MODERATING ROLES OF RELATIONAL LEARNING AND COMPETITION INTENSITY ON THE EFFECT OF RELATIONSHIP MANAGEMENT CAPABILITY ON THE SERVICE INNOVATION PERFORMANCE OF CALABARZON TRAVEL AGENCIES

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ABSTRACT

Purpose- Relational learning is the process by which partners exchange knowledge, develop a shared understanding, and incorporate this understanding into the memory of the domain (Waheed, W., 2019). It speeds up the sharing of information, common understanding, and creation of a special relationship memory. The two parties' cooperative connection is then further encouraged by the growing volume of information and communication. When the conditions of cooperative relationships shift, the impact of RMC on the performance of businesses will also evolve. Thus, relational learning could moderate the relationship between service innovation performance and relationship management skills (Hadid, W., 2019). Meanwhile, the competition intensity is intimately tied to the activity of innovation within or across businesses. Competition intensity has either directly or indirectly impacted organizations' technological innovation, corporate performance, product innovation performance, and innovation dissemination efficiency (Huang, 2018). This study assessed the moderating roles of relational learning and competition intensity on the effect of relationship management capability to the service innovation performance of travel agencies in CALABARZON with the goal of developing a relationship management strategic program for leveraging relationship management capability of travel agencies.

Methodology- It utilized a descriptive correlational design and survey questionnaire was used as the main data gathering instrument which was supported by the conduct of unstructured interviews. The instrument was distributed to 142 owners, managers, or supervisors of travel agencies who have direct supervision of the operation of the business. The respondents were selected from the total population of 244 through employing the stratified random sampling.

Findings- The results and findings of the study revealed that the level of service innovation performance is very good (M = 6.09; SD =). Digitalization in tourism is aimed at making the tourism business not only more flexible, consistent with the realities of time, but also more competitive in the developing digital world. Digitalization in the tourism industry ensures a situation where customers get excellent results, and the owners of travel companies get higher incomes (Kayumovich, 2020). Moreover, the results also revealed that travel agencies are also very good in relationship management capability (M = 6.33; SD =). Relationship management capability increases knowledge transfer and resource acquisition by fostering strong ties among partners, while relationship learning assists organizations in identifying and realizing the value of knowledge and resources in service innovation practice (Zhu et. Al, 2022). Additionally, the level of relational learning and competition intensity as assessed by the respondents are extremely high with M = 6.09; SD = , and M = 6.09; SD = ,respectively. The findings of the study also revealed that these two variables do not moderate the relationship between relationship management capability and service innovation performance.

Conclusion- Based from the results and findings of the study, a relationship management strategic program was proposed to leverage the relationship management capability of travel agencies on the identified areas of improvement that will impact service innovation performance.

Keywords: Relational learning, competition intensity, relationship management capability, service innovation performance, travel agencies
JEL Codes: M10, M15, M31

1. INTRODUCTION

A pillar of the global economy, the travel industry has seen tremendous change recently because of shifting customer tastes, advances in technology, and a growing focus on individualized experiences. Travel agents have difficulty preserving market relevance and guarantee sustained growth in this competitive environment. In the Philippines, where tourism is a significant contributor to the national economy, travel agencies face mounting pressures to not only maintain high-quality customer service but also continuously innovate to stay relevant in a rapidly changing market environment.

Service innovation in travel agencies is transforming the industry, driven by advancements in technology and shifting consumer expectations. Innovation in the travel and tourism industry can take many different forms. It essentially refers to the many ways in which businesses and corporations update the experience that customers and tourists have when traveling. Travel agencies are leveraging artificial intelligence to offer personalized services. In the performance of service innovation of travel agencies, relationship management is pivotal to service innovation because it fosters personalized experiences, builds customer loyalty, and enables the co-creation of services that meet evolving traveler expectations. Effective relationship management allows travel agencies to collect and analyze detailed customer data, including preferences, past bookings, and feedback. This information enables agencies to tailor services and recommendations to individual travelers, enhancing satisfaction and encouraging repeat business

Travel agencies are becoming more aware of the strategic significance of relationship management capabilities (RMC) as a critical factor in determining their long-term success in the fiercely competitive business world of today. Through RMC, they can successfully manage and cultivate relationships with important stakeholders, which in turn promotes cooperation, trust, and the development of mutual values. These skills are especially important in the travel industry where innovation is a major factor in client pleasure and distinctiveness in addition to providing a competitive edge. Firms with relationship management capability can absorb operational resources to achieve service innovation performance. High relationship management capability enables firms to establish and broaden the network relationship with new customers or new partners, which makes it easier for them to obtain financial capital, social capital, customer capital and other operational resources. The interaction view on relationship management in which two parties work together to strengthen mutual trust to ensure or improve their economic performance is congruent with relational learning as a relational management capability.

Relational learning is the process by which partners exchange knowledge, develop a shared understanding, and incorporate this understanding into the memory of the domain (Waheed, W., 2019). It speeds up the sharing of information, common understanding, and creation of a special relationship memory. The two parties' cooperative connection is then further encouraged by the growing volume of information and communication. When the conditions of cooperative relationships shift, the impact of RMC on the performance of businesses will also evolve. Thus, relational learning could moderate the relationship between service innovation performance and relationship management skills (Hadid, W., 2019).

Meanwhile, the competition intensity is intimately tied to the activity of innovation within or across businesses. Competition intensity has either directly or indirectly impacted organizations' technological innovation, corporate performance, product innovation performance, and innovation dissemination efficiency. Other scholars have argued that risks of innovation including failure and competitors' quick copying of innovative products are affected by the increased competition intensity, Consequently, there should be a thorough discussion of the competition intensity in the innovation practices of businesses.

2. LITERATURE REVIEW

Service innovation modifies the manner that customers are served to generate value for customers and income for the business. A business may see a rise in revenue through a new service innovation because of increased spending by current clients, a better reputation for the business, recommendations, etc. Four changing trends, which include increasing customer demand, the growth of mobile Internet, big data and advanced analytics, and the Internet of Things (IoT) have made it easier for businesses to innovate their services (Shields, K., 2022). While it is evident that service innovation differs from technology innovation and product innovation, it can be seen in both the industrial and service sectors and can be drastic and frequently incremental (Li, L., 2019). It is a value improvement procedure that adds value for clients, staff, companies, communities, partners, and alliances (Kim, H., 2015). Service innovation now encompasses new behaviors and processes such as service concept, service provider and user connection, service delivery system, and technology transformation, rather than just innovation in the service industry (Cheng, B.L., 2021).

Innovation is critical to a company's success (Huang et.al, 2018) and it has a major impact on product quality and operational performance (Chen et.al, 2021). While a company's ability to innovate has an indirect impact on its operational performance (Sohl et. al, 2020), it does have the potential to boost its overall performance. Innovation is a significant driver of corporate competitiveness and performance development, particularly for small and medium-sized enterprises (Kumar, 2021). Tourism settings are characterized by networks and small-scale structures that challenge incumbents to systematically capitalize on external and internal resources to respond to market demands (Pfammatter, 2024). Research findings document the usefulness of cooperation in tourist destinations (Wilke et al., 2019, Della Corte and Aria, 2016), and there is evidence that cooperation among tourism service providers and intermediaries is beneficial for participating parties (Chang et al., 2019).

Enhancing inter-organizational trust to increase a high degree of harmony, trust our partner's decisions, competence, and abilities to fulfill agreements and promises to share resources and operational strategies are important in travel industry (Nguyen, et. al., 2021). Enterprise network capabilities are the network management qualifications and task execution capabilities that enterprises have when dealing with external organizations and can improve network management qualifications in the process of performing network tasks. Relationship learning (information exchange, relationship memory) and competitive intensity may have a joint effect on the service innovation performance of a firm involved in relationship management capability. On the other hand, relationship learning reduces the influence of relationship management (Zhu, H., et al., 2022).

Competition intensity positively and dramatically modifies the relationship between service innovation, marketing innovation, and customer satisfaction (Nwachukwu and Vu, 2022). Cooperative benefits of resource sharing imply improved competitiveness. To benefit from resource sharing, firms must find and engage attractive partners; manage, coordinate, and govern inter-organizational relationships; avoid or resolve cultural clashes with allies; and deal with risks associated with opportunistic or unpromising partner behaviors. Consequently, by effective relationship management capability and successful relationship learning, businesses will achieve high performance by interacting in creative service endeavors to satisfy client needs in a highly competitive environment. In other words, the combined effects of relationship management capability and relationship learning will optimize service innovation performance for businesses in a highly turbulent market (Pfammatter, et al., 2024).

3. DATA AND METHODOLOGY

It utilized a descriptive correlational design and survey questionnaire was used as the main data gathering instrument which was supported by the conduct of unstructured interviews. The respondents of the study are the one hundred forty-two (142) owners, managers, or supervisors of travel agencies in the CALABARZON Region who have direct supervision of the business operation. This is from the total population of two hundred twenty-four (224) accredited travel agencies based on the list gathered from the Department of Tourism website and was computed using Raosoft calculator with 95% confidence interval and 5% margin of error. The total number of respondents was distributed in different provinces of Cavite, Laguna, Batangas, Rizal, and Quezon by employing stratified random sampling.

4. FINDINGS

Based on the data gathered from the respondents, the researcher presents the following findings:

1. Based on the results, the respondents believed that they are excellent when it comes to service innovation performance with an overall mean of 6.09. In relation to this, majority of the respondents assessed that they are exceptional in terms of innovation results with the highest weighted mean of 6.27, and excellent in terms of innovation process which garnered the lowest weighted mean of 5.99. When it comes to innovation potential, majority of the respondents agreed that they are exceptional as implied by the composite mean of 6.09. The highest weighted mean of 6.32 indicates that travel agencies are excellent in building trust with their customers by ensuring their safety and security. The respondents also claimed that they are good at using data analytics and machine learning algorithms that can help them gain insight into customer preferences as shown by the lowest mean of 4.39. With respect to the process, the respondents believed that they are excellent as implied by the composite mean of 5.99. The owners, managers, or supervisors of travel agencies monitor and evaluate the innovation through collecting data on the performance of new initiative to the exceptional level as shown by the highest weighted mean of 6.31. Meanwhile, the respondents claimed that they are very good in scaling up provision of services, developing a marketing strategy and launching the innovation into the market including targeted marketing campaigns or launch events involving virtual experiences, contests, or experiential activations to showcase new destinations or services as shown by the lowest mean of 5.40. In relation to the assessment of the respondents regarding results of innovation, the composite mean of 6.27 suggests that travel agencies are exceptional in this area. In more specific terms, the respondents claimed that they are exceptional in achieving improved efficiency in service delivery, reduced service time, and optimized resources with highest weighted mean of 6.54. The assessment also showed that they are very good in having enhanced customer experience, which is measured in terms of customer satisfaction and feedback based from the lowest weighted mean of 6.07.

2. As far as the level of relationship management capability is concerned, the composite mean of 6.33 suggests that travel agencies are highly capable when it comes to different dimensions of relationship management capability. The respondents noted that they are highly capable in terms of relationship learning capability with highest mean of 6.36. Moreover, they are also highly capable in terms of relationship behavioral capacity based on the lowest weighted mean of 6.23. In terms of the level of relationship infrastructure capability, the respondents assessed that they are capable as reflected on the highest mean of 5.41. Specifically, the respondents agreed that before cooperating with a partner, the company firstly assess whether the establishment of this partnership will hinder the company's relationship with other partners. In this part, they are capable based from the highest mean of 6.11. On the other hand, respondents agreed that they are somewhat capable in terms of customer relationship management (CRM) systems, including tools for collecting, storing, and analyzing customer data and systems for gathering customer feedback are user-friendly and efficient with the lowest mean of 3.53. The composite mean of 6.36 points out that the respondents are highly capable when it comes to relationship learning capability. In more specific terms, the highest mean of 6.55 implies that travel agencies are highly capable in understanding client needs and concerns through effective listening practices. Meanwhile, the lowest means that companies are highly capable in terms of judging whether the resources provided by partners are useful. The assessment regarding the level of relationship behavioral capability signifies that travel agencies are highly capable with an overall mean of

6.23. The respondents noted that they are highly capable when it comes to building a good working relationship with partners which garnered the highest weighted mean of 6.37 while the lowest mean of 6.06 implies that the respondents are capable in employing software solutions to facilitate communication and collaboration with partners.

3. Based on the results, the composite mean of 6.50 implies that travel agencies have a very high level of relational learning. In a more specific terms, the highest mean of 6.58 means that the level in which the company and partners usually establish joint teams to solve operational problem is very high. On the other hand, the company also showed a very high level of sharing market information or customer demand information with partners with the lowest mean of 6,41. With respect to the level of competition intensity, the overall mean of 6.50 implies that competition in travel agencies is at a very high level. The respondents agreed that there are many companies in the market offering similar service products to them based on the highest mean of 6.57 with an interpretation on very high. Moreover, the lowest mean of 6.43 suggests that the level at which competitors are constantly proposing new products or improved products for their target is very high.

4. The results and findings of this study revealed that relational learning does not moderate the relationship between relationship management capability and service innovation (B = 0.14, p = 0.259).

5. The results and findings of this study revealed that relational learning does not moderate the relationship between relationship management capability and service innovation (B = 0.01, p = 0.43).

6. The output is developed which comprised of varied activities in relation to a strategic program that is expected to leave a huge impact in the travel agencies. The proposed program aims to leverage the relationship management capability that will contribute to the achievement of a better performance in terms of service innovation in the travel industry.

5. CONCLUSION

Based on the findings revealed in the study, the following conclusions are drawn:

1. The level of service innovation performance of travel agencies in terms of results is excellent while it is very good in terms of potential and process.

2. Travel agencies are very good in relationship management capability in terms of relationship infrastructure capability, relationship learning capability, and relationship behavioral capability.

3. The level of relational learning and competition intensity of travel agencies is very high.

4. Relational learning does not moderate the relationship between relationship management capability and service innovation performance.

5. The combined effect of relational learning and competition intensity does not moderate the relationship between relationship management capability and service innovation performance.

6. A relationship management strategic program was proposed to leverage the relationship management capability of travel agencies on the identified areas of improvement that will impact service innovation performance.

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