



Creating competitive advantage: Linking perspectives of organization learning, innovation behavior and intellectual capital



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ABSTRACT

Drawing on learning theories and the intellectual capital (IC) theory, organizational learning research has discussed the benefits of searching for market opportunities and maintaining a competitive advantage in dynamic environments. To explain organizational performance and survival, the previous literature has focused mainly on what organizations do, but it has failed to address how and what they should do. This study argues that if hotel management is open-minded about exploratory and exploitative learning, it can open the door to capturing opportunity and competitive advantage through increased innovation behavior and human capital accumulation. Further, IC theory has also confirmed that social capital and relational capital will strengthen the relationship between innovation behavior and human capital. This study analyzes data from 595 hotel managers and finds strong support for the proposed hypotheses.

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1. Introduction

Due to recent globalization and internationalization, hospitality organizations have needed to continually update their knowledge and acquire new information to satisfy changing customer needs and capture market opportunity (Fraj et al., 2015; Jogaratnam, 2017; Kasim, 2015). To do so, firms need to cultivate an understanding of the intentions of customers, employees, suppliers, stakeholders, competitors and the industrial environment (Randhawa et al., 2015; Sigala, 2016). As proposed by Shamim et al. (2017), in the rapidly changing hotel environment, becoming learning organizations not only affects hotels' awareness of changes in the industrial environment, but it also serves as a key factor in creating organizational competitive advantage. Moreover, these learning activities, which create internal and external connections, must focus on elevating levels of innovativeness and intellectual capital (IC) to sustain firms' long-term profit and create value (Albertini, 2016). However, the impact of organizational learning on both new and established organizations, assuming positive, direct, and indirect effects on innovation behavior, IC accumulation and competitive advantage at the organizational levels, remains to be verified (Fraj et al., 2015).

Chinese hotels have mostly been founded within their home country and have been limited regarding international extension, which requires strategic resources to improve market productiv-

ity and efficiency (Andreu et al., 2017). Viewed as the core concept of strategic sources for firm's competitive advantage, IC help firm to capture opportunities and as fundamental attributes in the value creation process to promote growth and to survive (Rossi et al., 2016; Leonidou et al., 2013). Thus, managers should succeed comprehensive analysis of the influence of IC and characterize their cause-effect dynamics (Seleim and Khalil, 2011). Furthermore, because of IC may help firms to respond to changing customer needs, to respond quickly to market opportunities and to achieve better outcomes, thus managers are more likely to identify consequences of the interrelations of IC and the investment assessment of IC requirements (Rossi et al., 2016). However, until now tourism and hospitality research on IC has often focused on specific case studies from the perspective of end-customer-relationships (Rudež and Mihalič, 2007). Limited empirical hospitality studies such as Hallin and Marnburg (2008) demonstrated that in knowledge-based economies, IC enables hotel enhancing efficiency through integration and system analysis to manage the rapid growth of information volume. Especially in China hotel industries, when face increasing pressure from global competition, identifying potential attributes under which interrelationships improve or constrain IC and performance is particularly important for competition strategy implement (Andreu et al., 2017). However, what about the integration of internal and external factors such as exploitive and exploratory learning with internal or external parties? Under conditions of high uncertainty and the competitive environment of the hospitality industry, IC changes frequently and market opportunities may swiftly appear and disappear. Li et al. (2014, p. 272)

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stated that “opportunity only favors the prepared” and highlighted the critical role of IC and the importance of organizations’ invisible resources that can be accumulated to successfully maintain competitive advantage. Distinct from previous studies linking organization learning and competitive advantage, this study proposes organizational learning and enhancing IC configurations as indirect contributing factors rather than exogenous to the creation and improvement of competitive advantage.

Addressing previously important, underexplored and unresolved questions, this study provides several purposes as a primary framework to develop an integrated model based on the behavioral innovation and intellectual capital literature to explore the relationship among organizational learning, innovation behavior and competitive advantage in the hospitality industry in China’s emerging economy. First, given China’s dynamic environment, changing customer needs, and primitive regulatory constrictions, the hospitality industry is experiencing difficult times in an emerging economy and additional effort may be required to create competitive advantage (Pine and Qi, 2004; Wong and Li, 2015). However, because of regulations and the lack of appropriate training, most hotels in China do not have the sufficient internal and external resources to support improved capabilities (Strobl and Kronenberg, 2016; Wu et al., 2013). Accordingly, this study’s first research purpose is to identify critical attributes that help hotels create competitive advantage. Second, according to IC theory, a firm’s IC (such as human capital and social capital) effectively transforms external resources into internal capability development, potentially contributing to maintaining the organization’s values (Dineen and Allen, 2015). However, the existing tourism and hospitality literature focuses on how IC improves firm performance (Sainaghi and Baggio, 2014; Zeglal and Zigan, 2014), and it has provided little evidence to explain the interrelationships among the different attributes of IC and how the IC of the hospitality industry in an emerging economy affects competitive advantage. Accordingly, this study’s second purpose is to investigate how different aspects of IC such as human capital, social capital, and organizational capital form mutual relationships in creating the organization’s internal capability in the context of China’s hotel competition. Third, unlike the traditional organizational growth and development process, in which tangible assets drive the performance of the hotel industry, today IC and intangible assets are the core strategy resources and driving force of hotel values (Sainaghi and Baggio, 2014). In the hospitality industry, developing internalized and externalized IC is an important method to improve innovation performance and overcome market and competitive challenges (Orfila-Sintes et al., 2005). Although the extant tourism and hospitality research has noted that the different attributes of IC may affect firm performance (Enz et al., 2006), little research has been conducted in this stream to examine the role of IC in hotel competitive-advantage creation from a mediation-moderation perspective. As a result, the third purpose of this study is to extend the literature and fill gaps by examining the critical roles of IC that may have different mechanisms (e.g., mediation-moderation effects) to influence opportunity capture and competitive advantage because of their different features. Fourth, although organizational learning provides the sustainable improvement for a firm’s core competencies (Gupta and Polonsky, 2014), specific learning mechanisms such as exploratory and exploitative learning are necessary to facilitate hospitality firms’ ability to develop, upgrade, and modify their innovative behavior, increasing their competitiveness (Fraj et al., 2015). March’s (1991) seminal work indicates that the concepts of exploration and exploitation are widely used to describe different learning orientations and organizational innovation behavior (Choi and Chandler, 2015; 140). These previously undocumented efforts enrich the dynamic capability view of hotels (Hsu and Wang, 2012) and shed critical light on the organizational learning perspec-

tive of new market opportunity capture (Kasim, 2015; Kyriakidou and Gore, 2005; Tsai et al., 2015). However, few scholars have paid attention to the role of exploratory and exploitative learning in the relationship between innovation behavior and IC, especially in the transitional economies of the Chinese hotel industry. Therefore, this study’s fourth and final purpose is to offer deeper insights into the missing link between exploratory-exploitative learning, innovation behavior and IC.

With the recent increases in tourism and the growth of leisure in its emerging economy, China has become one of the best new business models in tourism and hospitality studies (Li and Liu, 2016; Wong and Li, 2015). Therefore, the focus of this study is to discover new phenomena in hospitality industry competition, and it reveals the contingency values of organizational learning in accumulating valuable intangible assets such as IC and innovation behavior in an emerging economy. Fig. 1 presents the theoretical hypothesis model of this study. This study uses a regression model and structural equation modeling (SEM) in its estimation measurement, using variables with multiple indicators. Overall, the evidence strongly supports the proposed model and thus enables us to extend organizational learning research from a single perspective to a broader view by integrating the role of innovation behavior and the different roles of IC that are related to desired organizational outcomes.

2. Hypothesis development

2.1. Mediating role of innovation behavior

Innovation behavior refers to individual behaviors that introduce new and useful ideas, problem solution processes or procedures in the workplace, tasks or organizations (Orfila-Sintes and Mattsson, 2009). Innovation in a hospitality organization is a complex process that includes knowledge and information searching, idea generation, and the selection and application of new ideas to improve organizational performance (Ottenbacher and Gnoth, 2005). From the learning orientation perspective, a firm whose employees have innovation behavior would help their organization to achieve superior economic benefits relative to their competitors (Scott and Bruce, 1994), which means that high quality human resources such as human capital would be an organization’s invisible asset. However, idea generation and application do not appear on their own; they need to be learned in the internal and external environment to facilitate awareness of changes and continuing updates of the existing knowledge to develop new ideas to meet customer needs and satisfaction. Hurley and Hult (1998) suggested that market orientation essentially involves doing something new in response to market changes, and organizational learning (e.g., exploratory learning and exploitative learning) is the first step to introduce new concepts into an organizational culture. In other words, organizational learning is the antecedent of innovation behavior.

Human capital accumulation is a process that requires not only appropriate training and education but also the devotion of abundant resources as well as motivation mechanisms of encouragement, and efforts to develop organizational innovation capabilities (Subramaniam and Youndt, 2005). In human capital accumulation, high creativity and skillful employees are needed to learn from the internal environment of colleagues, supervisor, or coworkers to improve familiar skills (Zhou and George, 2001) and to learn from external connections, such as competitors, suppliers, or customers, to update a hotel’s innovation capability (Chang et al., 2011). The earlier discussion suggests that exploratory learning and exploitative learning affect a hotel’s human capital accumulation and improvement through the innovation behavior among employ-

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