

# Orchestrating firm-specific resource integration to achieve customer service performance: an investigation in the hotel context

Gilang Puspita Rini and Amie Kusumawardhani  
*Department of Management, Diponegoro University, Semarang, Indonesia*

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## Abstract

**Purpose** – This study aims to identify factors that can improve customer service performance by verifying the relationships between these factors, such as customer orientation, firm-specific resource integration, transactive memory system and service innovation capability. In other words, this study identifies the determinants of customer service performance from the perspective of the resource advantage theory of competition.

**Design/methodology/approach** – This research was conducted through an online survey of hotel managers and supervisors in Indonesia, which produced 327 questionnaires that could be processed with a response rate of 70.6%. Structural equation modelling was used to analyse the data and test the hypotheses with the help of AMOS 23.

**Findings** – This study confirms that firm-specific resource integration can improve customer service performance, with the antecedents of the former being customer orientation and a transactive memory system.

**Research limitations/implications** – This research was conducted with a sample of three-, four- and five-star hotels, which have different conditions. In future research, it would be interesting to compare how such hotels over a larger geographical area behave in improving customer service performance using the investigated variables.

**Originality/value** – This research provides additional insight into the resource advantage theory of competition, namely, that integrated enterprise-specific resources are good antecedents for innovation and customer service performance.

**Keywords** Customer service performance, Customer orientation, Hotel performance, Hospitality, Resource advantage theory of competition

**Paper type** Research paper

## Introduction

Globalisation and the impact of the COVID-19 pandemic have put a lot of pressure on companies, including those engaged in the service industry, such as hotels. The hotel industry is a service industry that is very vulnerable to economic changes and various events, such as global and national financial crises and natural disasters (Tajeddini, 2010). Therefore, companies engaged in the hospitality sector need to obtain resources that give them an advantage in coping with the dynamics of market changes. Hotels focus on meeting consumer needs and providing quality services to beat the competition. Therefore, hotels need to place customer orientation at the heart of their business to maintain a competitive advantage.

Customer orientation is a primary concern for researchers and marketing practitioners, especially in service marketing. A lot of research on customer orientation has been done in the past two decades (Grissemann *et al.*, 2013; Hult *et al.*, 2001; Linder,



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2019; Racela, 2014; Tajeddini, 2010; Terho *et al.*, 2015; Theoharakis and Hooley, 2008; Thorsten, 2004). Customer orientation encourages the creation of shared value between a company and its customers (Duffy *et al.*, 2020). In creating shared value, a company seeks to offer value. The customer also creates value according to what they experience. Customer orientation has the potential to increase resource-based advantages because it entails a company listening to customer opinions (Liu *et al.*, 2020), determining policies to satisfy customers (Tran *et al.*, 2020) and making customers the centre of attention (Kim and Qu, 2020).

The knowledge gained from the implementation of a customer-oriented strategy can be used to achieve resources that have a comparative advantage. Companies that successfully adopt a customer-centred strategy can enhance organisational creativity (Racela and Thourungroje, 2019), market sensing (Baden-Fuller and Teece, 2020), marketing ambidexterity (Zhou *et al.*, 2019), marketing programme adaptation (Khan, 2020) and innovation capability (Pascual-Fernández *et al.*, 2021) and support the achievement of sustainable growth (Kim *et al.*, 2020). Sustainable development can occur if a company manages and maintains long-term relationships with its customers, and customer orientation can create these close relationships (Arslanagic-Kalajdzic *et al.*, 2020). The company interacts with its customers to gain knowledge about them. This knowledge can help the company identify, assimilate and use information from both external and internal sources to facilitate all operational activities (Linder, 2019).

Customer orientation also improves a company's understanding of its customers and helps it design new or better service solutions to meet customer needs (Domi *et al.*, 2020). Thus, customer orientation improves financial performance, sales and customer service (Habel *et al.*, 2019; Liu *et al.*, 2020; Singh and Venugopal, 2015). However, there is a debate in the literature about the direct influence of customer orientation on service performance. Some researchers state that customer orientation affects performance (Abbu and Gopalakrishna, 2019; Theoharakis and Hooley, 2008; Ye *et al.*, 2019; Zhu *et al.*, 2017). Others argue that customer orientation has no effect on performance (Acar and ÖZŞAHİN, 2017; Hughes *et al.*, 2019; Lin *et al.*, 2019). Furthermore, while many studies discuss the influence of customer orientation on performance, there are few that incorporate the resource factor. Therefore, there is still little knowledge regarding the influence of customer orientation, resource integration and service performance on companies that provide services to consumers, such as hotels.

Previous research has focused on the relationship between customer orientation, innovation and performance (Grisseemann *et al.*, 2013; Tajeddini, 2010; Tang, 2014). However, these studies have not acknowledged that the antecedent of innovation is resources. Li Sa *et al.* (2020) investigated how knowledge creation (i.e. innovation) processes mediate the relationship between customer orientation and firm performance for small hotels in Malaysia. Their research may be important for the current study because it looks at knowledge from a resource perspective and how knowledge creation mediates customer orientation and firm performance (although it does not examine how resources are integrated to improve firm performance). The current study uses a resource-based view (Barney, 1991) to highlight that knowledge is part of a company's resources and uses dynamic capability theory (David Teece, 1994) to show that this knowledge must always be fluid for a company to beat the competition. Thus, the current research examines the effect of customer orientation on customer service performance from the perspective of the resource advantage theory of competition (RAToC). Specifically, it focuses on the use of

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customer orientation, resource integration, transactive memory system and service innovation to improve customer service performance.

This study adopts the RAToC perspective for various reasons. Firstly, resources must be managed as a company's capital to achieve a competitive advantage. Second, the resources owned by a company must be integrated so that the latter has an advantage over its competitors. Third, the dynamics of industrial competition today are such that companies must constantly innovate to survive; in other words, a company's innovations are the result of competition. Therefore, in this study, a new concept is introduced – firm-specific resource integration (FSRI) generated from the RAToC perspective – which is expected to improve customer service performance. The findings of this study expand the knowledge about resource integration through a framework that helps explain the possible relationship between customer orientation and customer service performance through FSRI as a mediating variable.

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## Theoretical background

### *Firm-specific resource integration*

The study of FSRI is rooted in the fundamental question of how companies can acquire better resources from players in the market so that they can be owned and used to improve their performance (one of the concerns of the RAToC; [Hunt and Morgan, 1996](#)). Answering this question involves developing strategic steps based on a variety of resources that can be managed by a company to produce a comparative advantage. The comparative advantage of a resource could be lower cost ownership ([Croes et al., 2021](#)), more effective and efficient resource utilisation ([Yonggui Wanga, 2020](#)) or increased speed of organisational learning ([İpek and Bıçakcıoğlu-Peynirci, 2020](#)) or innovation ([Martin et al., 2017](#)). A company can combine and manage these advantages to achieve a positional advantage in the market.

Research in the field of marketing that discusses resources shows that a company's marketing strategy must be in line with its strategic resources. The latter are tangible and intangible elements specific to the organisation, meaning that they are created and developed along with the organisation's growth ([Konara and Ganotakis, 2020](#)). Therefore, when these resources are used in other organisations, they may not necessarily produce the same effect. Secondly, strategic resources are those that are processed through unique organisational habits ([Wang and Lou, 2020](#)), making it possible for the organisation to be better than others.

Some of the strategic resources that are important for companies are knowledge and skills, which can be obtained from the knowledge transfer process ([Bacon et al., 2020](#)), absorptive capacity ([Yang and Tsai, 2019](#)) and the acceptance of new technologies ([Shin et al., 2019](#)). Knowledge is obtained through interactions that provide further information between members of the organisation and other entities, such as suppliers, distribution channels and consumers.

In addition to knowledge and skills, other strategic resources for companies are relational resources, such as collaboration, resource complementarity ([Iyer et al., 2019](#)) and resource integration ([Vafeas and Hughes, 2020](#)). Collaboration is a resource that involves developing media and interaction processes between parties with different roles for a specific goal. It also entails the process of internalising values that produce value in exchange, allowing the parties to achieve a symbiotic mutualism ([Frow et al., 2014](#)). Resource collaboration, for example, occurs between suppliers and companies: suppliers bring to the table their network power and companies offer their innovation power. The second relational resource, namely, resource complementarity, is a systematic organisational mechanism that enables the creation of more synergistic added value due to the created complementarity ([Seyoum, 2020](#)). The third, resource integration, is understood as an activity that combines and

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transforms the benefits of resources to make the latter valuable to a company (Yar Hamidi and Machold, 2020). Resource integration can occur through disruptive and non-disruptive transformational processes (Koskela-Huotari *et al.*, 2021). In the former, a company can take advantage of new resources that can be integrated with existing resources at a later stage. In the latter, a company only needs to use a combination of its existing resources to produce new resources that give it a comparative advantage. Resource integration can also occur through internal digitisation (Zhou *et al.*, 2021). Using the latter, companies can build a collaborative atmosphere between employees, encouraging employees from various lines to collaborate in improving company performance. Another way in which resources can be integrated is through effective communication (Liu *et al.*, 2021). With effective communication, each employee's ability becomes clear, enabling a company to easily inventory its resources.

Resource integration that generates competitive advantage comes not only from exploiting a firm's existing resources or capabilities but also from exploring new capabilities that enable firms to respond to changes in their business environment, making these capabilities difficult to imitate. New capabilities of organisational members can become company-specific resources. There are two general opinions regarding the impact of the latter. Some researchers suggest that firm-specific resources can create rigidity and prevent firms from adapting to new competitive environments (Yaprak *et al.*, 2018). Others propose that enterprises maintain dynamic capabilities for updating, reconfiguring and customising enterprise-specific resources (Chuang, 2020). This study considers that company-specific resources are complex and cannot be imitated but also require the company to have dynamic capabilities to adapt to business competition conditions to produce a comparative advantage.

In exploring how various resources with their strategic strength can be built, this study directs its attention to the concept of FSRI. The latter is a value-added process to gain a comparative advantage through:

- building a pool of strategic resources that have the potential to create added value for business processes because of the company's success in internalising values and organisational routines that are based on organisational characteristics;
- deploying the strategic resources into groups of business activities to produce a shared vision and objective;
- constructing organisational learning activities to develop the knowledge and skills of organisational members to increase resource excellence; and
- ensuring interaction and mutual support between resources to address any resource shortages, generate added value and create a comparative advantage.

The acquisition and deployment of strategic resources for the creation of added value in line with a shared vision and objective can be understood as FSRI. Elements of the latter are firm-specific collaboration, firm-specific absorptive learning, firm-specific capacity compiling and firm-specific synergising teamwork.

FSRI can contribute to the skills development of employees, create shared value with other actors in a system and support a company's digitalisation strategy (Zhou *et al.*, 2021). Digitally oriented companies have increasingly heterogeneous resources, with FSRI enabling these companies to pool resources that are unique to them and difficult for their competitors to copy. FSRI can also increase the absorptive capacity framework (Lin *et al.*, 2016). With FSRI, companies can quickly identify new opportunities and information from external parties and assimilate and exploit them for commercial purposes. In addition, FSRI produces a strategic value creation process that can provide a unique service experience to

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customers (Manhas and Tukamushaba, 2015). Finally, FSRI can accelerate product development (Seyyedamiri and Tajrobehkar, 2019). Integrating unique resources allows a company to innovate more easily, including in terms of developing new products.

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#### *Customer orientation and firm-specific resource integration*

Organisations are increasingly trying to achieve a competitive advantage by adopting a customer-oriented culture in their corporate strategy. The big question is how the customer orientation of one organisation differs from that of another. Differences in the implementation of this strategy, for example, can produce unique resources that provide a comparative advantage. The effective application of customer orientation requires a company to acknowledge points of excellence for collaboration; facilitate interactions with customers, stakeholders and other parties; and exploit customer-based absorptive capacity to allow for energising and synergising interactions.

Companies that adopt a customer-oriented strategy tend to have better relations with their employees. This is evident in higher trust between employees and their companies, which can improve financial performance in the long term (Ju-Yeon Lee, 2015), and in greater employee involvement (Van Nguyen *et al.*, 2021), where employees offer their time, effort, skills and knowledge to get the job done. Thus, customer orientation shapes employees' perceptions and attitudes to their work and improves their performance (Wu *et al.*, 2017). As previously explained, typical relational resources owned by a company are its relationships, and all unique resources owned by a company must be managed through a resource integration process. Resource integration can occur if all members of the organisation participate (Zahoor, 2020), if this is done in the same spirit to improve performance (Kaya and Karatepe, 2020) and if the resources owned are neatly inventoried and effectively and efficiently used. Of course, the resources obtained by a company through a customer-oriented strategy are better suited to meeting customer needs and beating the competition because they are in accordance with customer expectations. For this reason, a hypothesis is proposed that sees the relationship between customer orientation and FSRI as follows:

*H1.* Customer orientation has a positive effect on firm-specific resource integration.

#### *Transactive memory system, firm-specific resource integration and service innovation capability*

Modern organisational creativity comes from creating and absorbing knowledge from internal and external sources. Organisations also need to gain new knowledge to become dynamic organisations that can adapt to changing markets and competitors. Collaboration and knowledge exchange are vital to create new knowledge for organisations (Martinez-Martinez *et al.*, 2019). New knowledge gained from creation, absorption, collaboration and exchange is stored in the form of organisational knowledge embedded in the capabilities of team members and company policies that can be understood as a transactive memory system (Choi *et al.*, 2010). In this system, a "catalogue" shows who on the team has specific knowledge and skills. Team members understand what knowledge other members have.

A system that contains the knowledge and skills of all an organisation's members does not just happen. Once a company understands what knowledge it needs, it develops steps to achieve an effective transactive memory system. The first step is to extract information from internal employees, social media, suppliers and competitors. The second step is to collect information in a system that makes it easy to store, access and use. The third is to include new members in the organisation who have the skills the company needs.

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The literature shows that the transactive memory system, which refers to how team members share and distribute knowledge and expertise, is an important factor influencing team performance (Cao and Ali, 2018). Such a system can also support organisational learning (Liu, 2018) and help companies become ambidextrous (Ghezzi and Cavallo, 2018). A transactive memory system encourages integration between members of an organisation and between company-owned resources (Holzmayer and Schmidt, 2020). This can happen because the knowledge that the organisation has stored can be used to integrate company resources. Therefore, the more potent the transactive memory system, the better the FSRI within an organisation. Furthermore, with this system, companies can design service innovations. The combined knowledge, skills and understanding of all an organisation's members can be used to plan and follow up on innovations within the company. Thus, an organisation's ability to innovate can be obtained from new knowledge and a collection of knowledge stored in the company's memory. Service innovation capability is understood as an internal skill or expertise that gives an organisation the ability to use and distribute company resources and routines to continuously generate new services (Alnawas and Hemsley-Brown, 2019). The transactive memory system therefore supports service innovation capabilities.

Based on the above, hypotheses are proposed that explain the relationships between the transactive memory system, FSRI and service innovation capability as follows:

- H2. The transactive memory system has a positive effect on firm-specific resource integration.
- H3. The transactive memory system has a positive effect on service innovation capability.

#### *Firm-specific resource integration and service innovation capability*

Company resources, such as knowledge, skills and a collection of tangible resources, are strategic capital for service innovation, enabling companies to innovate more quickly. The integration of enterprise-specific resources enhances their benefits, leading to service innovations that can change a company's direction (Koskela-Huotari *et al.*, 2021). Service innovation capability is a driver of company performance and contributes to a company's ability to create, add and renew customer value (Matarazzo *et al.*, 2021). This capability can be obtained provided that:

- The company has resources that can be used to innovate. The resources needed for service innovation must be available in sufficient quantities and over the long term.
- The company has access to new knowledge and technology (Heng *et al.*, 2020). Technology allows companies to change their entire production and marketing process.
- The company can identify customer needs and wants. Companies can easily design service innovations if they understand what their customers want. Marketing intelligence needs to be activated to get as much information as possible from customers.

For companies in the service industry, such as hotels, the ability to innovate services can help them gain a competitive advantage. Service innovation capability can be characterised by many service modifications, service procedures that are continuously improved, customised services and service improvements when services fail. If companies can take advantage of resource integration to improve their service innovation capabilities, they can reap significant benefits. Firstly, doing so can increase brand equity (Tran *et al.*, 2021). Services that are continuously improved will strengthen a company's brand image, which

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will lead to increased brand equity. Secondly, service innovation can attract new customers who were previously not interested in the service. After service innovation, there is new value that is perceived by potential customers. Thirdly, it can create new market opportunities (Osti and Goffi, 2021) because companies can allocate new services to new markets. Integrating company resources will make it easier for companies to improve their service innovation capabilities. For this reason, a hypothesis is proposed that explains the relationship between FSRI and service innovation capability as follows:

*H4.* Firm-specific resource integration affects service innovation capability.

*Firm-specific resource integration, service innovation capability and customer service performance*

From the perspective of the RAToC, company resources have the potential to increase competitive advantage and improve financial performance (Ho *et al.*, 2019; Hunt and Morgan, 1996). The RAToC perspective also associates the integration of company resources with brand performance (Wang *et al.*, 2018), firm performance in general (Feizabadi *et al.*, 2019) and customer service performance (Zhu *et al.*, 2017).

A company resource that can produce such performance enhancements is service employees. Good service employees make loyal customers. Employees are trained to have good customer service performance in a service-first organisation. Organisations that produce the best customer service performance are those that train their employees consistently (Mihardjo *et al.*, 2020), have a vision and mission to provide the best service experience at every customer meeting point with the company (Bravo *et al.*, 2019), have an ethical work climate and procedures (Lau *et al.*, 2017), have employees who have proactive attitudes (Söderlund, 2018) and are able to instil a service spirit in all employees (Schultz *et al.*, 2016). Therefore, customer service performance is a form of service behaviour that anticipates future problems, has a vision of providing the best service to customers and understands customer desires before customers convey their wishes. However, service regulations cannot be delineated in rigid and detailed standard operating procedures. Rather, a company must define how a service effectively produces customer service performance. If a service has not been effective or has obtained unsatisfactory evaluation results, the company can innovate services to enhance the value inherent in them (Xie *et al.*, 2020). Such service innovation can be used to create a comparative advantage that makes one company's service offering superior to that of its competitors. Service innovation capabilities can generate new products, processes and technologies that make it easier for companies to achieve better customer service performance. Therefore, companies, especially those engaged in the hospitality sector, need to have employees who serve customers proactively and beyond their formal job description.

Companies must be able to allocate resources to improving their customer service performance, and the management of these resources must be well planned. The resources must also be integrated and not easily imitated by competitors. The successful integration of resources is integral to improving customer service performance, which can increase customer loyalty (Jung *et al.*, 2021) and financial performance (Yu and Huo, 2019). Based on this review, a hypothesis is proposed that explains the relationship between FSRI and customer service performance as follows:

*H5.* Firm-specific resource integration has a positive effect on customer service performance.

*H6.* Service innovation capability has a positive effect on customer service performance.

## Methodology

A survey of managers and supervisors of three-, four- and five-star hotels throughout Indonesia was carried out between November 2021 and January 2022. The link to the online survey, which was created using Google Forms, was distributed via email. The authors used the Mergo application to track how many respondents had received and not received the email and how many had responded. After 72 h, if the initial email invite had not been responded to, a reminder email was sent to ensure that the questionnaire had been received and to increase the response rate. Respondents received no compensation for their participation. Of the 500 emails that were initially sent, 353 completed questionnaires were returned, obtaining a response rate of 70.6%. The sample was selected using the non-probability purposive sampling method. Purposive sampling was chosen because the authors realised that the desired information could only be obtained from the target sample (Sekaran and Bougie, 2016). Hotel managers and supervisors were selected because they are considered to be critical informants; they are the ones who understand the practices, processes and results of hotel operations as a whole (Pascual-Fernández *et al.*, 2021).

The data used in this study were obtained from one source (an online survey). For this reason, the authors needed to address the potential for common method bias by following the recommendations of MacKenzie and Podsakoff (2012). Therefore, the following steps were taken. All construct items were measured using an interval scale from 1 (strongly disagree) to 10 (strongly agree). Double-barrelled questionnaire items were avoided. The questionnaire was presented using Google Forms, which did not allow more than one answer to each question. Each respondent filled out their own questionnaire. Furthermore, Harman's one-factor method was used to assess the potential impact of common method bias. The result showed that the first factor was responsible for less than 35% of the variance in the data. Thus, there is no reason to consider the effect of common method bias in this study.

## Findings

Once the data had been trimmed and respondents who fit the criteria had been selected, 327 samples remained to be processed for this research. The demographic profile of the respondents was processed using SPSS 23. Of the 327 samples, 229 respondents were male (70%) and 98 were female (30%). The majority of the respondents were aged 31–40 years old (151 people; 46.2%). Another 119 people (36.4%) were aged 41–50, 29 people were older than 50 (8.9%) and 28 people (8.6%) were younger than 30. Furthermore, 132 respondents (40.4%) were working in three-star hotels, 174 (53.2%) in four-star hotels and 21 (6.4%) in five-star hotels. Two hundred respondents were working as managers (61.2%) and the other 127 were working as supervisors (38.8%). The majority of the respondents (262 people or 80.1%) had at least a bachelor's degree. About 247 respondents (75.5%) were from the island of Java, 31 (9.5%) from the island of Kalimantan and 25 (7.6%) from the island of Sumatra. Twenty-four respondents (7.4%) were from other islands in Indonesia.

Structural equation modelling is an analytical technique that can test the meaning and weight of the indicator variables used while simultaneously testing the causal relationships contained in a model (Arbuckle, 2016). A two-step approach was used to test the hypotheses using AMOS 23. In the first step, the measurement model was tested to establish the reliability and validity of the scale used in this study. In the second step, the structural relationships were tested. The results of the analysis, presented in Table 1, show that each factor (in this case, exogenous and endogenous variables such as customer orientation, FSRI, customer service performance, transactive memory system and service innovation) had a lambda value or factor weight that met the requirements: a lambda value of 0.60 with



Variable and indicator scale item	Reference	Std. loading	Critical ratio $\geq 1.96$	Firm-specific resource integration
<i>Customer orientation (AVE = 0,614; CRI = 0,826)</i>				
Beliefs about how we can create more value for customers drive our business strategy	Lin et al. (2019)	0.821	12.391	
Our strategy for competitive advantage is based on an understanding of customer needs		0.822	12.393	
We measure customer satisfaction in a systematic and scheduled manner		0.702	12.393	
<i>Firm-specific resource integration (AVE = 0,569; CRI = 0,797)</i>				
We cooperate with credible suppliers		0.773	11.406	
We communicate with consumers to learn what services they want		0.802	11.663	
We combine the knowledge and skills of all members of the rganization		0.676	11.406	
<i>Customer service performance (AVE = 0,575; CRI = 0,802)</i>				
We have provided high-quality service to customers in recent years	Lin et al. (2019)	0.763	12.422	
We provide exactly what customers want		0.745	12.422	
We attract a large number of new customers to our company		0.792	13.008	
<i>Transactive memory system (AVE = 0,567; CRI = 0,796)</i>				
Our team works together in a well-coordinated manner	Bachrach et al. (2017)	0.664	10.855	
Our team rarely has any misunderstandings about what to do		0.766	10.855	
Team members believe that other members' knowledge of a job is credible		0.811	11.051	
<i>Service innovation capability (AVE = 0,562; CRI = 0,794)</i>				
Our hotel has introduced many modifications to existing services	Alnawas and Hemsley-Brown (2019), Ghantous and Alnawas (2020)	0.745	11.920	
In recent years, our hotel has frequently revised and improved existing services		0.738	11.920	
Our hotel creates innovative service procedures		0.765	12.244	
<b>Source:</b> Author's own work				

**Table 1.**  
Measurement of variables, indicators, validity and reliability

a critical ratio for the significance of the factor weight value above 1.96 (Tabachnick and Fidell, 2012). Therefore, all indicators were a good reflection of the variables, allowing the analysis to continue.

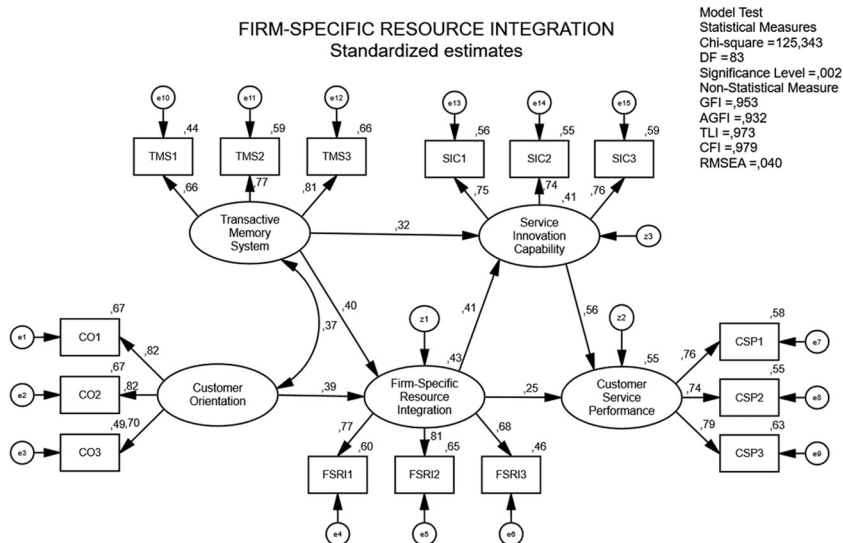
As presented in Table 1, this study presents variables with good validity as measured by the validity–AVE convergent index. Convergent validity assesses how two measures of the same concept are correlated. The high correlation here indicates that the scale measures the intended concepts. AVE must be greater than 0.5 to show sufficient convergent validity (Hair et al., 2019). The five variables in this study showed good validity in terms of AVE values. For customer orientation it was 0.614, for FSRI 0.569, for customer service performance 0.575, for transactive memory system 0.567 and for service innovation capability 0.562. The measurement of reliability also produced a composite reliability index above the cut-off value of  $\geq 0,70$ . For customer orientation it was 0.826, for FSRI 0.797, for customer service performance 0.802, for transactive memory system 0.976 and for service

innovation capability 0.794. The results of the structural equation modelling are presented in [Figure 1](#) show that the model meets all the goodness of fit criteria:  $\chi^2 = 125.343$  (DF = 83;  $p = 0.002$ ); goodness of fit index (GFI) = 0.953; adjusted goodness of fit index (AGFI) = 0.932; Tucker–Lewis index (TLI) = 0.973; comparative fit index (CFI) = 0.979 and the root mean square error of approximation (RMSEA) = 0.040. Therefore, all the results are better than the threshold values ([Tabachnick and Fidell, 2012](#)).

In terms of the study hypotheses, the tests revealed that the effect of customer orientation on FSRI is positive and significant ( $\beta = 0.391$ ,  $p < 0.05$ ). In line with our expectations, we found that the effect of the transactive memory system on FSRI and service innovation capability is positive and significant ( $\beta = 0.399$ ,  $p < 0.05$ ;  $\beta = 0.320$ ,  $p < 0.05$ ). Furthermore, the effect of FSRI on service innovation capability and customer service performance was found to be positive and significant ( $\beta = 0.411$ ,  $p < 0.05$ ;  $\beta = 0.255$ ,  $p < 0.05$ ). Finally, the effect of service innovation capability on customer service performance was also revealed to be positive and significant ( $\beta = 0.563$ ,  $p < 0.05$ ). Thus, it can be concluded that all the hypotheses proposed ( $H1, H2, H3, H4, H5$  and  $H6$ ) are accepted. The result of hypothesis testing, as shown in [Table 2](#).

**Discussion**

Empirical analysis has revealed several key findings. Firstly, customer orientation can increase resource-based advantages. Customer orientation, which allows a company to see the potential for collaboration in creating and using resources, can improve the integration of resources that are unique to the company. Understanding customer wants and needs through a customer orientation encourages the company to store and use this information to gather resources as needed. The potential for integrating company-specific resources is also increased because the company creates synergistic interactions with its customers. Absorptive capacity based on customers, which is boosted by customer orientation, allows



**Figure 1.** Structural equation modelling result (standardised values)

**Source:** Author’s own work

Hypothesis		Std. estimate	CR	<i>p</i>	Conclusion
<i>H1</i>	Customer orientation → firm-specific resource integration	0.391	5.661	***	Supported
<i>H2</i>	Transactive memory system → firm-specific resource integration	0.399	5.596	***	Supported
<i>H3</i>	Transactive memory system → service innovation capability	0.320	4.090	***	Supported
<i>H4</i>	Firm-specific resource integration → service innovation capability	0.411	5.020	***	Supported
<i>H5</i>	Firm-specific resource integration → customer service performance	0.255	3.334	***	Supported
<i>H6</i>	Service innovation capability → customer service performance	0.563	6.607	***	Supported

Firm-specific resource integration

Source: Author's own work

**Table 2.**  
Hypothesis testing

the company to analyse the resources to be integrated. Those resources are generated from routine processes and the organisational culture of the company.

Secondly, FSRI affects service innovation capability and customer service performance. FSRI has a more significant effect on the former than on the latter. The impact of FSRI on service innovation capability provides a new insight that if a company has good resource integration, it will encourage the creation of service innovation. Service innovation capabilities will increase along with the company's ability to allocate and integrate its unique resources. Resources owned by the company are significant capital in service innovation because, to increase the value of a service, resources are needed that match the company's services. An appropriate set of company-specific resources is the result of an effective integration process.

Although the influence of FSRI on customer service performance is weaker, there is still a relationship between the two variables that should be considered. Resource integration is one the various antecedents of customer service performance. Integrating quality resources can lead to increased customer service performance.

Thirdly, a relatively sizeable effect of the transactive memory system on FSRI can also be seen in this study. The catalogue in the transactive memory system allows all members of an organisation to understand what knowledge and skills other members have. With this understanding, it is not difficult for companies to integrate resources so as to obtain long-term benefits. For this reason, it can be concluded that the transactive memory system can encourage interaction between the members of an organisation and thereby positively influence the successful integration of company-specific resources.

### *Theoretical and managerial implications*

This study contributes to future research using the RAToC perspective. There has been a lot of discussion about company resources that are unique and not easily imitated in studies using the RAToC. However, the ability to integrate these resources has not been widely discussed. This study introduces FSRI to broaden the discussion of the theory. It proves that FSRI is an antecedent of customer service performance, highlighting the importance of integrating internal resources.

This study also provides additional insight into the antecedent of resource integration – customer orientation. Many previous studies have discussed the influence of customer

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orientation on performance, but there are few that incorporate resources in exploring this dynamic. In this study, customer orientation and resource integration are investigated from the RAToC perspective, which clarifies how to make a company's resources superior to those of other companies.

Previous research on the effect of customer orientation on hotel performance has also been carried out by [Li Sa et al. \(2020\)](#). In this study, resource creation mediates between customer orientation and performance. This research complements previous research that customer orientation and performance are not only mediated by knowledge creation, but can also be mediated by resource integration. In these resources, there is also knowledge. Furthermore, knowledge creation in previous research was explained using the resource base view ([Barney, 1991](#)). However, in this research, the resource advantage theory of competition ([Hunt and Morgan, 1996](#)) is used to explain resource integration as a company advantage.

This research emphasises the need for hotel managers to pay attention to innovation and resource integration to improve service performance. Managers must build diverse and robust network ties to meet customer service innovation and performance goals ([Yang et al., 2021](#)). Various networks can provide additional new resources and knowledge to help a company integrate its existing resources.

Given the differences in the general characteristics of three-, four- and five-star hotels, this research has succeeded in meeting differing managerial-level needs. The first category is three-star hotels, which have a main priority of meeting revenue targets. Firm-specific resource integration allows managers of three-star hotels to have specific resources that can generate revenue. Examples include combining ideas with the aim of reducing costs, such as using human resources effectively for various types of work to reduce employee costs and using easy food raw materials applied to various types of food to reduce FnB costs.

The second category is four-star hotels. In this category, hotels focus more on how to deliver facilities to guests. Firm-specific resource integration allows hotel managers to have facilities according to four-star standards with a better service delivery format compared to hotels in the same class. The facilities owned by all four-star hotels, for example, are related to the prevention of COVID-19. Four-star hotels that implement firm-specific resource integration are more likely to have the ability to provide and deliver more appropriate COVID-19 handling facilities. Some examples include using anti-touch buttons on guest elevators, providing temperature checking tools in every public space such as restaurants and lobbies and adding staff to serve guests when picking up food at breakfast.

The third category is a five-star hotel which has a primary focus on providing facilities and services that meet or even exceed guest expectations. This research provides knowledge to five-star hotel managers that a unique integration of resources will be able to present facilities that exceed guest expectations, for example, by providing butler service ([Chan et al., 2021](#)). In today's digital era, even butler service is available in the form of a robot ([Lin and Mattila, 2021](#)). Butler service is a form of personal service from the hotel which provides services to guests both in the front office area, housekeeping and FnB. This service is only available in five-star hotels. However, hotels that implement firm-specific resource integration will have better service than other hotels because they are able to integrate their best resources to maximise service to guests.

#### *Limitations and future research*

This research was conducted with a sample of three-, four- and five-star hotels, which have different conditions. In future research, it would be interesting to compare how these hotels behave in improving customer service performance in terms of the investigated variables. The limited resources owned by a hotel can be an obstacle in carrying out innovation. However, a customer-oriented hotel can proactively imitate what other hotels have

succeeded in doing whether there are customers who feel dissatisfied with the hotel. This needs to be investigated further.

The hypothesised model was validated through the results of structural equation modelling based on a cross-sectional survey of 327 hotel managers and supervisors in Indonesia. Future research needs to consider research on a global scale to get a broader picture of the impact of resource integration on company performance, especially in hotels.

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#### Corresponding author

Gilang Puspita Rini can be contacted at: [gilang.puspitarini@gmail.com](mailto:gilang.puspitarini@gmail.com)