Local Raw Materials and Food Quality in Shaping Local Economic Linkages: The Mediating Role of Consumer Satisfaction

Hommy Dorthy Ellyany Sinaga [a,1,*], Petrus Loo [a,2], Rahmad Dianta Purba [a,3], Asliza Yusoff [b,4]

[a] Management, Sekolah Tinggi Ilmu Ekonomi Eka Prasetya, Indonesia
[b] Department of Commerce, Politeknik Sultan Azlan Shah, Malaysia
[1] omisinaga@gmail.com *; [2] loo.petrus@gmail.com ; [3] rahmaddianta05@gmail.com ; [4] asliza@psas.edu.my
* corresponding author

10.24269/ekuilibrium.v21i1.2026.pp52-71

ARTICLE INFO

Article history
Received:
16-08-2025
Revised:
01-02-2026
Accepted:
24-02-2026

Keywords
Consumer Satisfaction
Food Quality
Local Economic Linkages
Local Raw Materials
SEM-PLS

ABSTRACT

This study investigates the role of local raw materials in improving food quality and shaping local economic linkages, using the Yoku Yatta restaurant in Medan as a case study. Based on a survey of 140 consumers and analyzed using a quantitative SEM-PLS approach, the research examines the relationships between local raw material quality, food quality, consumer satisfaction, and the local economic linkages impact. The results indicate that the use of local raw materials significantly enhances food quality and contributes to strengthening local economic linkages through supply-side interactions. Food quality is a key driver of consumer satisfaction; however, its effect on economic linkages is fully mediated by consumer satisfaction. Instead, its influence is transmitted indirectly through consumer satisfaction, which serves as a crucial mediating mechanism. This finding highlights the study's primary theoretical contribution by demonstrating the importance of consumer satisfaction as a mechanism connecting product quality and local economic benefits. These results reflect recent trends in the Indonesian culinary sector, where consumer awareness of sustainability and local sourcing is increasing. Preliminary evidence from the Yoku Yatta consumer survey shows that local ingredient use not only enhances perceived quality but also helps build a positive restaurant image. The managerial implications emphasize the need to strengthen local supply chains, improving value-added communication strategies regarding local sourcing, and promote menu innovation based on local raw materials.

1. Introduction

Despite Indonesia's abundance of high-quality local raw materials, particularly in fisheries and spices, locally sourced ingredients are often perceived as less suitable for premium culinary products, as reflected in the continued dominance of imported ingredients in high-end restaurants. This perception persists even though many local resources possess comparable nutritional value, freshness, and cost advantages relative to imported ingredients. Such a tension raises a critical question regarding how product quality derived from local resources can be transformed into value that not only satisfies consumers but also shapes local economic linkages.

In recent years, Indonesia's culinary industry has undergone a notable transformation with the emergence of a new wave of restaurants that carry the concept of fusion using local ingredients. This development not only reflects the creativity of business actors, but also marks a change in consumer preferences that increasingly value domestic products. The latest data from the Ministry of Tourism and Creative Economy showed significant growth of 25% in culinary MSMEs using local raw materials in the North Sumatra region, with the sushi category occupying the leading position in terms of adaptation and innovation (Badan Pusat Statistik, 2023).

This phenomenon is gaining momentum alongside increasing awareness of sustainability and support for local economies. Within a market that remains largely dominated by imported ingredients, Yoku Yatta in Medan provides an illustrative case of a restaurant adopting a fusion concept based on local resources. The restaurant offers more than 30 sushi menu variants that incorporate local ingredients from Sumatra. The use of fresh tuna from the Strait of Malacca and spicy andaliman chili sauce reflects an effort to integrate local raw materials into premium culinary offerings while supporting domestic supply chains (Yatta, 2025).

Most sushi restaurants in Indonesia continue to depend on imported ingredients, particularly salmon and Japanese rice, reflecting the strong association between sushi authenticity and imported raw materials in the local market. This prevailing reliance on imported ingredients reinforces dominant industry practices and positions initiatives such as Yoku Yatta as deviations rather than representative cases, highlighting persistent assumptions regarding the perceived inadequacy of local ingredients for premium culinary products.

The "Yoku Yatta" initiative aligns with the proven production volume of local ingredients, such as tuna, mackerel, and skipjack, which rank among the highest in the world. According to the Marine and Fisheries Development Performance Report, their production reached 1.5 million tons (Kelautan, 2024). Empirically, these local resources are comparable to imported ingredients in terms of quality and, in certain aspects, even demonstrate advantages, as reflected in the omega-3 content of local tuna, which differs by only 5–7% from imported salmon while offering a 30–40% price advantage. Despite these objective attributes, evidence from 15 Asian restaurants indicates that substituting

ISSN (print) 1858-165X | ISSN (online) 2528-7672

local ingredients in premium culinary offerings is commonly associated with a 15–20% decline in consumer satisfaction. This apparent contradiction highlights a dominant assumption within the premium culinary sector that local ingredients undermine perceived quality. In this context, Yoku Yatta represents an anomalous case that challenges this prevailing assumption, creating a critical opportunity to examine how product quality derived from local resources can be translated into consumer satisfaction and, ultimately, shape local economic linkages.

This development also reflects a shift in consumer mindsets, as consumers increasingly prioritize sustainability values and local economic contributions in their consumption decisions (Savelli & Gissi, 2025). Recent surveys indicate that many urban Indonesian consumers now prefer restaurants that are committed to empowering the local economy. They are not only looking for delicious taste, but also the sustainability values inherent in every bite.

This research examines Yoku Yatta as a differentiated case in leveraging local ingredients to deliver products that meet consumer expectations while contributing to community-level economic outcomes. The restaurant's approach, which has seen turnover increase by 22% and raised the income of partner fishermen by an average of IDR 1.2 million per month, illustrates the potential economic implications of locally embedded culinary business models (Santoso et al., 2025). Primary data indicate that 45% of seafood ingredients and 30% of spices are sourced from Sumatra, supported by a supply system that reduces food miles by up to 40%. Although initial findings show that 68% of customers remain unaware of the broader economic contribution of their purchases, Yoku Yatta continues to receive consistently high consumer ratings across online ordering platforms (Yatta, 2025). This contrast suggests that reduced consumer satisfaction is not an inevitable outcome of using local ingredients; rather, it highlights the role of effective product quality management in sustaining premium perceptions. These findings underscore the importance of branding and consumer engagement strategies in translating product quality into consumer satisfaction and, ultimately, local economic linkages (Tiganis et al., 2023).

While research on local ingredients and food quality has expanded within culinary and food service studies, existing work has predominantly focused on direct relationships between sourcing practices, consumer satisfaction, and economic outcomes (Andriyani et al., 2023). Limited attention has been devoted to explaining the underlying mechanism through which food quality derived from local resources translates into broader community-level economic outcomes. In particular, empirical evidence remains scarce regarding the role of consumer satisfaction as a mediating link connecting culinary quality and local economic linkages, especially within premium or fusion cuisine contexts. This study addresses this mechanism-based gap by examining the indirect pathways through which food quality and local sourcing generate economic implications at the local level.

In addition, the study addresses several pressing research gaps, including: (1) the role of consumer satisfaction in driving local economic linkages, (2) the effect of local raw

ISSN (print) 1858-165X | ISSN (online) 2528-7672

materials' quality on both economic outcomes and consumer satisfaction, and (3) the relationship between food quality and its economic implications for local communities (Andriyani et al., 2023). These gaps present an opportunity to deepen the understanding of how local ingredients can contribute to both economic sustainability and consumer experience, particularly in a globalized culinary market that often relies on imported goods. More importantly, existing studies remain limited in explaining the underlying mechanism through which food quality derived from local resources translates into community-level economic impacts, particularly the mediating role of consumer satisfaction.

Moreover, consumer behavior is increasingly shifting towards greater demand for locally sourced, sustainable products. This trend reflects a broader global movement that values transparency, sustainability, and support for local economies. In this context, Yoku Yatta serves as a case study for how businesses in the food industry can embrace local ingredients while maintaining high standards of quality and customer satisfaction. This model not only enhances the business's competitive edge but also plays a pivotal role in regional economic development.

The practical significance of this research is heightened by its alignment with the United Nations Sustainable Development Goals (SDGs), particularly SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production), and SDG 17 (Partnerships for the Goals) (SDGs Localise, 2025). The findings from this research aim to provide actionable insights for both culinary businesses and policymakers, encouraging the creation of similar local-based culinary clusters in other regions of Indonesia. This could further stimulate economic growth and create jobs, benefiting local communities and supporting sustainable practices within the food industry.

In light of the sustainable development agenda, locally embedded culinary business models, such as adopted by Yoku Yatta, illustrate how local sourcing can support inclusive economic development while contributing to environmental sustainability. Their initiatives, such as using locally sourced ingredients and reducing food miles by up to 40%, underscore the practical impact of supporting local economies and promoting sustainable food practices (Santoso et al., 2025). This model can serve as a blueprint for similar culinary ventures across Indonesia, helping to reduce dependency on imported ingredients and fostering the growth of local agricultural and fishing industries.

Ultimately, this study is set to answer several key research questions: (1) Does consumer satisfaction affect the economic impact of the community on Yoku Yatta*'s* business? (2) Does the quality of local raw materials affect the community economic impact on Yoku Yatta*'s* business? (3) Does food quality affect consumer satisfaction in Yoku Yatta business? These questions will help shed light on the complexities of local sourcing in high-end culinary offerings, providing insights that can be applied across various sectors of the food industry.

The policy implications of this study include three aspects. First, the preparation of a national standard for locally sourced sushi products. Second, the development of a fiscal incentive scheme for restaurants that use >50% local ingredients. Third, the preparation

ISSN (print) 1858-165X | ISSN (online) 2528-7672

of a culinary glocalization training module for MSMEs, which can accelerate the transformation of the national culinary industry towards a circular economy. Thus, this study not only fills the academic gap but also becomes a catalyst for change at the practical level.

2.Literature Review

Local Economic Linkages at the Community Level

Economic impact at the community level has increasingly been examined through the lens of local economic linkages, which emphasize how localized sourcing and production practices generate economic benefits beyond firm-level outcomes. Prior studies show that the use of locally sourced inputs can strengthen regional economies by supporting employment, income circulation, and supplier resilience within local networks (Benedek et al., 2020; Feldmann & Hamm, 2015). In the context of food and culinary businesses, local sourcing has been associated with positive spillover effects for surrounding communities, particularly when supply chains are embedded within local production systems. However, much of this literature remains predominantly focused on production-side dynamics and structural linkages, offering limited insight into how consumer responses to product quality may shape the extent to which these local economic impacts materialize. Research on consumer preferences for local food suggests that demand-side factors may play an important role in sustaining community-level economic benefits (Aprile et al., 2016), indicating the need for a more integrated perspective that incorporates consumer-based mechanisms. Evidence from localized economic studies in Indonesia further indicates that community-based economic initiatives can strengthen local economic participation and income distribution beyond firm-level performance, reinforcing the relevance of place-based economic linkages in shaping community-level outcomes (Sushanti et al., 2019).

Empirical evidence in North Sumatra shows the real potential of this locally-based business model. BPS noted that culinary MSMEs that consistently use local raw materials contribute to the absorption of labor with a ratio of 1:5 - meaning that each main business is able to create five additional jobs in the upstream and supporting sectors (Badan Pusat Statistik, 2023). Similar findings on 150 culinary MSMEs in Indonesia showed that the commitment to use more than 50% local ingredients had an impact on increasing supplier income by 18-25%, while increasing supply chain resilience. These findings are further supported by research conducted by Benedek (2020), which analyzed the impact of local food production on regional economies, highlighting the multiplier effect of local sourcing on labor and income generation.

In the context of Yoku Yatta, this economic impact is seen through several key indicators. Operational data shows that 45% of the restaurant's seafood raw materials come from local fishermen around Medan, with a contribution to increasing the income of supplier partners reaching an average of IDR 1.2 million per month. This partnership pattern is in line with the target of 8% inclusive economic growth promoted by the

ISSN (print) 1858-165X | ISSN (online) 2528-7672

government through Ministry of Finance (Ministry of Finance of the Republic of Indonesia, 2023), where culinary MSMEs are expected to become one of the main drivers through two core mechanisms. First, through the creation of new jobs both at the raw material producer level and in processing businesses. Second, through increasing the added value of local products that not only increase the profit margin of business actors but also strengthen the identity of regional culinary.

However, existing studies on economic multiplier effects and inclusive economic outcomes have largely adopted a production-oriented or firm-level strategic perspective, emphasizing supply-side efficiency, employment creation, and resource utilization. Limited attention has been given to demand-side mechanisms, particularly how consumer responses and satisfaction with product quality may function as a pathway through which local economic impacts are generated. This limitation suggests the need to incorporate consumer-based mechanisms to better explain how local sourcing and product quality translate into community-level economic linkages.

Use of Local Raw Materials

The use of local raw materials in the culinary sector can be understood as an operational strategy that supports product differentiation, quality consistency, and local supply chain integration. In culinary businesses, locally sourced ingredients are often associated with freshness, traceability, and cultural authenticity, which may influence consumers' perceptions of product quality. When managed effectively, the utilization of local raw materials can strengthen relationships with local suppliers while supporting the stability of local production networks. Recent studies further indicate that consumers' engagement with locally sourced food is shaped by both intrinsic motivations, such as perceived product benefits and authenticity, and extrinsic motivations, including sustainability concerns and perceived local economic contributions. These motivations influence sustained demand for local products and reinforce the relevance of demand-side mechanisms in explaining how local raw materials are translated into market acceptance (Savelli & Gissi, 2025).

Empirical evidence shows that local Indonesian materials have competitive quality. Research (Lumbantobing & Ginting, 2022) revealed that tuna from the Strait of Malacca contains omega-3 levels that are only 5% lower than imported salmon, while also having an ideal texture for sushi dishes. However, the main challenge in utilizing local ingredients lies in the consistency of supply. Data from Association Indonesian Japanese Restaurants shows that 80% of sushi restaurants in Indonesia still rely on imported ingredients due to difficulties in maintaining the stock and quality standards of local ingredients sustainably (Mehrjerdi, 2020). Recent empirical evidence further indicates that intrinsic and extrinsic motivations, such as perceived product benefits, sustainability concerns, and consumer knowledge, significantly influence local food consumption intentions and sustained demand. These demand-side factors suggest that the successful utilization of local raw materials depends not only on objective quality and supply

ISSN (print) 1858-165X | ISSN (online) 2528-7672

conditions, but also on how local sourcing is perceived and valued by consumers (Savelli & Gissi, 2025).

Mehrjerdi (2020) contributes to the understanding of consumer preferences by studying their willingness to pay for local sourcing in alternative restaurant formats. His research demonstrates that consumers' willingness to pay for locally sourced food can vary depending on the restaurant's format, highlighting the need for a tailored approach to sourcing in different culinary environments. Yoku Yatta emerges as a real-life example of overcoming these challenges through a structured approach. The restaurant works with 12 permanent local suppliers and implements a QR code-based tracking system to ensure transparency and consistency of supply. Menu innovations such as Sushi Tuna Sambal Andaliman not only utilize local ingredients but also adapt traditional flavors into sushi dishes, creating added value that is difficult for competitors to imitate. This approach highlights the importance of operational management in transforming local raw materials into offerings that are acceptable to consumers while supporting local supply chains. Through this approach, Yoku Yatta has succeeded in turning local supply challenges into competitive opportunities while contributing to the development of a sustainable local business ecosystem (Johnson-Hall & Hal, 2022).

Food Quality

The concept of Total Quality Management (TQM) was introduced by Deming offers a holistic perspective in assessing food quality, where three main aspects are the main determinants: taste, freshness, and presentation. In the context of the modern culinary industry, this approach is becoming increasingly relevant as consumer awareness of food quality grows, emphasizing not only the sensory enjoyment but also the nutritional value and consistency of presentation (Teangsompong et al., 2024).

Empirical research reveals the superiority of local ingredients in terms of food quality. The study showed that consumers tend prefer local ingredients due to their perceived freshness and support for local economies (Aprile et al., 2016). This aligns with findings that consumers rate local ingredients as fresher and more sustainable than imported ones, further confirming the role of food quality in consumer satisfaction. Yoku Yatta's performance exemplifies this, where its signature menu, Aburi Salmon Roll, has achieved a consumer rating of 4.8/5 on the digital platform proving that the fusion food approach using local ingredients is able to meet the high quality standards expected by the market.

Food quality can be measured through three main indicators. First, sensory aspects that include taste and texture, are consumers' direct assessment of the enjoyment of food. Second, nutritional aspects such as omega-3 and protein levels are objective quality markers that can be tested scientifically. Third, consistency of presentation ensures that the same quality standards are met at every visit. Yoku Yatta adopts these three indicators comprehensively, where the use of fresh local ingredients not only improves sensory quality, but also maintains nutritional value as well as taste consistency through a strict quality control system. This approach not only increases consumer satisfaction,

ISSN (print) 1858-165X | ISSN (online) 2528-7672

but also strengthens the brand's positioning as a culinary business player that prioritizes sustainable quality. The study by Zare Mehrjerdi (2020) suggests that consumer willingness to pay for locally sourced food in restaurants is influenced by the perceived quality of ingredients, underlining the importance of both quality and sourcing in consumer satisfaction. These dimensions are particularly relevant in explaining how food quality contributes to consumer satisfaction rather than directly generating economic outcomes.

Consumer Satisfaction

Expectation-Confirmation Theory provides a theoretical framework for understanding consumer satisfaction as a result of the match between initial expectations and actual experiences after consuming a product (Palací et al., 2019). In the context of the culinary business, this theory explains how food quality and added value perceived by consumers can shape the level of satisfaction that then influences their loyalty. Satisfaction is not only determined by sensory factors alone, but also by psychological and social aspects that accompany the dining experience.

Empirical evidence shows that the use of local materials has a significant impact on consumer satisfaction. Data from Cendekia Iklim (2025) that consumers tend to be willing to pay 10-15% more for food that uses local ingredients, indicating a higher perceived value for these types of products. This finding is supported by research Nucleus Commercial Finance (Harrison, 2020) which reports that 70% of consumers feel more satisfied when they know that their purchases support the local MSME economy. This indicates that satisfaction is not only functional, but also emotional and social. Evidence from studies on sustainable food consumption suggests that consumer satisfaction is increasingly influenced by value-driven considerations, including environmental awareness, social responsibility, and support for local economies. Such considerations strengthen the role of consumer evaluations as a mechanism linking product attributes with broader economic and societal outcomes (Nichifor et al., 2025).

In the context of Yoku Yatta, the initial survey revealed an interesting paradox: although 68% of consumers were not fully aware of the economic impact of their purchases on local suppliers, they still showed a high level of satisfaction with food quality. This finding confirms the role of consumer satisfaction as an intervening variable linking food quality with broader economic outcomes rather than customer loyalty. It indicates that even when awareness of socio-economic impacts is still limited, product quality remains a key determinant of satisfaction. At the same time, it suggests potential to further enhance satisfaction by improving consumer awareness of the local economic contributions associated with their consumption choices.

3.Research Method

This study employs Partial Least Squares–Structural Equation Modeling (SEM-PLS) to analyze the relationships among research variables. SEM-PLS is selected because the

study is prediction-oriented and aims to examine mediation mechanisms, particularly the role of consumer satisfaction in linking product quality and local economic linkages at the community level. This approach is appropriate for analyzing complex models with multiple latent variables, relatively small sample sizes, and minimal distributional assumptions, making it suitable for exploratory and mechanism-focused research (Hair et al., 2014).

Variable measurement design in this study comprises four latent constructs. Local Raw Material Quality (X_1) is treated as an exogenous variable and measured through indicators capturing the freshness of raw materials, transparency of origin, support for local MSMEs or farmers, and practices prioritizing local materials, with data collected via questionnaires. Food Quality (X_2), also specified as an exogenous variable, is operationalized across three dimensions—sensory, nutritional, and consistency—using a 1–7 Likert scale derived from consumer survey responses and supported by simple laboratory indicators. Consumer Satisfaction (Y_1) functions as the intervening variable and is measured through indicators reflecting expectation fulfillment, repurchase intention, and willingness to recommend. The endogenous variable, Local Economic Linkages (Y_2), is measured based on consumer perceptions and awareness of the business's contribution to local communities and local supply networks.

Data analysis in this study was conducted in two main stages. The first stage involved evaluation of the measurement model to assess the adequacy of the constructs and indicators. Convergent validity was examined using Average Variance Extracted (AVE) values greater than 0.5, while reliability was assessed through composite reliability values exceeding 0.7. Discriminant validity was evaluated using the Fornell–Larcker criterion to ensure that each construct was empirically distinct from the others.

The second stage focused on evaluation of the structural model to examine the hypothesized relationships among latent variables. Path coefficients were tested using a bootstrapping procedure with 5,000 subsamples. The predictive strength of the model was assessed using R^2 values, where values around 0.75, 0.50, and 0.25 indicate substantial, moderate, and weak explanatory power, respectively. In addition, effect sizes (f^2) and predictive relevance (Q^2) were evaluated, with Q^2 values greater than zero indicating acceptable predictive relevance. Mediation effects were examined using the specific indirect effects approach.

Data were collected from 140 Yoku Yatta consumer selected using a purposive sampling techniques based on the following criteria: (1) having consumed menu items made from local materials, (2) aged 18-65 years, and (3) willing to participate fully in the survey. The sampling strategy deliberately focused on consumers of local-ingredient menus, as the study aims to examine perceptions and satisfaction arising specifically from local resource–based offerings. Given the single restaurant context and purposive sampling design, the findings are not intended for statistical generalization but rather for analytical generalization, providing insights into the underlying mechanisms linking food quality, consumer satisfaction, and local economic impacts within similar culinary settings.

ISSN (print) 1858-165X | ISSN (online) 2528-7672

The SEM-PLS model in this study was designed to examine the direct effects of Local Raw Material Quality (X_1) and Food Quality (X_2) on Consumer Satisfaction (Y_1), as well as the direct effects of Local Raw Material Quality, Food Quality, and Consumer Satisfaction on Local Economic Linkages (Y_2). In addition, the model evaluates the mediating role of Consumer Satisfaction in the relationships between Local Raw Material Quality and Local Economic Linkages, and between Food Quality and Local Economic Linkages. Control variables, including frequency of visits and demographic characteristics, were incorporated into the model to account for potential variations in consumer responses.

The analysis was carried out using Smart PLS 4.0 software following current recommendations in the application of PLS-SEM (Hair et al., 2014). The results of the study are expected to provide empirical evidence on the mechanism of the influence of local raw materials on food quality, consumer satisfaction, and economic linkages.

The research framework can be described as in Figure 1:

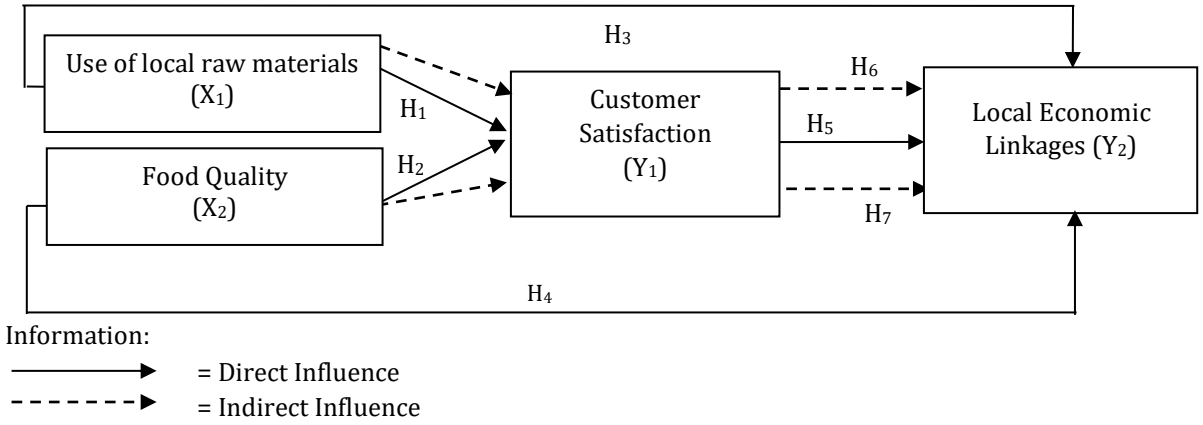

Figure 1 Framework of Thought
Source: Processed Data, 2025

4. Results and Discussion

Results

Creating a Path Diagram

The creation of a path diagram is a graphical representation process of the structural model in the proposed research. The path diagram in this study contains four latent variables. In this path diagram, the latent variables will be reflected with their indicators, which in this study there are 22 indicators.

ISSN (print) 1858-165X | ISSN (online) 2528-7672

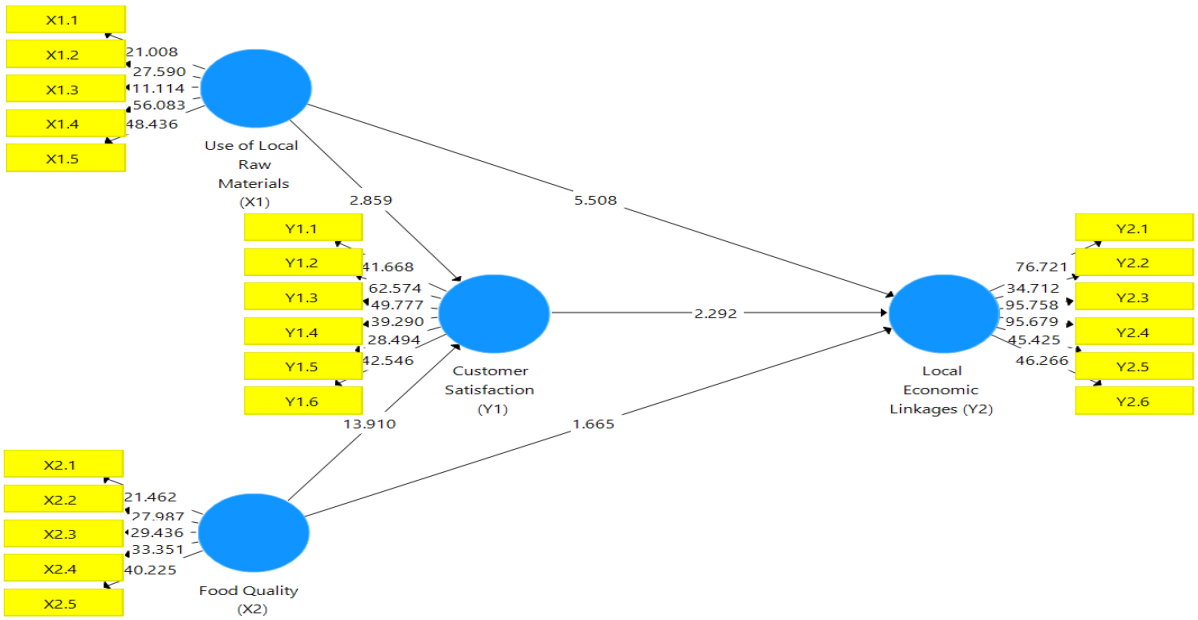

Figure 2. Research Path Diagram
Source: Processed Data, 2025

Measurement Model (Outer model)

The measurement model was evaluated through three main criteria, namely convergent validity, discriminant validity, and construct reliability. The assessment began by examining the relationship between each latent variable and its observed indicators using outer loadings. These outer loading values serve as an initial indicator of how well the indicators represent their respective constructs and are commonly employed to evaluate indicator reliability and construct validity in PLS-SEM analysis (Hair et al., 2019). The loading factor is presented as follows:

Table 1. Loading Factor

	Local Economic Linkages	Customer Satisfaction	Local Raw Material Quality	Food Quality
X1.1			0.831	
X1.2			0.886	
X1.3			0.767	
X1.4			0.920	
X1.5			0.917	
X2.1				0.838
X2.2				0.883
X2.3				0.896
X2.4				0.900
X2.5				0.903
Y1.1		0.901		
Y1.2		0.927		

ISSN (print) 1858-165X | ISSN (online) 2528-7672

	Local Economic Linkages	Customer Satisfaction	Local Raw Material Quality	Food Quality
Y1.3		0.918		
Y1.4		0.910		
Y1.5		0.894		
Y1.6		0.879		
Y2.1	0.937			
Y2.2	0.886			
Y2.3	0.953			
Y2.4	0.950			
Y2.5	0.907			
Y2.6	0.893			

Source: Processed data, 2025

Outer loading values are commonly used to evaluate the reliability of the relationship between latent constructs and their indicators. Following the recommended threshold, an outer loading value above 0.70 indicates adequate indicator reliability (Hair et al., 2014). As presented in Table 1, all indicators exhibit outer loading values exceeding this criterion, suggesting that the indicators reliably represent their respective constructs. Consequently, no indicators were removed, and the analysis proceeded to the next stage.

Convergent Validity

Convergent validity assessment aims to examine the extent to which indicators of a construct share a high proportion of variance. This evaluation is conducted using the Average Variance Extracted (AVE) value. An AVE value greater than 0.50 indicates that a construct explains more than half of the variance of its indicators, thereby confirming adequate convergent validity (Hair et al., 2014).

Table 2. AVE values

Local Economic Linkages	Average Variance Extracted (AVE)
Customer Satisfaction	0.849
Local Raw Material Quality	0.819
Food Quality	0.750
Average Variance Extracted (AVE)	0.782

Source: Processed data, 2025

Table 2 indicates that all latent constructs achieve Average Variance Extracted (AVE) values above the recommended threshold of 0.50, confirming adequate convergent validity. This result suggests that the indicators are able to capture a substantial proportion of variance from their respective constructs. Among all variables, consumer satisfaction records the highest AVE value, indicating that its indicators provide a particularly strong representation of the underlying construct.

Reliability Test

Reliability testing is conducted to evaluate the internal consistency of the measurement instrument in capturing stable and dependable responses across similar

conditions. A reliable instrument ensures that the observed measurements are consistent and suitable for further analysis. This is to minimize bias and errors in measurement. The results of the reliability test can be seen from the results of the Cronbach's Alpha and Composite Reliability values. The reliability of a variable is said to be good if it has a Composite Reliability value of more than 0.7 and a Cronbach's Alpha value ranging from 0.6 to 0.7 or more (Hair et al., 2014).

Table 3. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Local Economic Linkages	0.964	0.965	0.971	0.849
Customer Satisfaction	0.956	0.956	0.964	0.819
Local Raw Material Quality	0.916	0.925	0.937	0.750
Food Quality	0.930	0.932	0.947	0.782

Source: Processed data, 2025

Table 3 shows the Cronbach's Alpha and Composite Reliability values of each variable. All constructs exhibit Composite Reliability values above 0.7 and Cronbach's Alpha values exceeding 0.7, indicating satisfactory internal consistency and reliability of the measurement instruments. The lowest AVE value is 0.750 for Local Raw Material Quality, which still exceeds the recommended threshold, indicating adequate convergent validity. From these results, it shows that the level of internal consistency can be said to be good and the statements used are reliable according to the conditions in the field.

Structural Model (Inner model)

The structural (inner) model is employed to assess the extent to which the proposed model explains the relationships among the latent constructs. This evaluation focuses on the model's explanatory and predictive capability by examining several key criteria, including the coefficient of determination (R^2), estimated path coefficients (β), and predictive relevance (Q^2)(Hair et al., 2014).

Coefficient of Determination (R2)

The coefficient of determination (R^2) reflects the proportion of variance in the endogenous constructs that can be explained by the exogenous variables included in the model. Higher R^2 values indicate stronger explanatory power of the structural relationships, providing insight into how well the proposed model accounts for variations in the dependent variables (Hair et al., 2014). The results obtained are presented as follows:

Table 4. Coefficient of Determination (R^2)

	R Square	R Square Adjusted
Local Economic Linkages	0.833	0.829
Customer Satisfaction	0.879	0.877

Source: Processed data, 2025

Table 4 shows that the 83.3% of the variance in Local Economic Linkages is explained by Local Raw Material Quality, Food Quality, and Consumer Satisfaction, while the remaining 16.7% may be influenced by other variables not included in the study. The second dependent variable, namely consumer satisfaction, is influenced by 87.9% by the variables of local raw material quality and food quality. The remaining 12.1% is likely influenced by variables other than these three variables.

Path coefficient (β)

Path coefficient testing is used to determine the direction of the relationship between variables used in the study. Path coefficient values that are in the range of -0.1 to 0.1 are considered negative and inversely proportional. While values that are considered positive and directly proportional must be greater than 0 (Hair et al., 2014).

Table 5. Path Coefficients (β)

	Local Economic Linkages	Customer Satisfaction	Local Raw Material Quality	Food Quality
Local Economic Linkages				
Customer Satisfaction	0.294			
Local Raw Material Quality	0.451	0.169		
Food Quality	0.202	0.784		

Source: Processed data, 2025

Table 5 presents the estimated path coefficients, indicating positive relationships among the modeled variables, which are further evaluated for statistical significance using bootstrapping results. First, Consumer satisfaction has a positive association with Local Economic Linkages, because it has a value of 0.294 on the Local Economic Linkages. Second, the relationship between the quality of local raw materials and the Local Economic Linkages shows positive results and is directly proportional, because it has a value of 0.451 on the Local Economic Linkages and 0.169 on consumer satisfaction. Third, food quality has a positive relationship and is directly proportional to the Local Economic Linkages and consumer satisfaction because it has 0.202 and 0.784 on the Local Economic Linkages and consumer satisfaction.

T-statistic

Hypothesis testing in this study is conducted by examining the t-statistics obtained from the bootstrapping procedure. A relationship is considered statistically significant when the t-value exceeds the critical threshold of 1.96 at a 5 percent significance level. In

addition, statistical significance is confirmed when the associated p-value is below 0.05. Conversely, relationships with p-values above 0.05 are regarded as not statistically significant, indicating that the corresponding hypotheses are not supported (Hair et al., 2014).

Table 6. t-test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Customer Satisfaction→ Local Economic Linkages	0.294	0.291	0.130	2,292	0.024
Local Raw Material Quality→ Local Economic Linkages	0.451	0.457	0.088	5,508	0,000
Local Raw Material Quality→ Customer Satisfaction	0.169	0.173	0.065	2,859	0.009
Food Quality → Local Economic Linkages	0.202	0.199	0.121	1,665	0.095
Food Quality → Customer Satisfaction	0.784	0.779	0.062	13,910	0,000
Local Raw Material Quality → Consumer Satisfaction → Local Economic Linkages	0.050	0.050	0.029	1,734	0.088
Food Quality → Consumer Satisfaction → Local Economic Linkages	0.231	0.227	0.104	2,258	0.027

Source: Processed data, 2025

The bootstrapping results indicate that most direct relationships are statistically significant, with the exception of the direct effect of Food Quality on Local Economic Linkages and the indirect effect of Local Raw Material Quality through Consumer Satisfaction, which are not statistically significant. The results of the t-statistic value are used to determine whether the hypothesis in the study is accepted or rejected.

Predictive Relevance (Q^2)

Predictive relevance is assessed using the Q^2 statistic to evaluate the model's capability to predict endogenous constructs. The Q^2 value reflects how well the observed data can be reconstructed by the estimated model parameters. A Q^2 value greater than zero indicates that the model possesses predictive relevance, whereas higher values suggest stronger predictive accuracy for the endogenous variables (Hair et al., 2014).

Table 7. Test Results of Q2

	SSO	SSE	Q^2 (=1-SSE/SSO)
Local Economic Linkages	840,000	255,040	0.696
Customer Satisfaction	840,000	242,511	0.711
Local Raw Material Quality	700,000	700,000	
Food Quality	700,000	700,000	

Source: Processed data, 2025

ISSN (print) 1858-165X | ISSN (online) 2528-7672

The results show that all endogenous constructs exhibit Q^2 values above zero. Local Economic Linkages record a Q^2 value of 0.696, while Consumer Satisfaction shows a Q^2 value of 0.711. These results indicate that the structural model demonstrates satisfactory predictive capability and is able to explain a substantial proportion of the observed variance in the data.

Fit Model

The purpose of model fit testing is to determine how well the proposed research model fits the actual observation data. The method used is to look at the Normalized Fit Index (NFI) value. The NFI value ranges from 0 to 1. The higher the NFI value, the better the model fit. The closer to 1, the more it shows that the proposed model has a good fit with the observation data (Hair et al., 2014).

Table 8. Fit model

	Saturated Model	**Estimated Model**
SRMR	0.056	0.056
d_ULS	0.786	0.786
d_G	1,063	1,063
Chi-Square	795,539	795,539
NFI	0.818	0.818

Source: Processed data, 2025

The test results of the fit model show that the NFI value of the saturated model is 0.818 (81.8%) and the estimated model is 0.818 (81.8). There is no difference between the saturated model and the estimated model, very little. This means that the model not only fully fits the observation data, but also in reality the proposed model can reflect the observation data. These results can be said that the proposed model is quite good according to the data.

Discussion

This study advances the understanding of local economic development by empirically examining a consumer-mediated micro-macro linkage mechanism. Rather than generating economic benefits automatically, product attributes derived from local resources contribute to local economic linkages only when they are meaningfully perceived and evaluated by consumers. This demand-side perspective offers a theoretical refinement to the literature on culinary-based local development, by emphasizing that economic outcomes are contingent upon consumer response mechanisms, rather than solely on production or sourcing decisions. This finding complements prior studies that emphasize the importance of demand-side dynamics in sustaining local economic benefits from locally embedded food systems (Aprile et al., 2016; Feldmann & Hamm, 2015).

The findings indicate that consumer satisfaction has a positive and significant effect on local economic linkages at the community level. This suggests that economic benefits are not driven exclusively by supply-side activities, but also by consumers' overall evaluation of the dining experience. When consumers report high satisfaction, their

continued patronage, positive word-of-mouth, and repurchase intentions help sustain demand, which in turn supports local suppliers and income circulation within local production networks. Consumer satisfaction therefore functions as a critical channel through which local economic linkages materialize. This result is consistent with empirical evidence showing that consumer satisfaction plays a central role in reinforcing local economic participation and demand stability in locally sourced food systems (Tiganis et al., 2023).

The results further show that the quality of local raw materials has a significant direct effect on local economic linkages and a positive effect on consumer satisfaction. This indicates that local sourcing contributes to economic outcomes primarily through direct supply-side linkages, such as partnerships with local fishermen and suppliers, while simultaneously enhancing perceived product quality among consumers. In this sense, local raw materials strengthen local economic linkages even when consumer-based evaluative mechanisms are not fully activated. This finding aligns with prior research highlighting the multiplier effects of local sourcing through employment creation and income circulation within regional supply networks (Benedek et al., 2020).

In contrast, food quality does not exhibit a significant direct effect on local economic linkages. This non-significant finding offers an important theoretical refinement, indicating that improvements in food quality alone are insufficient to generate economic benefits unless they are translated into positive consumer evaluations. Food quality must therefore be internalized by consumers to exert economic influence beyond the firm level. Similar patterns have been reported in restaurant and food service studies, which show that food quality primarily influences consumer satisfaction and behavioral intentions rather than producing direct economic outcomes (Maziriri et al., 2021; Mehrjerdi, 2020).

The mediation analysis provides further insight into these mechanisms. The indirect effect of local raw material quality on local economic linkages through consumer satisfaction is positive but not statistically significant. This finding suggests that improvements in local raw material quality are not primarily transmitted through consumer satisfaction. This reinforces the dominance of direct supply-side pathways in this relationship. In contrast, the indirect effect of food quality on local economic linkages through consumer satisfaction is positive and statistically significant. This confirms that consumer satisfaction plays a crucial mediating role in converting perceived food quality into economic outcomes at the community level. This mediating pattern supports earlier studies that position consumer evaluation as a key mechanism linking product attributes to broader local economic effects (Feldmann & Hamm, 2015).

Taken together, these findings refine the proposed model by demonstrating that different product attributes operate through distinct pathways to generate local economic effects. While local raw materials contribute directly to local economic linkages, food quality requires consumer satisfaction as an evaluative mechanism to produce broader economic outcomes. Overall, the results emphasize that economic linkages in the culinary sector emerge through a combination of supply-side linkages and consumer-driven processes, with consumer satisfaction serving as a key mechanism linking culinary quality to local economic linkages.

From a policy perspective, these findings are relevant to Indonesia's inclusive economic development agenda, which emphasizes the participation of MSMEs and local communities in economic growth. The results suggest that local economic benefits can be strengthened not only through local sourcing practices, but also through mechanisms

ISSN (print) 1858-165X | ISSN (online) 2528-7672

that enhance consumer satisfaction. Consumer-driven demand for locally sourced and high-quality culinary products may support inclusive economic objectives by sustaining local supply chains and income circulation at the community level. This indicates that inclusive economic growth targets, such as the national 8 percent growth agenda, may be supported through micro-level business practices that align local sourcing with positive consumer responses.

5. Conclusion

This study shows that the use of local raw materials in Yoku Yatta's culinary business contributes to local economic linkages at the community level through different mechanisms. The quality of local raw materials has a direct and significant influence on the surrounding community economy, highlighting the role of supply-side linkages such as partnerships with local suppliers and income circulation within the local production network. In contrast, food quality primarily influences consumer satisfaction, but does not directly translate into broader local economic linkages without consumers' positive evaluations.

The findings further clarify the role of consumer satisfaction as a micro–macro linking mechanism that connects product-level attributes with community-level economic outcomes. Consumer satisfaction significantly mediates the relationship between food quality and local economic linkages, indicating that improvements in culinary quality generate economic benefits only when they are perceived and positively evaluated by consumers. However, consumer satisfaction does not significantly mediate the effect of local raw material quality on economic impact, suggesting that the economic contribution of local sourcing operates primarily through direct supply-side linkages rather than consumer-based evaluative mechanisms. This distinction refines the theoretical understanding of how different product attributes generate local economic effects.

From a managerial perspective, the results indicate the importance of maintaining structured partnerships with local suppliers while ensuring consistent sensory quality to support consumer satisfaction. Culinary businesses should focus not only on sourcing locally, but also on ensuring that product quality is effectively translated into positive consumer experiences. Enhancing consumer awareness of the broader economic contributions of local sourcing may further strengthen this consumer-mediated mechanism.

At the policy level, the findings provide support for initiatives that promote local sourcing through targeted incentives and capacity-building programs aimed at improving local ingredient quality. Strengthening collaboration among business actors, government institutions, and local communities may help create an environment in which consumer satisfaction and community economic development may develop in a mutually reinforcing manner.

ISSN (print) 1858-165X | ISSN (online) 2528-7672

References

Andriyani, N., Maulana, H. K., Salam, A. N., Utami, F. M., Kinasih, A. N., Ardiansyah, S., & Iskandar, I. (2023). How does the PEN Program Affect the Sustainability of MSMEs: A Case Study in Bantul. *Ekuilibrium : Jurnal Ilmiah Bidang Ilmu Ekonomi*, *18*(1), 110–119. https://doi.org/10.24269/ekuilibrium.v18i1.2023.pp110-119

Aprile, M. C., Caputo, V., & Jr., R. M. N. (2016). Consumers' Preferences and Attitudes Toward Local Food Products. *Journal of Food Products Marketing*, *22*(1), 19–42. https://doi.org/https://doi.org/10.1080/10454446.2014.949990

Badan Pusat Statistik. (2023). Profil Industri Mikro dan Kecil 2023. *Badan Pusat Statistik*, *13*, 1–239.

Benedek, Z., Ferto, I., & Szente, V. (2020). The Multiplier Effects of Food Relocalization: A Systematic Review. *Sustainability*, *12*(9). https://doi.org/https://doi.org/10.3390/su12093524

Cendekia. (2025). *Local Ingredients, Global Impact: Advancing Sustainable Sourcing in Indonesia's Beauty Industry*. https://cendekiaiklim.com/cendikiaupdate9

Feldmann, C., & Hamm, U. (2015). Consumers' perceptions and preferences for local food: A review. *Food Quality and Preference*, *40*(Part A), 152–164. https://doi.org/https://doi.org/10.1016/j.foodqual.2014.09.014

Hair, J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. (2014). Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. *European Business Review*, *26*(2), 106–121. https://doi.org/10.1108/EBR-10-2013-0128

Harrison, P. J. (2020). *Research Finds 96% of Consumers Support Local Businesses During Covid-19*. Thefintechtimes. https://thefintechtimes.com/research-finds-96-of-consumers-support-local-businesses-during-covid-19/

Johnson-Hall, T. D., & Hal, D. C. (2022). Redefining Quality in Food Supply Chains via the Natural Resource Based View and Convention Theory. *Sustainability*, *14*(15). https://doi.org/ttps://doi.org/10.3390/su14159456

Kelautan, K. (2024). *Laporan Kinerja Kementerian Kelautan dan Perikanan*. *1*.

Lumbantobing, T. R. R., & Ginting, N. (2022). Gambaran Partisipasi Masyarakat pada Pariwisata Berkelanjutan di Simanindo, Samosir. *... Series: Energy and ...*, *5*(1). https://doi.org/10.32734/ee.v5i1.1438

Maziriri, E. T., Rukuni, T. F., & Chuchu, T. (2021). Factors influencing food consumption satisfaction and purchase decisions of restaurant consumers. *Cogent Business & Management*, *8*(1), 8969. https://doi.org/10.1080/23311975.2021.1968731

Mehrjerdi, M. Z. (2020). *CONSUMERS' WILLINGNESS-TO-PAY FOR LOCAL SOURCING IN ALTERNATIVE RESTAURANT FORMATS* [University of Kentucky]. https://doi.org/https://doi.org/10.13023/etd.2020.463

Ministry of Finance of the Republic of Indonesia. (2023). Macroeconomic Framework and Principles of Fiscal Policy in 2023. *Kementerian Keuangan Republik Indonesia*, *3449230*(021), 20–21. https://fiskal.kemenkeu.go.id/files/kemppkf/file/1684478331_kem_ppkf_2023.pdf%0Ahttp://www.kemenkeu.go.id/sites/default/files/KP_KEMPPKF_280515.pdf

Nichifor, B., Zait, L., & Timiras, L. (2025). Drivers, Barriers, and Innovations in Sustainable Food Consumption: A Systematic Literature Review. *Sustainability*, *17*(5), 2233. https://doi.org/10.3390/su17052233

Palací, F., Salcedo, A., & Topa, G. (2019). Cognitive and Affective Antecedents of

Consumers' Satisfaction: A Systematic Review of Two Research Approaches. *Sustainability*, *11*(2), 431. https://doi.org/10.3390/su11020431

Santoso, S., Wafirotin, K. Z., Cahyono, Y., Wijayanti, I., & Ayutika, R. D. N. (2025). Rationality of Informal Sector Vendor Groups in Maintaining Business. *Ekuilibrium : Jurnal Ilmiah Bidang Ilmu Ekonomi*, *20*(1), 196–207. https://doi.org/10.24269/ekuilibrium.v20i1.2025.pp196-207

Savelli, E., & Gissi, V. (2025). Drivers of Local Food Consumption Among Young Consumers: Integrating Intrinsic and Extrinsic Motivations. *Sustainability*, *17*(20), 8969. https://doi.org/10.3390/su17208969

SDGs Localise, I. (2025). *Sustainable Development Goals*. https://localisesdgs-indonesia.org/17-sdgs

Sushanti, I. R., Idris, M. H., & Widayanti, B. H. (2019). Local Economic Study On Tourism Development Of Halal Case Study: Rinjani Circle Area, Sembalun Sub District, East Lombok District. *Ekuilibrium : Jurnal Ilmiah Bidang Ilmu Ekonomi*, *14*(2), 167–180. https://doi.org/10.24269/ekuilibrium.v14i2.2019.pp167-180

Teangsompong, T., Yamapewan, P., & Sawangproh, W. (2024). Consumer trust in Thai street food vendors: implications for the post-pandemic era. *International Journal of Sociology and Social Policy*, *44*(13–14), 35–67. https://doi.org/10.1108/IJSSP-09-2023-0220

Tiganis, A., Grigoroudis, E., & Chrysochou, P. (2023). Customer satisfaction in short food supply chains: A multiple criteria decision analysis approach. *Food Quality and Preference*, *104*, 104750. https://doi.org/10.1016/j.foodqual.2022.104750

Yatta, Y. (2025). YOKU YATTA Menu Book. In *Yoku Yatta*. Adhya Group.

ISSN (print) 1858-165X | ISSN (online) 2528-7672