021). Lastly, business savings can be invested to enhance the customer experience through interior decoration, special services, or organizing events, aligning with customer experience theory, highlighting that creating memorable experiences drives customer loyalty and business success (Hall, 2003). These points collectively illustrate how business savings significantly impact culinary tourism development, aligning with theoretical frameworks and the research purpose of understanding financial dynamics in the sector. The findings are consistent with previous studies

(Rikwentishe, Musa Pulka, & Msheliza, 2015), reinforcing the importance of business savings in driving growth and sustainability in culinary tourism.

The effect of profit on the development of culinary tourism, with business savings as an intervening variable, can be explained through the intricate relationship between the profits generated by the business, the accumulation of savings, and the utilization of these savings to support development. High profits can drive culinary tourism development by providing business owners with the confidence and resources needed to engage in development projects (Situmorang, 2021). Profits increase business savings and allow business owners to use these savings for various development initiatives (Ambrose, 2013). High profits enhance the amount of business savings, which can then be used as additional capital for expansion, renovation, or opening new branches in the culinary tourism industry (Lutfiana & Hermanto, 2021). Profits allocated to business savings can support the diversification of restaurant menus or concepts, the adoption of innovations in food presentation, the creation of unique customer experiences, and increased market competitiveness (Freire and Gertner, 2021). Business savings from profits can be directed towards more intensive marketing and branding activities, including advertising campaigns, promotions, and other strategies to enhance visibility and attract more customers (Lupşa-Tătaru, Lixândroiu, & Lupşa-Tătaru, 2023).

Additionally, profits can be used to train employees, improve service quality, and create a better customer experience, thereby building a positive reputation in the culinary industry (Yakob et al., 2021). Business savings generated from profits can be invested in new technology or infrastructure improvements, increasing operational efficiency and adding value (Martono & Khafid, 2019). Furthermore, business savings serve as financial reserves, protecting against financial risks such as fluctuating raw material prices or increasing operational costs (Cumurovic & Hyll, 2019). Profits invested in business savings can help

culinary tourism businesses become more resilient to market or economic changes, enabling them to overcome challenges and maintain operational stability (Baporikar & Akino, 2020). Understanding the relationship between profit, business savings, and culinary tourism development allows business owners to design effective strategies for optimizing growth and sustainability. The findings of this study are consistent with previous research conducted by Situmorang (2021) and Lutfiana and Hermanto (2021), which also highlight the positive impact of profits on business savings and development.

The effect of financial literacy on the development of culinary tourism, with business savings as an intervening variable, can be explained through a complex relationship involving financial literacy, business savings, and development in the culinary tourism sector. Financial literacy plays a key role in shaping the understanding and knowledge of culinary tourism business owners regarding financial management, risk management, and investment. A high level of financial literacy can motivate business owners to make wiser financial decisions (Aribawa, 2016). Business owners with good financial literacy can be more meticulous in managing business finances, creating effective budgets, managing debt wisely, and optimizing profits for business savings (Cumurovic & Hyll, 2019).

Business savings act as an intermediary between financial literacy and culinary tourism development. High financial literacy encourages business owners to actively save, creating a habit of setting aside income for investment and development purposes (Baporikar & Akino, 2020). Sufficient business savings will run culinary tourism operations more smoothly and sustainably, using savings to overcome financial challenges and ensure stable operational continuity (Yakob et al., 2021). Savings generated through financial literacy can support innovation and diversification in menus or customer experiences, providing better competitiveness in the culinary industry (Prakoso, 2020). Financially literate business owners tend to respond more to market changes,

using savings to adapt to market trends or customer demands (Martono & Khafid, 2019). Furthermore, financial literacy aids business owners in better risk and financial management, with sufficient business savings as a backup to address risks. Supported by business savings, owners can improve service quality, provide a better customer experience, and build a strong reputation in the culinary industry. The results of this study are consistent with previous research (Aribawa, 2016; Prakoso, 2020), which researches financial literacy in managing and increasing business savings, ultimately supporting the growth and sustainability of culinary tourism in Klaten.

CONCLUSION

This study addresses the research questions by examining how profit and financial literacy influence culinary tourism development, with business savings as an intervening variable. The findings reveal that profit and financial literacy positively impact business savings, significantly contributing to culinary tourism development. Specifically, business profits and financial literacy enhance business savings, which serve as critical capital for various developmental activities within the culinary tourism sector.

The novelty of this research lies in its comprehensive analysis of the mediating role of business savings, providing a deeper understanding of the financial mechanisms driving culinary tourism development. This study highlights the intricate interactions between profit, financial literacy, and business savings, offering new insights into the financial dynamics of the culinary tourism industry in Klaten.

The implications of these findings are significant for policymakers, business owners, and financial institutions. Governments can leverage these insights to craft policies that enhance financial literacy and encourage profitable practices among business owners. Businesses can adopt strategies emphasizing savings and prudent financial management to foster sustainable growth. Financial institutions

can develop tailored financial products and services that cater to the specific needs of culinary tourism enterprises, thereby supporting their expansion and stability.

This study recommends enhancing financial literacy programs for culinary business owners, focusing on budgeting, savings, investment, and risk management. Governments should introduce policies incentivizing savings and investments and provide grants or low-interest loans for infrastructure and technological upgrades. Business owners should prioritize comprehensive financial planning, invest in employee training, and adopt innovative practices to enhance customer experience. Financial institutions should develop tailored financial products and offer financial advisory services, supporting financial literacy initiatives in collaboration with governments.

Further research must be done to test the long-term impact of changes in financial literacy and profit levels on business savings and culinary tourism development. Comparative studies across different regions or countries can identify best practices. Additionally, exploring other mediating variables such as access to finance, market conditions, and regulatory environment can provide deeper insights. Investigating the impact of technological adoption on business savings and development and consumer behavior analysis in culinary tourism will offer valuable insights for stakeholders to support sustainable growth in the culinary tourism sector.

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