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Comparison of Human Resource Management (HRM) Strategies between Labuan Bajo Tourism Business and Dili Timor Leste Tourism Business Based On 7s-Mckinsey

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Abstract: This study compares how Labuan Bajo, Indonesia, and Dili, Timor Leste's tourism businesses manage their human resources using the 7S-McKinsey framework. This framework analyzes seven elements: shared values, strategy, structure, systems, leadership style, staff, and skills. The research reveals differences in HRM approaches. Labuan Bajo prioritizes environmental sustainability and a structured training system, while Dili focuses on tourism promotion and informal learning. Labuan Bajo has a more formal organizational structure and a consultative leadership style than Dili's flexible and authoritative leadership structure. In conclusion, this study highlights the distinct advantages and disadvantages of Labuan Bajo and Dili in their HRM practices and provides valuable insights for the tourism industry. By understanding the factors influencing success in tourism HR, this research can guide the development of more effective practices, making it a practical resource for HR professionals and policymakers.

Keywords: Tourism businesses, human resources management, 7S-McKinsey framework, environmental sustainability, organizational, leadership.

INTRODUCTION

Human resource management (HRM) plays an essential role in the success of the tourism industry. In a competitive and continuously developing environment, an effective HRM strategy can be a determining factor in achieving a competitive advantage. Comparing HRM strategies between tourism destinations can provide valuable insights into best practices and relevant differences. (Manzoor et al., 2019).

This research compares HRM strategies between the Labuan Bajo tourism business in Indonesia and the Dili tourism business in Timor Leste. Labuan Bajo and Dili are tourist destinations that attract tourists with their natural beauty, cultural heritage, and significant economic potential. In this context, the 7S-McKinsey approach will be used as a framework to analyze and compare the HRM strategies of these two destinations.

The 7S-McKinsey approach is a framework consisting of seven interrelated vital elements, namely shared values, strategy, structure, systems, leadership style, staff, and skills (skills) (Hazelzet et al., 2022). In the HRM context, these elements interact and influence each other in achieving organizational goals and competitive advantage.

This research will analyze how Labuan Bajo and Dili tourism businesses implement 7S-McKinsey-based HRM strategies through this approach. This will involve an understanding of the shared values that form the basis of the organizational culture, the strategy adopted to achieve business objectives, the organizational structure that supports the implementation of HRM, the systems used in human resource management, the leadership styles adopted, qualifications and skills necessary staff, as well as skills developed in the tourism industry.

This research will compare HRM practices between Labuan Bajo and Dili to help identify differences and similarities in human resource management approaches in the tourism industry in these two regions. The findings can provide valuable insights for practitioners and stakeholders in the tourism industry and provide a basis for the development of more effective HRM practices in the future.

Furthermore, this research will use qualitative analysis methods using secondary data from relevant sources such as journals, industry reports, and related publications. This analysis will provide a comprehensive understanding of the HRM strategies adopted by Labuan Bajo and Dili tourism businesses and clarify the differences and similarities between the two.

Thus, this research aims to fill the knowledge gap in tourism HRM literature by comparing 7S-McKinsey-based HRM strategies between Labuan Bajo and Dili tourism businesses. It is hoped that the results of this research will contribute to developing better and more effective HRM practices in the tourism industry in both regions.

Tourism has become a rapidly growing sector and significantly contributes to economic growth and social development in many countries. (Khan et al., 2023). In increasingly fierce competition, tourism businesses must manage their human resources effectively to achieve competitive advantage.

McKinsey's 7S-based HRM approach offers a holistic and comprehensive framework for managing human resources in a business context. The elements in this approach are interrelated and influence each other, creating harmony between organizational strategy, structure, systems, leadership style, staff qualifications, skills, and shared values that form the basis of the corporate culture.

Labuan Bajo, located on Flores Island, Indonesia, has recently become a popular tourism destination. Its natural beauty, especially Komodo National Park and the surrounding islands, attracts tourists worldwide. On the other hand, Dili, the capital of Timor Leste, also has significant tourism potential with beautiful beaches and rich cultural heritage. Both destinations face unique challenges and opportunities in managing their human resources to develop their tourism industry.

In this context, it is important to study the HRM strategies of the Labuan Bajo and Dili tourism businesses. By comparing the approaches taken by these two destinations, we can identify interchangeable best practices that can benefit the development of the tourism industry in the region.

This comparison will also analyze cultural differences, regulations, and economic challenges that influence HRM strategies in the tourism industry. (Knezevic Cvelbar et al., 2024) These factors can significantly impact the way travel businesses manage their human resources and achieve organizational goals.

This research is expected to provide valuable insights for practitioners, policymakers, and relevant stakeholders in the tourism industry by deepening an understanding of the differences and similarities in HRM strategies between Labuan Bajo and Dili tourism businesses. The results can also be a basis for developing better and more effective HRM practices in the tourism industry in these two regions.

Thus, this research is significant in the context of human resource management in the tourism industry. It is hoped that the findings and recommendations from this research can provide a valuable contribution to the development of a sustainable and successful tourism industry in Labuan Bajo, Dili, and other regions worldwide.

The research aims to compare human resource management (HRM) strategies.(Setiyati & Hikmawati, 2019) between the Labuan Bajo tourism business and the Dili tourism business using the 7S-McKinsey approach is as follows:

1. Comparing HRM strategy approaches: The main objective of this research is to compare the HRM strategies adopted by Labuan Bajo tourism businesses and Dili tourism businesses. Through the 7S-McKinsey approach, this research will analyze in depth the strategic elements of HRM, such as shared values, strategy, structure, systems, leadership styles, staff qualifications, and skills, as well as skills developed in the tourism industry. This aim is to reveal the differences and similarities in human resource management approaches between the two destinations.
2. Identifying best practices: This research aims to identify interchangeable best practices between the two destinations by comparing HRM strategies between Labuan Bajo and Dili tourism businesses. The findings can provide valuable insights for practitioners and stakeholders in the tourism industry so that they can adopt and implement best practices that have been proven effective in managing human resources.
3. Analyzing cultural and regulatory factors: This research aims to analyze cultural and regulatory differences that influence HRM strategies in the tourism industry in Labuan Bajo and Dili. These factors can significantly impact how travel businesses manage their human resources and achieve organizational goals. By better understanding these factors, this research can provide insight into how culture and regulations influence HRM strategies in both destinations.
4. Providing recommendations for better HRM development: Based on research findings, this research aims to provide concrete and practical recommendations for better HRM development in the tourism industry in Labuan Bajo, Dili, and other regions in the world. These recommendations may include specific steps that tourism businesses can take to improve their human resource management, optimize staff skills and qualifications, and achieve competitive advantage in the tourism industry.

By achieving these objectives, this research hopes to make a valuable contribution to the development of better and more effective HRM practices in the tourism industry in Labuan Bajo, Dili, and other regions.

METHOD

The methodology used in this research is how to compare human resource management (HRM) strategies between the Labuan Bajo tourism business and the Dili tourism business with the 7S-McKinsey approach, which can include the following steps:

Literature Study: The first step in this methodology is to conduct a comprehensive literature study on human resource management in the tourism industry(Koreen, 2019), the 7S-McKinsey approach, and the tourism business context of Labuan Bajo and Dili. This literature study will involve searching and analyzing relevant academic literature, journals, books, and other resources to build a strong understanding of the research topic.

Data Collection: The next step is to collect the data needed to compare HRM strategies between Labuan Bajo and Dili tourism businesses. Data can be obtained through surveys, interviews with tourism industry practitioners, stakeholders, and related experts, and analysis of documents, reports, and policies related to HRM in the tourism industry in the two destinations. The data collected covers strategic aspects of HRM discussed in the 7S-McKinsey approach.

Comparative Analysis: After the data has been collected, the next step is to conduct a comparative analysis between the Labuan Bajo and Dili tourism businesses based on 7S-

McKinsey elements. This analysis will compare strategies, organizational structures, systems, leadership styles, staff qualifications and skills, and shared values related to HRM in the two destinations. This analysis will reveal differences and similarities in human resource management approaches.

Cultural and Regulatory Analysis: Next, the research will analyze the cultural and regulatory factors that influence HRM strategies in the tourism industry in Labuan Bajo and Dili. This analysis involves an in-depth understanding of local culture, norms, and values that affect human resource management and the regulations and policies governing employment and the tourism industry in both destinations.

Identification of Best Practices and Recommendations: Based on the comparative analysis and cultural/regulatory analysis results, the final step is to identify interchangeable best practices between the Labuan Bajo tourism business and the Dili tourism business. Furthermore, this research will develop concrete and practical recommendations for better HRM development in the tourism industry in these two destinations. These recommendations should be based on research findings and the goals of improving human resource management.

By following these methodological steps, this research is expected to produce an in-depth understanding of the differences and similarities in HRM strategies between Labuan Bajo and Dili tourism businesses and provide valuable recommendations for developing better HRM practices in the tourism industry.

RESULT AND DISCUSSION

Discussion and Conclusions regarding the Comparison of Human Resource Management (HRM) Strategies between the Labuan Bajo Tourism Business and the Dili Tourism Business, Timor Leste, using the 7S-McKinsey approach:

Implications of Findings:

- a. **Strategy:** Labuan Bajo focuses on developing tour guide skills and environmental awareness, while Dili, Timor Leste, seeks to empower local communities and improve employee welfare (Anindita, 2020).
- b. **Structure:** Labuan Bajo involves the community in managing natural resources and promoting local handicrafts (Hazelzet et al., 2022), while Dili, Timor Leste focuses on community collaboration and cultural preservation.
- c. **Systems:** Labuan Bajo has a training and education system for tour guides (Syamsari et al., 2022) Dili, Timor Leste, encourages community participation in the tourism industry.
- d. **Shared Values:** Both destinations have values such as environmental stewardship, sustainability, and cultural preservation as part of their HRM strategy (Word Bank, 2019).
- e. **Style:** Labuan Bajo focuses on developing individual skills, while Dili Timor Leste collaborates with the local community.
- f. **Staff:** Labuan Bajo focuses on training tour guides, while Dili Timor Leste seeks to improve employee welfare and empower local communities.
- g. **Skills:** Labuan Bajo develops tourist guide skills in managing tourist destinations (Piróg & Hibszer, 2024) Dili Timor Leste focuses on developing local community skills to support the tourism industry.

Research Contributions:

This research provides a deeper understanding of the comparison of HRM strategies in the tourism industry between Labuan Bajo and Dili, Timor Leste. The results can give insight to tourism industry stakeholders and guide the development of HRM strategies that suit the characteristics and needs of each destination.

Research Limitations:

This research only addresses HRM aspects in the tourism industry between Labuan Bajo and Dili, Timor Leste. It does not discuss other factors, such as economic, political, and social aspects, that can influence HRM strategies.

The 7S-McKinsey approach used in this research provides a broad framework of understanding but does not pay in-depth attention to other factors that may influence HRM in both destinations.

Labuan Bajo Tourism Business Profile

a. Tourism Potential:

Strategic Location: Labuan Bajo is located on Flores Island, Indonesia, the gateway to Komodo National Park. Its natural beauty includes exotic islands, stunning waters, and incredible biodiversity. **Natural Beauty:** Labuan Bajo offers spectacular sunset views, waters rich in marine life, white sandy beaches, and stunning karst cliffs.

Komodo National Park: Labuan Bajo is the starting point for tourists who want to explore Komodo National Park, famous for the presence of Komodo dragons, the largest species of lizard in the world. **Tourist Activities:** This destination offers a variety of tourist activities, including diving, snorkeling, sailing, trekking, and exploration of remote islands.

b. Human Resource Management Strategy:

Recruitment and Selection: Labuan Bajo tourism businesses implement careful recruitment and selection strategies to ensure they employ staff who are qualified and experienced in the tourism industry (Núñez-Ríos et al., 2020). **Training and Development:** Tourism companies in Labuan Bajo engage in ongoing training and development strategies to improve staff qualifications and skills, including training in customer service, environmental knowledge, and expertise in tourism activities.

Employee Welfare: Human resource management in Labuan Bajo pays attention to employee welfare, including providing adequate work facilities, maintaining work and personal life balance, and providing relevant incentives and benefits.

Marketing and Promotion Strategy:

Digital Marketing: Labuan Bajo tourism businesses actively utilize social media, websites, and online booking platforms to promote their tourism destinations to a global audience. They use attractive photos, positive reviews, and engaging content to attract potential travelers.

Collaboration with Travel Agents: Labuan Bajo tourism businesses collaborate with local and international travel agents to increase the visibility and accessibility of their destinations. This collaboration includes joint promotions, special travel packages, and marketing cooperation.

Sustainable Marketing: Tourism businesses in Labuan Bajo are committed to promoting sustainable and responsible tourism. They support environmentally friendly practices, tourist education about conservation, and environmental conservation efforts.

c. Local Community Involvement:

Partnerships with Communities: Labuan Bajo tourism businesses establish partnerships with local communities to promote their participation and involvement in tourism development. They support local economic enterprises, provide training and employment to residents, and pay attention to community needs in destination management.

Community Empowerment: Tourism businesses in Labuan Bajo seek to empower local communities by involving them in tourism activities, such as providing local guide services, local products and crafts, and promoting local culture and heritage.

Sustainable Development: Labuan Bajo tourism businesses strive to ensure that tourism growth and development contribute to the sustainable development of local communities. This involves sharing economic benefits by involving communities in corporate social responsibility and social development programs.

Labuan Bajo's tourism business profile reflects extraordinary tourism potential. This human resource management strategy focuses on employee training and welfare, a marketing and promotion strategy that uses digital marketing and collaboration with travel agents, and intense involvement with local communities in sustainable tourism development. sustainable. The Labuan Bajo tourism business strives to promote its natural beauty, ensure a positive tourist experience, and positively impact the surrounding community and environment.

Dili Tourism Business Profile, Timor Leste:

a. Tourism Potential:

Beach Beauty: Dili, the capital of Timor Leste, has beautiful beaches with white sand and clear seawater. Beaches such as Areia Branca Beach and Cristo Rei Beach offer a relaxing and exciting holiday experience. **Cultural Heritage:** Dili has a rich cultural heritage, including historical sites such as Fortaleza de São João Baptista, a Portuguese fortress, and Tais Market, a traditional market selling local handicrafts.

Tourist Activities: Tourists can enjoy various activities such as diving, snorkeling, sailing, and cycling around Dili. Nino Konis Santana and Tasi Tolu National Parks also offer amazing natural adventures.

b. Human Resource Management Strategy:

Training and Development: Tourism businesses in Dili adopt continuous training and development strategies to improve staff qualifications and skills. Training covers customer service, tourist guidance, safety, and environmental maintenance.

Community Engagement: Human resource management in the Dili tourism business involves the local community by providing employment opportunities, affecting residents as tour guides, and developing partnerships with local companies to offer tourism services and products.

Employee Welfare: Tourism businesses in Dili pay attention to employee welfare by providing adequate work facilities, providing relevant incentives and benefits, and promoting work-life balance.

c. Tourism Product Development Strategy:

Infrastructure Development: The tourism business in Dili involves developing infrastructure that supports tourism, such as developing resorts, developing recreational facilities, and increasing accessibility to tourist attractions.

Environmental Care: Dili's tourism product development strategy includes ecological care. Tourism businesses are committed to preserving Timor Leste's natural beauty and biodiversity by adopting sustainable practices, such as waste management, renewable energy, and environmental education for tourists.

Tourism Diversification: Dili's tourism businesses strive to develop a diverse product of culture, natural adventure, and recreation. They provide different experiences to meet travelers' diverse interests and preferences.

d. Local Community Empowerment:

Collaboration with Communities: Tourism businesses in Dili collaborate with local communities to promote their participation and empowerment in the tourism industry. They support local economic enterprises, purchase products and services from local communities, and facilitate cultural exchange between tourists and residents.

Education and Training: Dili tourism businesses strive to provide education and training to local communities to improve their qualifications and skills in the tourism industry. This involves training in crafts, tourist guide skills, and an understanding of environmental sustainability's importance.

Cultural Conservation: Tourism businesses in Dili support and promote the preservation of local culture through cultural festivals, art performances, and the promotion of traditional handicraft products. They play a role in preserving local traditions and cultural heritage.

The tourism business profile of Dili, Timor Leste reflects tourism potential, which includes beautiful beaches, cultural heritage, and various tourist activities. Human resource management strategies focus on training, community involvement, and employee well-being. (Wahab, 2012) Tourism product development involves infrastructure development, environmental maintenance, and product diversification. The focus is on empowering local communities through collaboration, education, training, and cultural conservation. Dili tourism businesses strive to create sustainable tourism experiences, engage communities, and promote Timor Leste's natural beauty and cultural heritage.

Comparison of Tourism Business Strategies between Labuan Bajo and Dili, Timor Leste:

a. Strategy Difference Analysis:

- Labuan Bajo: Labuan Bajo is famous for the Komodo National Park and Rinca Island, home to the Komodo dragon, the largest lizard species in the world. The natural beauty and underwater diversity of Labuan Bajo are the main attractions.
- Dili, Timor Leste: Dili offers beautiful beaches, cultural heritage, and tourist activities such as diving, snorkeling, and cycling. Dili's tourism potential focuses on its stunning beaches and cultural heritage.

b. Human Resource Management Strategy:

- Labuan Bajo: Labuan Bajo adopts a strategy of skills development and training for tour guides, increasing environmental awareness, and actively involving the community in natural resource management.
- Dili, Timor Leste: Dili's human resource management strategy involves engaging local communities, providing employment opportunities, and promoting employee well-being. Empowering local communities is also a focus of Dili's tourism industry.

c. Tourism Product Development Strategy:

- Labuan Bajo: Labuan Bajo focuses on developing tourism products related to nature and adventure, such as trekking, diving, and sailing. Infrastructure development and destination promotion are also priorities.
- Dili, Timor Leste: Dili's tourism product development strategy involves developing infrastructure that supports tourism, preserving the environment, and diversifying tourism products, including culture, natural adventure, and recreation.

d. Local Community Empowerment:

- Labuan Bajo: Labuan Bajo seeks to involve and empower local communities by involving them in natural resource management, providing training and education, and promoting local crafts and culture.
- Dili, Timor Leste: Empowerment of local communities in Dili through collaboration with communities, education, training, and promotion and preservation of local culture.

e. Strategy Similarities:

- 1) Both adopted skills development and training strategies for workers in the tourism sector.
- 2) Both pay attention to environmental maintenance and sustainability through sustainable management of natural resources.

- 3) Both focus on empowering local communities through their involvement in the tourism industry, providing employment opportunities, and supporting local businesses.

f. Impact of Strategy on Tourism Business:

- Labuan Bajo: A product development strategy focusing on nature and adventure has increased the popularity of Labuan Bajo as a tourist destination. However, further attention is needed towards sustainable natural resource management to prevent adverse environmental impacts.
- Dili, Timor Leste: Diversified product development strategies and local community empowerment have helped broaden the visitor base and increase community participation in the tourism industry. This approach also contributes to preserving cultural heritage and the natural environment.

Although Labuan Bajo and Dili Timor Leste have differences in tourism potential, human resource management strategies, and tourism product development, they also have similarities in several strategic aspects. The impact of these strategies can be seen in the increase in popularity and community participation in the tourism business in both destinations. However, it should be remembered that sustainable management of natural resources and preservation of local culture remain challenges that must be overcome to maintain the destination's sustainability (Analysis, 2023).

CONCLUSION

A comparison of HRM strategies between Labuan Bajo and Dili, Timor Leste, shows differences and similarities in their approaches to skills development, local community empowerment, and environmental stewardship. Labuan Bajo focuses more on developing individual skills, involving communities in natural resource management, and promoting local handicrafts. Meanwhile, Dili Timor Leste is trying to improve employee welfare, encourage community participation, and preserve local culture.

In developing an HRM strategy in the tourism industry, it is important to consider aspects of strategy, structure, systems, shared values, style, staff, and skills that suit the destination's needs and characteristics. By understanding and implementing effective HRM strategies, the tourism industry can contribute to sustainable development and benefit local communities.

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