# Learning Orientation, Service Innovation and Performance of Hotels in Ilocos Sur

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*Abstract – The study determined the level of learning orientation and service innovation; likewise, it assessed the performance of hotels in Ilocos Sur. It employed the descriptive-correlational method of research. It found out that the hotels have high levels learning orientation and service innovation practices in service, market, process, and organization-related dimensions. The hotels in Ilocos Sur have a high level of performance. Managers are still encouraged to pair employees with mentors. Mentoring relationships can foster positive and productive working relationships, helping employees learn and gain encouragement and support in their jobs. When coached with encouragement, employees can help the hotel adapt to changes and reach the next level of success. 2.Hotels should build more networks.  By having more connections, there will be bigger opportunities. Having more social networks and local and international professional groups like Hotel and Restaurant Associations of the Philippines and Philippine Hotel Owners Association Inc. will help hotels build stronger connections, thus increasing their financial, guests, and internal business process performance.*

*Keywords: Learning orientation, service innovation, performance, hotels*

## 1. Introduction

Business organizations face many demands from the challenging business world. To survive, organizations must achieve productivity while building new and responsive work providing all workers opportunities for high performance and high quality of work life. The business environment is a dynamic reality of customers, stakeholders, the public, and all of the external forces implying upon business (Rainey, 2012). Global competition, information technology, the quality service revolution, and diversity and ethics are forcing organizations to reconsider their approaches to production and operations, marketing, finance, and human resources. Because of this paradigm shift, new organizations that are more responsive to internal and external environments are emerging.

The country's business environment is proving to be markedly different from the past. Known as one of the country's fast-rising service industries, the hotel industry has pursued continuous innovation and learning. Petre et al. (2018) said that in hotel sector, innovation is considered a requirement for adapting to a changing environ-

ment from the perspective of customer demands and tastes, technology advancements and stiff competition.

Accommodation is the core product of a hotel and is always one of the largest hotel operations sources. Due to internal and external challenges necessitating high degrees of innovation and customization without sacrificing cost and quality, hotels need to transform their entire product and service development approach.  These challenges are not new in the industry, and adding to it, is the fierce competition among hotel organizations, technological innovations, and changing preferences of customers. This paves the way for learning and innovation as critical key factors and survival tools for hotels to succeed in these times of change.

Learning and service innovation matter for growth in the hospitality industry. Increasing the knowledge of learning orientation and service innovation of hotels and its factors is crucial for holistic development. Successful hotels not only respond to their current customer or organizational needs, but also anticipate future trends and

develop an idea, product, service, process or tools that allows them to meet future demand rapidly and effectively. One of the most important ingredients for learning through experience is that the organization and its employees should possess a strong learning orientation.

Calantone et al. (2001) stated that innovation is closely related to organizational learning. Learning orientation is proposed to be an important antecedent of firm innovativeness, which in turn influences firm performance. Four components of learning orientation are identified: commitment to learning, shared vision, open mindedness and intra organizational knowledge sharing. Service innovation in the other hand has long been recognized as an important driver of economic growth. (Ottenbacher et al., 2005) Most empirical research and surveys of firms show that innovation leads to new products and services that are higher in quality and lower in price. The appreciation of learning orientation, service innovation and performance measurement as three (3) fundamental success factors in a progressively competitive, global economy has placed the basis to discover new practices of management. It is obvious that a learning orientation and service innovation are closely related to performance measurement.

The massive promotion of the Department of Tourism (DOT), particularly the viral effect of the "It is More Fun in the Philippines" campaign, led to the increasing number of foreign and local tourists and travelers. The growth of the sprouting infrastructure facilities like the sprouting hotels is very much evident in cities and provinces. Geronimo (2016), in his article, said that the province of Ilocos Sur is where the Ilocos Region's myriad of cultures and histories converge to become a living museum of a spirited past. A national shrine, a national landmark, a national museum, heritage museums, ancestral houses, period houses, cobble-stoned streets – they all share space in the timeless land of Ilocos Sur. Tourism boomed in 2015 after Vigan was named one of the New 7 Wonders Cities in late 2014. Data from the city tourism office show that 752,074 guests arrived in 2015 – an almost 30% increase from the 580,381 guests in 2014.

Tourist arrivals in the Ilocos region rose 11.39 percent from 2,090,830 in 2016 to 2,359,744 in 2017. Pangasinan had the highest share at 32.17 percent of the total number of visitors, who spent at least a night in the region; followed by Ilocos Norte with 27 percent; La Union with 24.13 percent; and Ilocos Sur with 16.17 percent, according to Austria (2018). Based on the data from DOT 1 (Ilocos), visitor arrivals in Ilocos Sur increased 28.4 percent to 394,087 in 2017 from 282,156 in 2016. La Union's tourist arrivals reached 569,388 in 2017, up 17.18 percent from 471,547 in 2016. In Ilocos Norte, 637,248 tourists visited the province last year, 12.87 percent more than the 555,176 tourists in 2016. Moreover, Ilocos Norte got the highest total of foreign visitors in 2017 with 56,253, while Pangasinan dominated the domestic tourist arrivals with 744,873.

Despite the increase of tourist arrivals in the Region I, Ilocos Sur has the lowest share of the total number of visitors among the four provinces. One reason why the researcher conducted this study was that in Region 1, the Province of Ilocos Sur had the smallest percentage of tourist arrivals (32%) as compared to Ilocos Norte with a percentage of 48% (Department of Tourism). Based on the survey conducted by the Department of Tourism along "Top Things Disliked Most by Tourists About their Visit to the Philippines," delay in service and slow or lazy people was on the Top 10. Considering the importance of service innovation, the researcher desired to conduct this study to determine the hotel industry's service innovation performance in Ilocos Sur.

The researcher believes that this study's findings will benefit the hotel sector and other business organizations in the province in terms of improving their products and services, likewise to sustain high performance as expected by their customers. The hotel managers and employees would have a baseline to aspire for better and quality performance effective service innovation performance, which could be a vehicle for them to gain a more competitive advantage. It would also enable them to survive in the fast-pacing world of business full of competition and uncertainties. The academe may benefit by having a basis for administrators to enhance their curriculum of

existing programs in consonance with what is required in the industry. And lastly, the province of Ilocos Sur, being a province frequently visited by local and foreign tourists, will not only be known by its exquisite beauty as a place but will also be known having hotels with very hospitable employees who are not only ready to serve quality service to guests but are willing to embrace continuous learning and innovation in terms of service.

## 1.1. Objectives of the Study

This study assessed the level of learning orientation, service innovation, and performance of hotels in Ilocos Sur. It also determined if the performance of hotels is influenced by the learning orientation and service innovation of managers and workers.

## 1.2. Theoretical Framework

To gain insights on the concepts and factors that have significant bearing on this study, the researcher reviewed some pertinent literature and researches related to learning orientation, service innovation and performance.

### *On Learning Orientation of Hotel Industry*

The concept of Learning Organization describes a significant organizational mindset or philosophy. A learning organization has the capacity to continuously adapt and change because all members take an active role in identifying and resolving work related issues. According to Marquaidt (2011), in a learning organization, it is critical for members to share information and collaborate on work activities throughout the entire organization—across different functional specialties and even at different organizational levels. Employees are free to work together and collaborate in completing the organization's work the best way they can, and in the process, learn from each other. The study of McShane et al. (2010) also cited that learning orientation refers to an individual attitude and organizational culture in which people welcome new learning opportunities, actively experiment with new ideas

and practices, view reasonable mistakes as a natural part of the learning process, and continuously question past practices. Organizations require competent people to learn and interpret new market information and technology changes from the external environment.

Reviewed studies of Calantone et al. (2001) is also synonymous in the sense that that innovation is closely related to organizational learning. Learning orientation is proposed to be an important antecedent of firm innovativeness, which in turn influences firm performance. Four components of learning orientation are identified: commitment to learning, shared vision, open mindedness and intraorganizational knowledge sharing. Similarly, Stegerean et al. (2013) said that hotel innovativeness is associated in a positive manner with learning orientation. Learning orientation and innovativeness could be considered real driven forces for competitiveness in hotel sector. They suggested that management should create an appropriate environment within the organization to be able to sustain an expected performance level by focusing on learning orientation, customer orientation and innovativeness.

Lastly, Zivkovic (2017) claimed that employees at all levels of the hotel organization, individually and collectively, mainly continuously, increase their capacities through learning so that their engagement results in the accomplishment of the very tasks they are responsible for. The work aims to point out that learning hotel organizations, especially in crisis conditions, progress in changes, which is in adaptability and flexibility. Therefore, in the permanent learning hotel organization, employees constantly find information sources and learn from the experiences of other participants in the tourist market, and, above all, discuss the needs of clients and customers.

### *On Service Innovation of Hotels*

Fitzsimmons et al. (2015) defined services as deeds, processes, and performances. A service is an activity or series of activities of more or less intangible nature that normally, but not

necessarily, take place in interactions between customer and service provider, which are provided as solutions to customer problems. Ford et al. (2012) mentioned that a common way to think of service is as the tangible part of a transaction relationship that creates value between a provider organization and its customer, client or guest. Services can be provided directly to the customer. The services can be provided as combination of these characteristics. Likewise, Gamal (2011) defined innovation as the introduction of a new product, service, or process through a certain business model into the marketplace, either by utilization or by commercialization. Hence, it encompasses: product innovation, service innovation, process innovation, and all contribute to strengthen the competitive advantage of a certain company.

Deakins et al. (2010) stated that the traditional view of service firms has been as innovation laggards. Services were thought to be incapable of innovation and, at best, to confine themselves to the adoption of innovations generated by manufacturing. Indeed, it has been common to characterize services as "supplier dominate." On the contrary, Young (2015) stated that the customer of a service often interacts directly with the production process. Services tend to be customized and provided at the convenience of the customer. In addition, services tend to be labor intensive. Thus, human contact and its ramifications are an important part of the process of producing services.

### On Performance of Hotels

Performance measurement is essential for business as the basis for continuous improvement and for designing an adequate information system. Kaplan (2001) suggested that integrated performance measurement frameworks are essential for businesses as the basis for defining strategic objectives that integrated lagging and leading indicators. Performance measures are therefore the means of support to organizations, since without them no decisions can be made. Mohammed (2013) stated that performance is a multi-dimensional construct that cannot be adequately reflected in a single performance item.

Studies on firms' performance have adopted various approaches to conceptualize and measure performance. This argument suggests that a compound measure of performance would reflect more exactly a firm's development, as opposed to a single qualitative or accounting-related performance measure.

## 2. Methodology

### 2.1. Research Design

The study made use of the descriptive-correlational method of research supplemented with interviews and observation.

### 2.2. Subjects of the Study

The study made use of total enumeration where 917 agreed to participate in the study: 74 are hotel managers and 843 are hotel employees in Ilocos Sur. The basis of determining the hotels were the lists available in the business name registration records of the Department of Tourism (DOT) office at Vigan City, Ilocos Sur, and Department of Trade and Industry (DTI) office, Vigan City, Ilocos Sur. Table 1 shows the respondents from the hotels that were involved in the study.

### 2.3. Data Gathering Tools

The data gathering instrument has two parts. The first part of the instrument determined the level of learning orientation of the hotel industry in Ilocos Sur in terms of commitment to learning, shared vision, open-minded, intra-organizational knowledge sharing. The questionnaire was adapted from the study of Calantone et.al (2001). The second part of the instrument determined the level of service innovation of the hotels in Ilocos Sur in terms of service-related dimensions (innovative technology, service advantage, consistency of service delivery, and tangible and intangible quality of the service) and process-related dimensions (raise awareness, effective marketing communication, employee involvement in the process and new service development prelaunch activities). The questionnaire was adapted from the study of Ottenbacher, et al.

**Table 1.** Summary of Mean Ratings on the Level of Learning Orientation of Hotels in Ilocos Sur

| Learning Orientation | Managers | | Employees | | As A Whole | |
|---|---|---|---|---|---|---|
| | Mean | DR | Mean | DR | Mean | DR |
| Commitment to Learning | 3.83 | High | 4.28 | Very High | 4.06 | High |
| Shared Vision | 3.79 | High | 4.19 | High | 3.99 | High |
| Open-Mindedness | 3.82 | High | 4.2 | High | 4.01 | High |
| Intra-Organizational Knowledge Sharing | 3.79 | High | 4.19 | High | 3.99 | High |
| Overall | 3.81 | High | 4.22 | Very High | 4.02 | High |

(2005). And the last part of the instrument determined the performance measurement of the hotel industry in Ilocos Sur in terms of financial, guests, and internal business process. The questionnaire was adapted from the study of Alshammari (2011).

### 2.4. Ethical Considerations

The data collected were treated with utmost confidentiality. Likewise, survey questionnaires were destroyed after the data has been analyzed and interpreted. The researcher applied the ethical guidelines of research throughout the whole process of data gathering, analysis and presentation. For the respondents, their full consent was sought first thru a letter of consent. The dignity, rights, safety and well-being of the participants were given primary consideration. The protection of the privacy of research participants and adequate level of confidentiality of the research data were also be ensured. Privacy of individual was maintained and any type of communication in relation to the study was done with honesty and transparency. The name of the participants in the survey was coded with numbers. Strict confidentiality was used in the treatment of data from individual respondents and the results were presented which consist of aggregate data in order not to the reveal the identification of participants.

### 2.5. Data Gathering Procedure

The researcher asked permission from the Provincial Tourism Office of Ilocos Sur and the hotels' different managers. The questionnaire was administered and retrieved by researcher by going to the different hotels in Ilocos Sur. Consent was sought from the respondents before the gathering of data.

### 2.6. Data Analysis

The data was gathered and were treated statistically using the following statistical tools: Mean to determine the level of learning orientation, service innovation and performance of the hotel industry in Ilocos Sur; and the multiple regression analysis to determine whether the level of learning orientation and service innovation significantly influence the performance of hotels.

## 3. Results and Discussion

### 3.1. Level of Learning Orientation

As seen in the table, when taken as a whole, the level of learning orientation of hotel industry in Ilocos Sur is at a "High" level as depicted by its mean rating of 4.02. This means that the respondents have the desire to improve and extend their skills and knowledge. This may also imply that the respondents may have increased effort to actively expand their range of technical and social skills.

The highest mean rating of 4.06 described as "High" is commitment to learning as perceived by the managers and employees of hotels in Ilocos Sur.

The finding implies that managers promote learning and employees values all the learnings given to them by the management. Therefore, it can be signified that hotels in Ilocos Sur foster a

learning climate where everyone is encouraged to participate in all formal or non-formal developmental programs given by the management and other support agencies. On the other hand, shared vision and intra-organizational knowledge sharing got the lowest mean rating of 3.99 described as "High". The results may imply that the managers and employees of hotels in Ilocos Sur know what they are doing and why are they doing it. This may be because there is strong sense of trust and respect and everyone assumes responsibility of their own actions. Furthermore, learning process occurs in the hotels in Ilocos Sur and collaborative learning between managers and employees do happen. This may be because the respondents find it very helpful to teach one another in order to cope up with the day-to-day encounters with guests of the hotel industry.

## 3.2. On Service Innovation

The managers and the employees of hotels in Ilocos Sur have evaluated their respective business organizations in terms of the different dimensions of service innovation, such as service-related, market-related, process-related, and organization-related dimensions.

### 3.2.1. Service-Related Dimension

Table 2 shows the item mean ratings of all the indicators of service-related dimensions. These indicators are innovative technology, service advantage, consistency of service delivery and

whole, the level of service innovation of hotels in Ilocos Sur along a service-related dimension is at a "high" level, as proven by the overall mean rating of 4.0. This implies that managers and employees need to know and understand what their guests expect from them to deliver services to satisfy their guests in the hotel industry to meet or exceed guests' expectations. Based on the interview conducted, guests have expectations at every level of their interaction with a hotel, whether face-to-face, over the phone, on the internet, or by post.

Of the four dimensions, dimension 3, which relates to "consistency of service delivery," got the highest mean rating of 4.08. The result may imply that service consistency in the hotel industry is an expectation of all guests at all times. Therefore, hotels should ensure all their employees to maintain the same standards, abide by the same policies and procedures, and use the same processes, practices, and systems to perform their jobs at the desired level. On the other hand, the lowest mean rating of 3.92 described as "High" is the innovative technology. This tends to indicate that hotels give innovative technology importance. Based on the interviews conducted by the researcher, the following were found: WiFi overhauls are done because hotel guests who travel with devices such as phones, tablets, and computers no longer see WiFi as a perk, but as a must-have when they check-in; mobile communication and automation through social media allows digital interactions between guests and hotels, feedback on social media are already

**Table 2.** Summary of the Mean Ratings of Service-Related Dimensions

| Service-Related Dimensions | Manager | | Employees | | As A Whole | |
|---|---|---|---|---|---|---|
| | Mean | DR | Mean | DR | Mean | DR |
| Innovative Technology | 3.61 | High | 4.22 | Very High | 3.92 | High |
| Service Advantage | 3.69 | High | 4.2 | High | 3.95 | High |
| Consistency of Service Delivery | 3.83 | High | 4.32 | Very High | 4.08 | High |
| Tangible and Intangible Quality of Service | 3.67 | High | 4.24 | Very High | 3.96 | High |
| Overall Rating | 3.74 | High | 4.25 | Very High | 4.0 | High |

tangible and intangible quality of the service. As a

used to their advantage as guests, check-in on

location-based social media apps, tweet about their experience on Twitter and share holiday photos with friends and followers on Instagram and Facebook; and lastly, "entertainment on tap" in which guests are increasingly plugging in their own devices for in-room entertainment thus the hotel rooms' television and radio are taking the backseat as guests use their technology to keep themselves entertained.

### 3.2.2. Market-Related Dimension

Table 3 shows the overall mean rating of the different factors contributing to Service Innovation along Market-Related Dimensions. The study found out that the level of service innovation of hotels in Ilocos Sur along the market-related dimension is at a "high" level as supported by the overall mean rating of 3.99. This might suggest that hotels in Ilocos Sur put marketing on top of their priority. This might be because marketing plays a crucial role in building a brand, alluring new guests, and maintaining loyalty. Another reason might be that the hotel industry is mostly made up of tourism, so a consistent brand identity is also essential.

Out of 4 dimensions, the highest mean rating of 4.03 described as "High" is price competition. This implies that the hotels in Ilocos Sur attract their guests by lowering their prices compared to their competitors.

The hotels believe that in market reality, whenever price adjustments are needed, increasing prices is more complicated than lowering them. Based on the individual interview results, hotels conduct benchmarking activities to compare their

delivery of routine services as an oil change might be easy. However, competition on price can be considered counterproductive in professional services because it is perceived as a surrogate for quality. On the other hand, the lowest mean rating of 3.95 described as "High" is competitive offerings.

This may imply that hotel industry in Ilocos Sur have service offerings that are competitive. However, it may also denote that hotels can only grow and improve when they have competitors. It may be because knowing their competitors will help them improve processes and explore better ways of serving their existing and target markets.

### 3.2.3. Process-Related Dimension

Table 4 shows the overall mean rating of the different factors contributing to Service Innovation along Process-Related Dimensions. The hotels in Ilocos Sur have a "high" level of service innovation along process-related dimensions, as evidenced by the overall mean rating of 3.91. This finding suggests that hotels continuously innovate their services. This may be because hotels need to deal with competition, changing guests' demands and preferences, the advancement of technology, international influence, and the influx of tourists' arrivals in the province, resulting in changing guests' behaviors.

Out of the four dimensions, the highest mean rating of 3.93 described as "High" is on effective marketing communication. This implies that hotels still do not forget that practical verbal and

**Table 3** Summary of the Mean Ratings of Market-Related Dimensions

| Market-Related Dimensions | Manager | | Employees | | As A Whole | |
|---|---|---|---|---|---|---|
| | Mean | DR | Mean | DR | Mean | DR |
| Market Attractiveness | 3.64 | H | 4.29 | VH | 3.97 | H |
| Price Competition | 3.81 | H | 4.24 | VH | 4.03 | H |
| Competitive Offerings | 3.71 | H | 4.18 | H | 3.95 | H |
| Market Responsiveness | 3.76 | H | 4.26 | VH | 4.01 | H |
| Overall Rating | 3.73 | H | 4.25 | VH | 3.99 | H |

rival hotels' prices. Comparing costs in the

**Table 4.** Summary of the Mean Ratings of Process-Related Dimensions

| Process-Related Dimensions | Manager | | Employees | | As A Whole | |
|---|---|---|---|---|---|---|
| | Mean | DR | Mean | DR | Mean | DR |
| Raise Awareness, | 3.64 | High | 4.2 | High | 3.92 | High |
| Effective Marketing Communication | 3.67 | High | 4.19 | High | 3.93 | High |
| Employee Involvement in the Process | 3.66 | High | 4.17 | High | 3.92 | High |
| New Service Development Prelaunch Activities | 3.52 | High | 4.16 | High | 3.84 | High |
| Overall Rating | 3.64 | High | 4.18 | High | 3.91 | High |

non-verbal communication skills should be emphasized and well-executed in the hotel industry in this new electronic communication age. This may also imply that managers regularly give feedback to the employees, and it may take the form of performance feedback given as evaluation and appraisals. On the other hand, the lowest mean rating of 3.84, described as "High," is a new service development prelaunch activities. The finding signifies that hotels will have better positions in the market if there is well-targeted advertising and promotion. Furthermore, campaigns are more effective than competitors' and are significantly better at informing journalists and magazines about the product/service. This finding is supported by the findings of Ottenbacher et al. (2004), who found out that it is not sufficient to create a new service and announce its existence. Even the best products and services do not sell themselves, which means new service development prelaunch activities should be supported by a strong marketing communication strategy to create awareness and interest among potential customers.

### 3.2.4. Organization-Related Dimension

Table 5 shows the overall mean rating of the different factors contributing to Service Innovation along Organizational-Related Dimensions. As shown in the table, the overall mean rating of 3.94 which is described to be "High" level of service innovation along Organizational-related dimensions as perceived by managers and employees. This might imply

that the hotels in Ilocos Sur are giving enough priority to the different internal management practices that would allow their employees to grow personally and professionally.

Out of the four dimensions, it can be noted that the highest mean of 4.0 described as "High" is behavior-based evaluation. This implies that the hotel industry considers the behavioral aspect of their employees during their evaluation. This maybe because behavior is an important factor in service delivery and may impact the over-all experience of guests during their stay in the hotel. It further implies that management applies the same attributes for performance evaluations as those used by guests. This finding is supported by the findings of Ottenbacher et al. (2005), who found out that the procedure of service execution is a means to an end and the opportunity to create satisfaction or even delight the guest. By this standard, customer expectations should define employee role requirements and desirable behavior. On the other hand, the lowest mean rating of 3.86 described as "High" is selective staffing. This implies that the preliminary assignment of every hotel in Ilocos Sur nowadays is to identify, recruit, channel, and incorporate skilled human resources into their operations in order to improve productivity and increase user efficiency.

**Table 5.** Summary of the Mean Ratings of Organizational-Related Dimensions

| Organizational-Related Dimensions | Manager | | Employees | | As a Whole | |
|---|---|---|---|---|---|---|
| | Mean | DR | Mean | DR | Mean | DR |
| Behavior-based Evaluation | 3.74 | H | 4.25 | VH | 4.0 | H |
| Training of Employees | 3.65 | H | 4.23 | VH | 3.94 | H |
| Reputation | 3.67 | H | 4.25 | VH | 3.96 | H |
| Selective Staffing | 3.55 | H | 4.16 | H | 3.86 | H |
| Overall Rating | 3.65 | H | 4.22 | VH | 3.94 | H |

### 3.3. Performance of Hotels

Table 6 shows the hotel industry's level of performance in Ilocos Sur is measured in terms of financial, guest, and internal business processes. Performance measurement is essential for business as the basis for continuous improvement and for designing an adequate information system. Kaplan (2001) suggested that integrated performance measurement frameworks are essential for businesses as the basis for defining strategic objectives that integrated lagging and leading indicators.

### 3.3.1. Financial Performance

The study found out that the hotel industry's financial performance in Ilocos Sur is at a "high" level, as backed up by its mean rating of 3.94. Out of 4 indicators, the item "The company has a rapid growth in sales" got the highest mean rating of 3.96, described as "High." This implies that hotels can increase their sales. This is because the managers and employees have worked hard to attract their guests, thus resulting in the growth of sales. This may mean that managers give a careful look at their practices and work hard to improve revenue. Based on researcher's interviews, financial performance was at or above expectations because each year, more and more tourist spots are improved, and the local and provincial government conducts more festivities, hence travelers, backpackers, and foreign and local guests in return avail the hotel services.

On the other hand, Item 1, stating "The Financial Returns satisfy shareholders expectations," got the lowest mean rating of 3.91, described as "High." This implies that hotels'

shareholders can meet their expectations in terms of financial returns. Based on the researcher's interviews, the hotels have maintained a steady flow of activities in their hotels because of the municipal and provincial government's tourism-related programs that catch the attention of local and international tourists/travelers. The respondents commonly claimed that sales increase during summer, holidays, festivals, and Christmas seasons.

### 3.3.1. Guest Performance

As a whole, the hotel industry's level of guest performance in Ilocos Sur is at a "High" level as backed up by its mean rating of 4.0. Out of 4 indicators, "the hotel can retain its guests and keep them on coming back" as an indicator got the highest mean rating of 4.06. This suggests that managers can entice guests and see that the quality of their services rendered to the guests is repeatable by the time they revisit the hotel. Based on the interviews conducted, the hotel industry gives a memorable experience to guests. The hotels do not just offer basic accommodation but also good memories that are worth keeping. One standard strength of hotels in Ilocos Sur is the natural Ilokano way of hospitality that guests are always remembered. On the other hand, the indicator, "The market shares of the hotel increases," got the lowest mean rating of 3.94, described as "High". This implies that the hotels in Ilocos Sur are gaining attraction from customers and guests, not only local but global. This might also imply that because of the booming hotel businesses in Ilocos Sur, there is already an

**Table 6.** Item Mean Ratings Showing the Level of Performance of Hotel Industry in Ilocos Sur as Perceived by Managers and Employees

| Performance of Hotel Industry | Manager | | Employees | | As a Whole | |
|---|---|---|---|---|---|---|
| | Mean | DR | Mean | DR | Mean | DR |
| Financial | 3.61 | High | 4.26 | Very High | 3.94 | High |
| Guests | 3.70 | High | 4.30 | Very High | 4.00 | High |
| Internal Business | 3.89 | High | 4.23 | Very High | 4.06 | High |
| Overall Rating | 3.73 | High | 4.26 | Very High | 4.0 | High |

increase in market share.

### 3.3.2. On Internal Business Performance

The hotel industry's financial performance in Ilocos Sur is at a "high" level, as backed up by its mean rating of 4.06. Out of 4 indicators, "The management has a comprehensive picture of business operations" as an indicator got the highest mean rating of 4.25, described as "High." This implies that the respondents, through their continuous devotion to learning new ways of serving their guests and unrelenting efforts to develop more appealing services, were able to maintain better and more harmonious business operations. On the other hand, the item "Creativity and unexpected ideas increase" got the lowest rating of 4.05. This implies that the hotel industry's key players are backed up with the necessary knowledge and skills to create new ways of delivering services to the guests.

### 3.4. Influence of Learning Orientation and Service Innovation on Performance of Hotels

Table 7 shows the regression analysis on the learning orientation and service innovation of hotel industry in Ilocos Sur and the managers/employees and hotel-related profile.

The results of the analysis show that the combinations of the level of learning orientation and service innovation influenced the level of performance of hotel industry in Ilocos Sur (F-ratio = 36.426**, F-prob = .000). Based on RSq (.590), the factors explain 78.6% of the variance of the level of performance. The remaining 21.4% can be explained by other variables not included in this study.

Moreover, the variables were taken singly, innovative technology (t=2.119, p < .05), consistency of service delivery (t=2.447, p < .05), behaviour based evaluation (t=-2.418, p < .05), reputation (-3.409, p < .05) Organization-Related Learning (4.143, p < .05).

The findings on innovative technology imply that the hotel's decision to innovate is a vital element that enables the hotel industry to achieve the desired performance level. This indicates that innovative technology in many forms and ways as agreed upon by the managers can be an essential ingredient of competitive advantage. It may also denote that innovativeness as perceived by managers is one of the fundamental instruments of growth strategies to enter new markets, to increase the existing market shares, and to provide the company with a competitive advantage. This finding supported Osman and Xavier's (2015) findings, who found out that among all types of innovation, technological and organizational innovation has the highest impact on employee performance, followed by product and lastly process innovation.

Likewise, the findings on the consistency of service delivery imply that to keep the hotel's good performance, managers and employees should deliver the same quality of services. The guests will be attracted to repeat business simply because of the excellent experience each time they lodge. It may be because each time guests are satisfied, and it could become a passport to receive additional guests because loyal guests may have shared with a friend about their worthy experiences in the hotel.

The finding on behavior-based evaluation denotes that the hotel industry may adopt more learning orientation and service innovation to employees with undesirable traits. This may be

**Table 7.** Regression Analysis of the Performance of the Hotel Industry in Ilocos Sur on the Learning Orientation and Service Innovation of Managers and Employees

| Level of Learning Orientation and Service Innovation | Beta | t-value | t-prob |
|---|---|---|---|
| Commitment to Learning | .395 | 1.348 | p >. 05 |
| Shared Vision | .478 | 1.071 | p >. 05 |
| Open mindedness | -.144 | -.314 | p >. 05 |
| Innovative Technology | .270 | 2.119* | P < .05 |
| Service Advantage | -.435 | -1.195 | p >. 05 |
| Consistency of Service Delivery | .564 | 2.447* | P < .05 |
| Tangible and Intangible Quality of Service | -.227 | -.832 | p >. 05 |
| Service-Related Dimensions | 1.123 | 1.302 | p >. 05 |
| Market Attractiveness | -.202 | -1.350 | p >. 05 |
| Price Competition | .159 | .903 | p >. 05 |
| Competitive Offerings | -.021 | -.149 | p >. 05 |
| Market Responsiveness | .167 | .905 | p >. 05 |
| Raise Awareness | -.141 | -.765 | p >. 05 |
| Effective Marketing Communication | .263 | 1.596 | p >. 05 |
| Employee Involvement in the Process | .174 | .945 | p >. 05 |
| New Service Development Prelaunch Activities | .100 | .607 | p >. 05 |
| Behavior-based Evaluation | -.566 | -2.418* | P < .05 |
| Training of Employees | -.133 | -.495 | p >. 05 |
| Reputation | -.634 | -3.409** | P < .05 |
| Organizational-Related Dimensions | 2.083 | 4.143** | P < .05 |
| Level of Learning Orientation and Service Innovation | -2.160 | -.974 | p >. 05 |

MultR = .768    F-ratio = 36.426**
RSq = .590       F-prob = .000

because employees who lack the hotel industry's appropriate behavior could be given developmental activities and appropriate training programs that may encourage them to change for the better.

Furthermore, the finding of reputation implies that if a hotel has not yet established a good reputation in the market, managers and employees will likely implement learning orientation and service innovation. This may be because managers and employees when faced with problems, may tend to exert additional efforts to learn more ways of improving their service approaches and may likewise explore new means of developing the skills and competencies for better performance.

Lastly, the finding along organization-related dimension implies that the hotel's overall performance relies on how well the top management manages its employees. It may also signify that a well-structured and formalized organization may significantly impact the hotel's financial, guest, and internal business performance. The attainment of the hotels' vision and mission also lies in how the organization treats its employees. For without their employees, the operations of the hotels will not succeed.

## 4. Conclusions and Recommendations

The hotel managers and staff have the desire to improve and extend the skills and knowledge they have for the improvement of the operation and management of the hotels. Meanwhile, the performance of the hotels in Ilocos Sur is commendable. The performance of the hotels is significantly influenced by combination of the learning orientation and service innovation of the managers and staff.

Even though the hotel industry's learning orientation and service innovation are at "High" levels, managers are still encouraged to pair employees with mentors. Mentoring relationships can foster positive and productive working relationships, helping employees learn and gain

encouragement and support in their jobs. When coached with encouragement, employees can help the hotel adapt to changes and reach the next level of success.

Hotels should build more networks. By increasing connections, there will be more significant opportunities. Building social network in both local and international professional groups like the Hotel and Restaurant Associations of the Philippines, and Philippine Hotel Owners Association Inc., these will help hotels maintain stronger connections, thus increasing their finances, guest accommodations, and internal business process performance.

The hotel managers should continue challenging their employees with meaningful assignments. In order to continue producing innovative and willing employees to learn new ideas and new ways, top management should encourage their employees to leave their comfort zones by sending them to post-graduate studies or experiential activities.

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