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Driving Sustainable Competitive Advantage through Talent, Innovation, and Management Commitment in Lake Toba's Star-Rated Hotels

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ABSTRACT

Star-rated hotels face severe staffing shortages, high turnover, and operational shifts from Industry 4.0 and 5.0. Adapting to Generation Z's workplace preferences is a critical imperative. This study examines the relationships between human resource (HR) management, talent management, management commitment, innovation capability, and turnover in achieving sustainable competitive advantage within Lake Toba's star-rated hotels. Anchored in Signaling Theory, this research utilizes PLS-SEM to evaluate direct links, serial mediation, and moderating effects. The structural analysis demonstrates that robust HR and talent management practices are essential for fostering management commitment. Furthermore, a significant serial mediation effect reveals that HR and talent management drive sustainable competitive advantage sequentially through management commitment and organizational performance. The study proves organizational performance is the primary antecedent for competitive survival. It also rejects the hypothesized moderating interaction effects, clarifying the direct catalysts for organizational success. By integrating Signaling Theory with the Dynamic Capabilities framework, this research concludes that hotels must transform talent management into a fluid, skills-based dynamic capability. Doing so cultivates strategic sensitivity and resource fluidity, offering hospitality leaders a strategic roadmap to institutionalize human-centric practices for long-term competitive resilience.

Keywords: Sustainable competitive advantage, Talent management, Innovation capability, Management commitment, Organizational performance, PLS-SEM.

Introduction

In the face of intensifying market pressure and the shift toward the "triple bottom line"—where economic, social, and environmental outcomes hold equal weight—traditional performance metrics are no longer sufficient. Organizations today face the dual challenge of pursuing profitability while safeguarding employee well-being and environmental health. This paradigm shift places immense pressure on employees, who are now the organization's most critical assets in navigating complex performance goals. To prevent the burnout often caused by high-demand, high-stress work environments, organizations are increasingly turning to Sustainable Human Resource Management (SHRM).

Human Resource (HR) practices encompass a company's systems for managing its people, including recruitment, training, performance evaluation, compensation, and talent management. When an organization implements strong, fair, and supportive HR practices, it builds trust and equips its workforce for success. This highly supportive environment directly increases Management Commitment—the dedication of the leadership team to the organization's goals, values, and long-term vision. Human Resource Management" was shown to have a very strong, statistically significant impact on "Management Commitment (Ahmed *et al*., 2023).

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A committed management team actively drives the company forward rather than just maintaining the status quo. They are more likely to allocate resources effectively, champion new initiatives, support innovation, and inspire their subordinate. His high level of leadership dedication translates into tangible business results, leading to improved Organizational Performance. This performance is often measured through increased productivity, better financial returns, higher product/service quality, and overall operational efficiency. His high level of leadership dedication translates into tangible business results, leading to improved Organizational Performance. This performance is often measured through increased productivity, better financial returns, higher product/service quality, and overall operational efficiency (Ahmed *et al*., 2023).

The rapid technological advancements of Industry 4.0 created a significant gap between employees' current skills and evolving job demands, making strategic talent management highly critical. Organizations must prioritize robust reskilling and upskilling programs to ensure their workforce is proficient in new digital tools and automated technologies. Because Industry 5.0 is human-centric, talent management strategies must focus on cultivating creativity, promoting a culture of innovation, and optimizing collaboration between personnel and modern technologies. Work systems must be designed with a focus on human well-being, cognitive abilities, and ergonomics to ensure employees can safely and effectively thrive in automated environments. To successfully establish a sustainable competitive advantage, organizations must continuously train and increase employee knowledge regarding environmental protection and social sustainability (Samuels *et al*., 2025).

The intersection of talent management and dynamic capabilities highlights a necessary shift in how organizations must manage their workforce to survive in unpredictable environments. By refining talent management into a fluid, skills-based process, an organization actively builds its dynamic capabilities. Specifically, this approach fosters critical meta-capabilities such as strategic sensitivity (the ability to sense market changes, seek opportunities, and recognize patterns) and resource fluidity (the ability to reallocate talent and adapt learning approaches rapidly) (Jooss *et al*., 2024). Ultimately, when talent management is utilized as a dynamic capability, it empowers the firm to integrate, build, and reconfigure its competencies swiftly. This interconnected relationship is what ultimately enables an organization to achieve strategic agility, allowing it to navigate and respond to rapidly changing global challenges successfully.

The hotel and hospitality sector is suffering from a critical staffing crisis and exceptionally high employee turnover rates. This phenomenon was severely worsened; many laid-off hospitality employees, especially at the entry level, left the industry entirely and refused to return due to feelings of job insecurity. The industry's future of work is being rapidly transformed by Artificial Intelligence (AI), automation, and robotics. Hotels and restaurants are increasingly deploying AI for frontline services (like concierge robots or website chatbots) and utilizing automated HR technologies to recruit, track, and engage employees (El Hajal & Losekoot, 2025).

As Baby Boomers and Generation X approach retirement, Generation Z (born between 1997 and 2012) is becoming the predominant workforce in the hotel industry. This creates a new phenomenon where employers must adapt to Gen Z's unique workplace preferences, which include a strong desire for schedule flexibility, work-life balance, open communication, continuous growth opportunities, and heavily integrated digital tools. Because of these rapid changes, there is a growing disconnect between what hotel schools teach and what the industry actually needs. The research notes that hospitality education must be modernized to focus more on soft skills, adaptability, and experiential learning rather than just traditional technical skills that might soon be automated (El Hajal & Losekoot, 2025).

To navigate this phenomenon, the research emphasizes that hotels cannot solve the staffing and technological crises alone. It requires a robust Talent Management (TM) strategy and deep collaboration between hotel professionals, education providers, and policymakers to prepare Gen Z for the future of work. This research dives deep into the dynamic intersection of human resources and organizational performance within star-rated hotels in the vibrant Lake Toba region. By exploring how to secure a sustainable competitive advantage in this high-priority tourism destination, the study delivers a fresh and highly specific empirical contribution to regional hospitality literature. The study breaks new ground by fusing Signaling Theory with Dynamic Capabilities, perfectly timed for the human-centric shift of Industry 5.0 and the rise of Generation Z in the hospitality workforce. This vital transformation cements talent management as the ultimate driver of a firm's dynamic capabilities, sparking strategic sensitivity and seamless resource fluidity.

From a methodological standpoint, the research stands out by rigorously testing sequential mediation paths using PLS-SEM modelling. Moving beyond basic direct links, the model empirically proves a powerful chain reaction: stellar Human Resource Management ignites Management Commitment, which in turn supercharges Organizational Performance, ultimately forging a lasting Sustainable Competitive Advantage. The study takes an unexpected and interesting turn when testing two potential moderating effects on Organizational Performance. The true novelty here is the definitive rejection of these hypotheses due to insignificant results. This outcome powerfully confirms that true organizational triumph is fueled directly by core pillars—like management commitment, cutting-edge innovation, and low turnover—rather than by complex moderating interactions.

Literature Review

In today's dynamic business landscape, organizations prioritize attracting top-tier talent to achieve their strategic objectives. Research indicates that such efforts are vital in securing high-caliber professionals, bolstering corporate reputation, and driving long-term success. Once top talent is acquired, effective Talent Management becomes essential, directly influencing organizational productivity and fostering growth. Furthermore, cultivating an Innovation Capability allows these organizations to stay ahead of the curve, while strong Management Commitment ensures that human capital strategies are prioritized at the highest levels. Collectively, these initiatives foster a Sustainable Competitive Advantage, ultimately leading to superior Organizational Performance.

The journal utilizes Signaling Theory to frame the overarching conceptual model. This theory explains how organizations and individuals receive and perceive messages or "signals" that cause the market to respond positively or negatively. The authors note that signaling theory is highly relevant to both HR practices and management commitment perspectives. These elements send internal signals that shape the organizational culture (such as a green mindset) and external signals that demonstrate the firm's dedication to sustainable practices.

Management Commitment has a significant positive moderating effect on the relationship between Green Innovation and Organizational Performance (Mitta & Kaur, 2022). When combined with Human Resource (HR) practices, Management Commitment strengthens the association between Green Innovation and Organizational Attainment (Yen & Yen, 2012; Shafique *et al*., 2017). High Management Commitment advocates for organization-level transformations toward adopting green practices, ultimately leading to enhanced performance (Stel *et al*., 2005; Lu *et al*., 2020).

Talent management serves as a strategic engine for organizational excellence, centered on identifying, cultivating, and securing high-caliber professionals. This disciplined approach ensures that the right expertise is strategically positioned to drive institutional transformation and long-term success. The core pillars of this process include: 1) Talent Discovery: Proactively assessing capabilities and forecasting future organizational needs. 2)Talent Attraction: Utilizing diverse, innovative methods to source top-tier talent from both internal and external markets. 3)Talent Development: Elevating employee potential through personalized growth and upskilling programs to maximize performance. 4) Talent Retention: Curating a supportive, engaging work environment that fosters loyalty and minimizes turnover (Koranteng, 2014).

Human Resource Management (HRM) is the foundational bedrock for acquiring and sustaining specialized talent. Serving as the operational heartbeat of the organization, HRM translates high-level vision into actionable talent management strategies. The study underscores that synchronizing these HR processes with the broader corporate brand is paramount to catalyzing organizational efficiency and elevating productivity. Ultimately, warn that organizations failing to integrate these critical variables risk obsolescence in a competitive landscape. By distilling 108 distinct variables into a comprehensive analytical model, the authors deliver a definitive roadmap for HR leaders to institutionalize retention, thereby securing enduring business prosperity (Shafiee & Goodarzi, 2025).

The sustainability of employee performance is often overlooked in both academic literature and practice due to a focus on short-term results. However, organizations seek to endure, perform, and transform continuously, making long-term sustained employee performance critically important. Work performance and employee well-being should therefore be considered and maximized together (Peeters *et al*., 2013; Ji *et al*., 2021). This also requires treating employees fairly and ethically (Hronová & Špaček, 2021). Previous authors have introduced the concepts of work sustainability and sustainable work systems and practices (Docherty *et al*., 2009; Kira & Lifvergren, 2013) as ways to ensure sustainable work performance, employee development, and well-being. This combination can enhance employee

satisfaction, motivation, and commitment, which may lead to increased productivity, creativity, and innovation. Balanced and SHRM practices can therefore foster greater employee vitality, resulting in higher energy, stamina, passion, and excitement about work (Spreitzer *et al*., 2012).

Theoretical Framework

The conceptual framework presented integrates seven key latent constructs to explain the drivers of sustainable competitive advantage within the hotel industry. This model, illustrated in Figure 1, shows how organizational systems and management behaviors interac to influence performance outcomes. The framework is built upon the following seven constructs, which are systematically linked to trace the progression from internal management practices to long-term competitive success. Human Resource Management acts as a foundational independent variable that shapes organizational culture and management dedication. Talent Management serves as a critical independent variable, particularly emphasized for its role in navigating Industry 4.0 and 5.0 shifts, focusing on workforce skill acquisition and adaptation. Management Commitment: Functions as a key mediator that translates human resource and talent management efforts into actionable leadership dedication. Innovation Capability: Operates as a mediator that allows the organization to develop new processes and operational efficiencies. Lower Turnover: Represented as a direct contributor to improved organizational performance, addressing the staffing crises prevalent in the hospitality sector. Organizational Performance: Acts as the central dependent variable, capturing the tangible results of management practices and innovation. Sustainable Competitive Advantage: The ultimate dependent variable, achieved when high organizational performance is sustained over time.

The conceptual framework is anchored in Signaling Theory. This theory posits that organizational practices—such as recruitment, training, and leadership dedication—send critical internal and external signals. Internally, these signals shape the organizational culture and employee mindset, while externally, they demonstrate the firm's dedication to sustainable practices and operational excellence. The research effectively maps the interactions among these latent constructs. The model specifically highlights that HR and talent management practices do not act in isolation; rather, they flow through leadership commitment and innovation capabilities to produce the performance levels necessary to secure a sustainable competitive advantage.

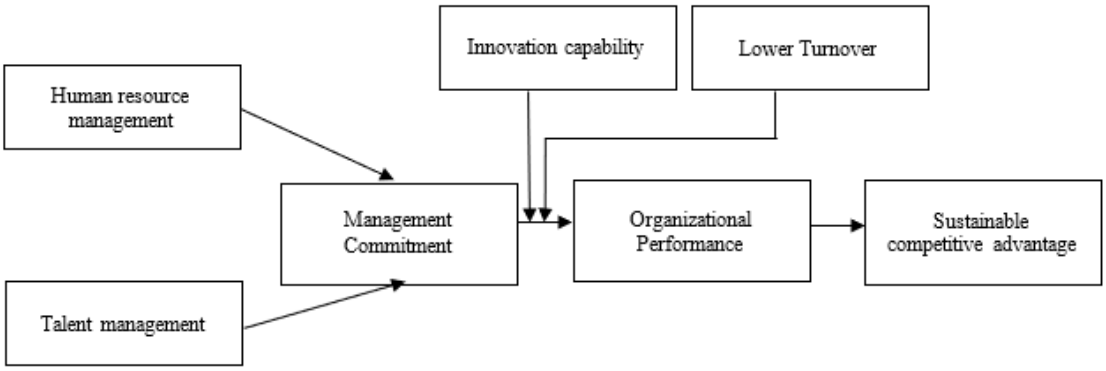


Figure 1. Conceptual Framework.

Materials and Methods

This study uses a quantitative approach with an explanatory research design aimed at analyzing the interplay between variables in the proposed model. This approach was chosen to empirically test the causal relationship between Human Resources (HR) practices, talent management, management commitment, innovation capability, employee turnover, organizational performance, and sustainable competitive advantage. The population for this study consists of star-rated hotels located within the Lake Toba strategic tourism area. The research employs a purposive sampling technique to select a total sample size of 185 respondents. The selection criteria specifically target managers or decision level staff who possess a comprehensive understanding of their respective companies' strategic policies.

The variables measured in this study include: 1) HR & Talent Management Practices: Measures the recruitment, training, evaluation, and talent development systems. 2) Management Commitment: Measures the extent of leadership dedication to the organization's long-term vision and goals. 3) Innovation Capability: Measures an organization's ability to create new products or processes. 4) Turnover Rate: Measures the stability of employee retention within the organization. 5) Organizational Performance: An intermediate dependent variable measured through productivity, financial results, and service quality. 6) Sustainable Competitive Advantage: The primary dependent variable representing a company's long-term strategic position in the hospitality industry.

Data were collected through a structured survey using a questionnaire distributed to respondents. The research instrument used a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) to capture respondents' perceptions of the validated research variable indicators. To test the research hypotheses and model, Partial Least Squares Structural Equation Modeling (PLS-SEM) was used. PLS-SEM was selected based on its ability to handle complex models, latent variables, and sample size limitations. The analysis stages include: Measurement Model Evaluation (Outer Model), which includes convergent validity tests (factor loadings and Average Variance Extracted/AVE) and reliability (Composite Reliability). Structural Model Evaluation (Inner Model): Includes path coefficient tests, R-square values to measure predictive power, and hypothesis significance testing using T-statistics and P-values (with a significance level of $\alpha = 0.05$). Mediation Analysis: Uses bootstrapping to test serial mediation effects in explaining how independent variables influence sustainable competitive advantage.

Results and Discussion

To appreciate the depth of our findings, it is essential first to understand the voices behind the data. We gathered perspectives from 185 hospitality professionals representing a broad spectrum of star-rated hotels in the Lake Toba area. The following demographic breakdown—mapping out experience, educational background, and organizational role—validates the depth and diversity of our sample. This professional baseline provides a critical lens through which we can interpret the nuances of our research, from the effectiveness of HR practices to the overarching drive for sustainable competitive advantage.

Table 1. Demographic Statistics (N = 185)

Category	Sub-Category	Frequency	Percentage (%)
Gender	Male	104	56.2%
	Female	81	43.8%
Age (Years)	18–25	74	40.0%
	26–35	86	46.5%
	Above 35	25	13.5%
Qualification	Graduate	118	63.8%
	Masters	67	36.2%
Management Level	Lower Management (LM)	46	24.9%
	Middle Management (MM)	105	56.8%
	Top Management (TM)	34	18.3%

The data indicates that the majority of respondents are male, accounting for 56.2% of the total sample, while female respondents represent 43.8%. The sample displays a strong academic foundation, with the majority of respondents holding a Graduate (Bachelor's) degree, accounting for 47.0% of the sample. Meanwhile, 36.2% of the participants hold a Master's degree, and 16.8% possess qualifications above the Master's level. This distribution ensures that the research captures insights from a broad base of professionals who are actively engaged in the daily strategic operations of their respective hotels. The sample is largely composed of Middle Management professionals (56.8%), followed by Lower Management (24.9%) and Top Management (18.3%), ensuring a diverse perspective from the decision-making strata of the hotels.

Edwards, Bagozzi, and Ahmed *et al*. have exhibited that SEM-based multivariate modeling aids the evaluation of the relationship between constructs and indicators with the help of a hypothesized measurement model (Wiklund &

Shepherd, 2013; Bourlès & Cozarenco, 2018). However, the association among constructs is examined through the path model between the constructs. The measurement model is classified into two models, i.e., formative & reflective, determined by the direction of association between items and constructs (Santoso *et al*., 2018; Negeri & Wakjira, 2023). Indicators developed by latent constructs are known to be impact indicators, and reflective models help to endorse the association between effect indicators and their factors. However, in the formative model, indicator impacts are known as causal indicators, and the construct formed is a composite variable (Kisker, 2016; Ji *et al*., 2021). As (Dessyana & Riyanti, 2017; Lu *et al*., 2020) evaluate the reflective model, classical test theory is mostly followed based on construct recognition developed with the support of CFA, and reliability is evaluated through Cronbach's alpha.

Table 2. Measurement model

Construct	Items	Loadings	Composite Reliability	AVE
Human resource management	X1.1	0,7940	0,9136	0,6794
	X1.2	0,7609		
	X1.3	0,8721		
	X1.4	0,8502		
	X1.5	0,8390		
Talent management	X2.1	0,8210	0,9324	0,6970
	X2.2	0,8367		
	X2.3	0,8428		
	X2.4	0,8246		
	X2.5	0,8750		
	X2.6	0,8074		
Sustainable competitive advantage	Y1.1	0,8475	0,9410	0,6398
	Y1.2	0,8089		
	Y1.3	0,7371		
	Y1.4	0,8099		
	Y1.5	0,8007		
	Y1.6	0,8048		
	Y1.7	0,8515		
	Y1.8	0,7751		
	Y1.9	0,7560		
Management Commitment	Z1.1	0,8794	0,9154	0,6843
	Z1.2	0,8157		
	Z1.3	0,8575		
	Z1.4	0,8056		
	Z1.5	0,7738		
Lower Turnover	Z2.1	0,7623	0,8954	0,6314
	Z2.2	0,7887		
	Z2.3	0,7844		
	Z2.4	0,8164		
	Z2.5	0,8197		
Innovation capability	Z3.1	0,8123	0,9328	0,7352
	Z3.2	0,8580		
	Z3.3	0,8697		
	Z3.4	0,8796		
	Z3.5	0,8660		
Organizational Performance	Z4.1	0,8207	0,9060	0,6590
	Z4.2	0,8496		

Z4.3	0,8291
Z4.4	0,8300
Z4.5	0,7236

Discriminant validity was further confirmed through cross-loading analysis, where each item loaded more strongly on its assigned construct than on any other, affirming that the indicators capture distinct theoretical domains. To assess indicator reliability, the outer loadings of each item were analyzed against the recommended threshold of 0.70. All utilized items achieved factor loadings well above this standard, with a specific range from 0.7236 (Z4.5, organizational performance) to 0.8796 (Z3.4, innovation capability). These high loadings confirm a strong nexus between indicators and their respective latent variables, establishing indicator reliability. Recommended minimum of 0.70 across all seven constructs. CR values range from 0.8954 (Lower Turnover) to 0.9410 (Sustainable Competitive Advantage), indicating excellent internal reliability for all measures. Lastly, convergent validity was validated through the Average Variance Extracted (AVE). Adhering to the established benchmark of 0.50—which signifies that the construct explains the majority of its indicators' variance—all AVE values in the table demonstrate sufficient validity, ranging from 0.6314 (Lower Turnover) to 0.7352 (Innovation Capability). Thus, the convergent validity of the measurement model is substantiated.

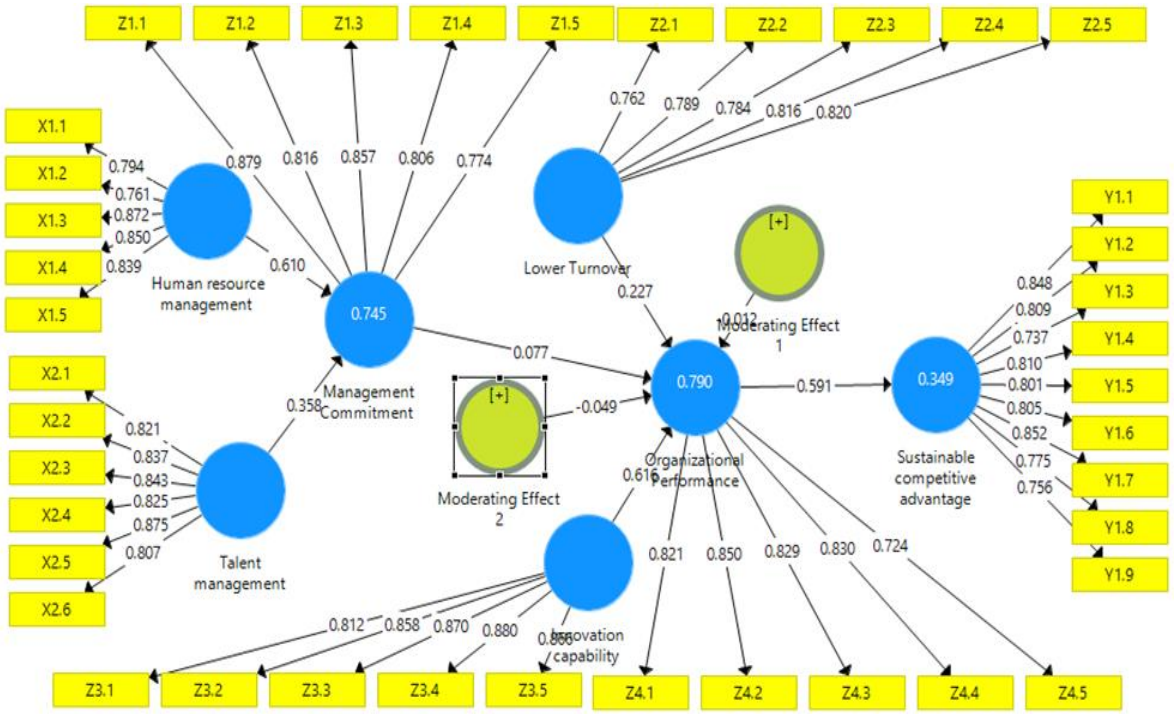


Figure 2. Measurement Model.

This visual presentation illustrates a structural equation path model generated via Partial Least Squares (PLS-SEM), as indicated by the SmartPLS software visual layout. The diagram depicts hypothesized relationships between various latent constructs, with their specific indicator variables shown as yellow rectangles. These represent theoretical concepts that cannot be measured directly. The constructs in this model are Human resource management, Talent management, Management Commitment, Lower Turnover, Innovation capability, Organizational Performance, and Sustainable competitive advantage. By looking at the arrows connecting the blue circles, we can determine which hypotheses are supported.

Table 3. Fornel-Larcker criterion.

Factors	Human resource management	Innovation capability	Lower Turnover	Management Commitment	Organizational Performance	Sustainable competitive advantage	Talent management
Human resource management	0,8242						
Innovation capability	0,4069	0,8574					
Lower Turnover	0,5053	0,7422	0,7946				
Management Commitment	0,8104	0,3625	0,4737	0,8272			
Organizational Performance	0,5026	0,8575	0,7707	0,4537	0,8118		
Sustainable competitive advantage	0,5708	0,5040	0,7381	0,5459	0,5911	0,7999	
Talent management	0,5596	0,3860	0,4460	0,6993	0,4210	0,5366	0,8349

The Fornell-Larcker criterion is a traditional method for assessing discriminant validity. The Diagonal Values: The values situated on the main diagonal (e.g., 0.8242 for Human resource management; 0.8574 for Innovation capability) represent the square root of the Average Variance Extracted for each construct. The Off-Diagonal Values: The numbers below the diagonal represent the correlation coefficients between the different constructs. How to Interpret It: To establish discriminant validity, the diagonal value of a construct must be higher than any of its correlations with other constructs in the same column and row. Analysis of the Data: Most constructs meet this criterion, meaning they are well-distinguished. However, there is a potential issue: the correlation between Organizational Performance and Innovation capability (0.8575) is slightly higher than the diagonal value for Organizational Performance (0.8118). This suggests these two variables might be conceptually overlapping in the data.

Table 4. Heterotrait-monotrait ratio (HTMT) - Matrix.

Factors	Human resource management	Innovation capability	Lower Turnover	Management Commitment	Organizational Performance	Sustainable competitive advantage
Innovation capability	0,4559					
Lower Turnover	0,5939	0,7919				
Management Commitment	0,9095	0,4015	0,5523			
Organizational Performance	0,5756	0,9637	0,8499	0,5161		
Sustainable competitive advantage	0,6306	0,5451	0,8536	0,6011	0,6529	
Talent management	0,6188	0,4234	0,5135	0,7764	0,4697	0,5797

The HTMT ratio requires values to be below 0.85 (strict) or 0.90 (lenient) to confirm that constructs are empirically distinct. While the model demonstrates good discriminant validity in several areas—notably between Talent management and Innovation capability (0.4234)—two specific relationships indicate potential overlap. The HTMT ratio for Management Commitment and Human Resource Management is 0.9095, which slightly breaches the acceptable lenient threshold. Furthermore, the ratio for Organizational Performance and Innovation capability peaks at 0.9637. This exceptionally high value reinforces the concerns initially raised by the Fornell-Larcker criterion, implying that respondents likely perceived the indicators for "Organizational Performance" and "Innovation capability" as measuring the same underlying concept.

Table 5. Regression analysis or R-squared values and F-squared values

Factors	R Square	R Square Adjusted	F Squared Management Commitment	F Squared Organizational Performance	F Squared Sustainable competitive advantage
Management Commitment	0,7448	0,7421			
Organizational Performance	0,7900	0,7845			
Sustainable competitive advantage	0,3494	0,3461			
Human resource management			1,0019		
Innovation capability				0,7704	
Lower Turnover				0,0940	
Management Commitment				0,0187	
Organizational Performance					0,5371

The provided table displays the R Square R^2) and R Square Adjusted (Adjusted R^2) values for three specific constructs (variables) within a research model.

1. R Square (R^2): this value indicates the proportion of the variance in the dependent (endogenous) variable that is predictable from the independent variable(s). In simpler terms, it measures how well the model explains the changes in that variable. Values range from 0 to 1 (0% to 100%), with higher values indicating stronger explanatory power.
2. R Square Adjusted (Adjusted R^2): This is a modified version of R^2 that adjusts for the number of predictors (independent variables) in the model. It is a more accurate measure when comparing models with different numbers of predictors or when using a sample size that is not very large. It penalizes the unnecessary addition of variables that do not contribute meaningfully to the model's predictive power.
3. Effect size measurements for this structural equation model (SEM) are shown via the F-squared f^2) values in **Table 5**. While path coefficients determine significance, the f^2 value reveals how much an independent construct contributes to explaining a dependent construct's variance (R^2), measuring practical impact. Following Cohen's (1988) guidelines, f^2 values of 0.02, 0.15, and 0.35 represent small, medium, and large effects, respectively. Any values beneath 0.02 are typically regarded as having no practical impact.

Table 6. Hypothesized direct, Moderating & Mediation variable influence test results

Hypothesized direct relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Conclusion
Human resource management -> Management Commitment	0,6102	0,6103	0,0528	11,5474	0,0000	accepted
Innovation capability -> Organizational Performance	0,6157	0,6122	0,0617	9,9721	0,0000	accepted
Lower Turnover -> Organizational Performance	0,2265	0,2289	0,0869	2,6068	0,0094	accepted
Management Commitment -> Organizational Performance	0,0766	0,0796	0,0351	2,1829	0,0295	accepted
Organizational Performance -> Sustainable competitive advantage	0,5911	0,5935	0,0690	8,5668	0,0000	accepted
Talent management -> Management Commitment	0,3578	0,3573	0,0506	7,0678	0,0000	accepted
Human resource management -> Management Commitment -> Organizational Performance	0,0467	0,0487	0,0223	2,0978	0,0364	accepted
Talent management -> Management Commitment -> Organizational Performance	0,0274	0,0285	0,0132	2,0746	0,0385	accepted

Innovation capability -> Organizational Performance -> Sustainable competitive advantage	0,3640	0,3621	0,0475	7,6645	0,0000	accepted
Lower Turnover -> Organizational Performance -> Sustainable competitive advantage	0,1339	0,1362	0,0553	2,4201	0,0159	accepted
Human resource management -> Management Commitment -> Organizational Performance -> Sustainable competitive advantage	0,0276	0,0291	0,0140	1,9782	0,0485	accepted
Management Commitment -> Organizational Performance -> Sustainable competitive advantage	0,0453	0,0477	0,0222	2,0354	0,0423	accepted
Talent management -> Management Commitment -> Organizational Performance -> Sustainable competitive advantage	0,0162	0,0171	0,0085	1,9161	0,0559	rejected
Moderating Effect 1 -> Organizational Performance -> Sustainable competitive advantage	-0,0071	-0,0021	0,0449	0,1575	0,8749	rejected
Moderating Effect 2 -> Organizational Performance -> Sustainable competitive advantage	-0,0292	-0,0359	0,0432	0,6758	0,4995	rejected

The analysis reveals that six of the eight hypothesized direct relationships are statistically significant and supported:

1. Drivers of Management Commitment: Both prerequisite HR factors significantly and positively influence Management Commitment (Gunasekaran *et al*., 2017). Human resource management (Lu *et al*., 2020) exerts a strong positive effect (O = 0.6102, p = 0.0000), and Talent management (Chang, 2011) also has a significant positive impact (O = 0.3578, p = 0.0000).
2. Drivers of Organizational Performance: Three factors were found to enhance Organizational Performance directly (Yen & Yen, 2012). Innovation capability (Shafique *et al*., 2017) is the strongest predictor (O = 0.6157, p = 0.0000), followed by Lower Turnover (Mitta & Kaur, 2022) (O = 0.2265, p = 0.0094). While Management Commitment (Gunasekaran *et al*., 2017) also has a significant positive effect (O = 0.0766, p = 0.0295), its influence is relatively weak compared to the other drivers.
3. Achieving Competitive Advantage: Finally, Organizational Performance (Yen & Yen, 2012) is a critical and highly significant antecedent of Sustainable Competitive Advantage (Irani & Kilic, 2022) (O = 0.5911, p = 0.0000).
4. Management Commitment as a Mediator to Organizational Performance: Both Human resource management (O=0.0467, P=0.0364) and Talent management (O=0.0274, P=0.0385) have a significant positive indirect effect on Organizational Performance through the mediation of Management Commitment.
5. Organizational Performance as a Mediator to Sustainable Competitive Advantage: This is a very strong, crucial mediation path. Significant indirect relationships were confirmed for Innovation capability (O=0.3640, P=0.0000, highly strong), Lower Turnover (O=0.1339, P=0.0159), and Management Commitment (O=0.0453, P=0.0423) through Organizational Performance.
6. Serial Mediation: There is a significant serial mediation path. Human resource management positively influences Sustainable competitive advantage indirectly through the sequential mediation of Management Commitment and subsequently Organizational Performance (O=0.0276, P=0.0485).
7. Complex Serial Mediation: The serial mediation path from Talent management through Management Commitment and Organizational Performance to Sustainable competitive advantage is not statistically significant (P=0.0559, which is slightly above the 0.05 cutoff).
8. Moderating Interaction Effects: Neither hypothesized interaction term (Moderating Effect 1 nor Moderating Effect 2) showed a significant indirect relationship with Sustainable competitive advantage through Organizational Performance (P-values of 0.8749 and 0.4995, respectively).

In this study, the Heterotrait-Monotrait (HTMT) ratio between Innovation Capability and Organizational Performance indicates a strong correlation. However, from a theoretical standpoint, these two constructs remain distinct and non-

redundant. First, based on the Resource-Based View (RBV), Innovation Capability is conceptualized as a dynamic capability—a strategic input that empowers an organization to integrate and reconfigure its competencies in response to volatile environments. Conversely, Organizational Performance functions as the cumulative output, representing the realization of such capabilities into tangible financial and non-financial outcomes. Simply put, Innovation Capability denotes a firm's latent potential, whereas Organizational Performance is the manifestation of that potential realized through operational success. While innovation is a primary driver of performance, their relationship is essentially causal and sequential, rather than synonymous. The high HTMT value observed in this model reflects the profound synchronization between innovation strategies and operational success within the star-rated hotel sector in Lake Toba, where service innovation has become the imperative pathway for managers to sustain performance amidst post-pandemic market pressures. Consequently, this high statistical association does not imply measurement redundancy; rather, it serves as empirical evidence that, within this specific tourism ecosystem, firms lacking innovation capability are fundamentally incapacitated from achieving superior performance.

Second, this distinction is further supported by the established Innovation-Performance Link literature (Gunday *et al*., 2011). While innovation is a primary driver of performance, their relationship is essentially causal and sequential, not synonymous. The high HTMT value observed in this model reflects the profound synchronization between innovation strategies and operational success within the star-rated hotel sector in Lake Toba, where service innovation has become the imperative pathway for managers to sustain performance amidst post-pandemic market pressures. Consequently, this high statistical association does not imply measurement redundancy; rather, it serves as empirical evidence that, within this specific tourism ecosystem, firms lacking innovation capability are fundamentally incapacitated from achieving superior performance.

The empirical analysis corroborates a robust structural model that identifies the primary determinants of Sustainable Competitive Advantage within the hospitality sector, offering critical insights into the underlying mechanics of organizational success. The findings demonstrate that both Human Resource Management and Talent Management exert significant positive indirect effects on Organizational Performance, mediated by Management Commitment. Furthermore, Innovation Capability and Lower Turnover serve as significant catalysts for Sustainable Competitive Advantage, with their influence channeled through Organizational Performance. Notably, a significant serial mediation path emerges, wherein Human Resource Management facilitates Sustainable Competitive Advantage through the sequential mediation of Management Commitment and Organizational Performance.

Conversely, contrary to certain theoretical expectations, the statistical evidence does not support the premise that the hypothesized moderating terms exert a direct influence on Organizational Performance. The non-significant p-values associated with these interaction effects suggest that in the context of star-rated hotels in Lake Toba, the path to competitive advantage is driven primarily by core organizational pillars rather than complex moderating contingencies. The empirical findings validate the structural model, illustrating that robust Human Resource (HR) and Talent Management practices significantly foster Management Commitment. Furthermore, the analysis identifies Innovation Capability, Lower Turnover, and Management Commitment as direct catalysts for superior Organizational Performance. Crucially, the results confirm that achieving high levels of Organizational Performance is an essential prerequisite for securing Sustainable Competitive Advantage. Conversely, the data do not support the hypothesis that the tested interaction (moderating) terms exert a significant direct influence on performance.

The results validate the foundational elements of the structural model, highlighting that robust HR and talent management (Chang, 2011) practices foster management commitment (Gunasekaran *et al*., 2017), and that innovation capability (Shafique *et al*., 2017), lower turnover (Mitta & Kaur, 2022), and management commitment are direct catalysts for superior organizational performance (Yen & Yen, 2012). Ultimately, achieving high organizational performance is confirmed as essential for securing a sustainable competitive advantage (Irani & Kilic, 2022). However, the data does not support the direct influence of the interaction (moderating) terms on performance. In summary, this research highlights that to navigate volatile environments—particularly those defined by the paradigm shifts of Industry 4.0 and 5.0—hotels must prioritize transforming Talent Management into a dynamic, skills-based process. This strategic shift cultivates vital meta-capabilities, such as strategic sensitivity and resource fluidity, which are instrumental in maintaining long-term organizational competitiveness.

Conclusion

The Foundation of Leadership Commitment: Strong, fair, and supportive Human Resource (HR) and Talent Management practices are the foundational elements that significantly build trust and foster Management Commitment. Drivers of Organizational Performance: Dedicated Management Commitment, combined with high innovation capability and lower employee turnover, acts as a direct catalyst for achieving superior organizational performance. Securing a Competitive Edge: Reaching a high level of organizational performance is an essential requirement and a direct antecedent for securing a sustainable competitive advantage. Insignificant Moderating Effects: While the primary variables strongly drive success, the statistical data does not support the premise that the tested interaction (moderating) terms have a direct influence on organizational performance. Adapting to Industry Shifts: To survive unpredictable environments and the rapid technological advancements of Industry 4.0 and 5.0, organizations must transform their talent management into a dynamic, skills-based process. This shift fosters essential meta-capabilities, such as strategic sensitivity and resource fluidity, empowering firms to reconfigure their competencies quickly. Addressing the Workforce Crisis: The hotel sector is currently facing severe staffing shortages, high turnover, and the new workplace preferences of the incoming Generation Z workforce. Navigating these challenges requires robust upskilling programs, a human-centric focus on well-being, and deep collaboration between hospitality professionals, education providers, and policymakers.

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