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#### VALUE CREATION ON CRM: EVIDENCE OF EMPLOYEE COMPETENCE IN SERVICED APARTMENTS

#### Irma M. Nawangwulan

School of Management Studies, Universitas Pembangunan Jaya Bintaro Jaya, Tangerang, Indonesia Email: inawangwulan@gmail.com

#### Josephine P. Sawirin

BIRD Group
Bandung, Indonesia
Email: josephinepriscilasawirin@gmail.com

#### Samuel PD Anantadjaya

School of Business, Faculty of Business Administration & Humanities Swiss German University, BSD City, Serpong, Tangerang, Indonesia Email: ethan.eryn@gmail.com

#### **ABSTRACT**

With the fast-pace growth on apartment buildings in major cities in Indonesia, it is interesting to investigate the underlying reasons behind such high growth rates. Relying on the perspective of employee competence and prevailing activities on customer relationship management (CRM), this study intends to investigate the degree on influential factors toward organizational value creation for Bird Group, as the owner/manager of a few service apartments in the city of Bandung, in the province of Jawa Barat, Indonesia.

It has become a public knowledge that any potential improvements on employee competence should generally impact the employee performance in carrying their tasks and responsibilities. Improvements on employee performance are expected to bring about enhancements on the combinations of CRM activities. The betterment in CRM activities may likely inspire public to step-up their buying intentions (BI) toward products/services. This may be true as the general level of customer satisfaction has increased. Undoubtedly, the higher BI is expected to push-up the organizational value creation. Having said that, it is uncertain whether or not such relationships do occur among those chosen variables in this study.

This study relies on a quantitative approach to objectively evaluate empirical evidence. This study finds out that employee competence has a 73% influence on CRM activities, CRM activities have an 81% influence on BI, CRM activities have a 90% influence on customer satisfaction, customer satisfaction has a 69% influence on BI, and BI has a 76% influence on organizational value creation.

Keywords: employee competence, CRM, customer satisfaction, buying intention, organizational value creation

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#### 1. INTRODUCTION

Competition is certainly rising. With the trends toward abolishing international borders in exports and imports, smooth operational activities to strengthen the organizational competitive advantage becomes Hospitality industry has certainly experiencing such pressures for a long time. With the common "requirement" on partnering-up with international-chain brands, hotels experiencing better growth rate and survivability in the local market than relying on the use of local brands. This condition forces local brands into survival mode toward sustainability. Changing the regular apartment buildings into serviced apartments is one of the options that may help the business keep up with the situation.

In the serviced management, it is a good opportunity for hotel operators to manage the property in order to gain trust from public. Instead of buying apartment units and leaving the apartment units vacant when the apartment owners are not using them, it is better to have an operator, who can manage the property better to earn stable cash flows from the apartment units. As the lifestyle changes, people preferences also change. Today, people fond simplicity. In comparison to hotel rooms, serviced apartments appear to have offered a better choice.

Serviced apartments are more tempting examples than regular apartments for both buyers and developers. Most of the service apartments are contractual-based between the apartment owners and professionals, who are usually hotel operators, who eventually provide hotel-like services, such as; housekeeping, WiFi, room service, and will also rent the apartment units via the networked reservation systems (Travel Intellegence Network, 2013). From the developer side, serviced apartments indicate advance payments from apartment owners to further finance the construction. This provides developers with an easier way to fund projects (Bloomberg, 2013).

Serviced apartments appear to be preferable for long-stay guests due to the nature of the cheaper price while experiencing the same or even better benefits on basic necessity, such as; fully functioning kitchen, which enables guests to control meal costs, and countless of personalized services. Serviced apartments become a perfect choice for travelers when they are away from home.

To increase organizational value, good strategic path needs to be followed by companies. It is important to have the right value creation of the product that businesses are trying to sell to potential buyers, and employee competence that may likely supports and influences the buying intention (Couto, Divakaran, & Caglar, 2012).

The opportunity of turning regular apartments into serviced apartments may be beneficial to both apartment owners and hotel operators. For apartment owners, the occupancy rate may be a bit more certain in comparison to personal attempts in renting the apartment unit themselves. For hotel operators/management, operational costs become relatively cheaper as those apartment units belong to individuals, who have previously purchased those units.

To successfully do this, hotel operators/management may have to evaluate the employee competence to ensure the proper handling of those apartment units. There are 3 basic employee competence; knowledge, skill, and attitude (Gotsch, Keck, & Spencer, 2012). These trios are considered basic and widely-acceptable in various work setting.

Considering the background situation, this study attempts to seek the relationships on employee competence, CRM activities, customer satisfaction, and buying intention onto organizational value creation in hospitality industry.

## 1.1. RESEARCH PROBLEMS & RESEARCH QUESTIONS

Based on the above background, this study focuses on the following research problems and questions;

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Table 1: Research Problems & Questions

Research Problems	Research Questions		
Employee     competence     influences CRM     activities	1. How strong does the employee competence influence CRM activities?		
2. CRM activities influence buying intention	2. How strong do the CRM activities influence buying intention?		
3. CRM activities influence customer satisfaction	3. How strong do the CRM activities influence customer satisfaction?		
4. Customer satisfaction influences buying intention	4. How strong does the customer satisfaction influence buying intention?		
5. Buying intention influences organizational value creation	5. How strong does the buying intention influence organizational value creation?		

#### 1.2. LIMITATIONS OF RESEARCH

First, this study is limited to apartment buildings in Bandung, which have attempted to increase their values by modifying it into serviced apartments. Second, since basically there are numerous influential factors toward organizational value creation, factors other than employee competence, employee diversity, CRM activities, buying intention, and customer satisfaction are not considered.

### 2. LITERATURE REVIEW2.1. EMPLOYEE COMPETENCE

Employee competence is one of the factor that influenced of worker performance and at the end, it will influence to the performance of the business itself especially if the business relates with the service industry (Ismail & Abidin, 2010). It is a collection of knowledge, skills, and attitudes that affects the main part of employees' job performance (Hsieh, Lin, & Lee, 2012). By having the standard of employee competence, it is going to be easier to conceptualize and operates the job. For the company, it is

mandatory to design and develop effective competence management development strategy to fulfill the need of future workforce (Janjua, Naeem, & Kayani, 2012).

#### **2.1.1. SKILLS**

Skills are psycho-motor abilities, which represent the level of individual expertise (Gotsch, Keck, & Spencer, 2012). Skills are measured in both quantity and quality of performance during a specific period. One study noted that skills contain eight primary skills; communication skills, teamwork skills, problem-solving skills, initiative and enterprise, planning and organizing skills, self-management skills, learning skills and technology skills that work together with the personal attributes at work and daily life (Hsieh, Lin, & Lee, 2012).

#### 2.1.2. KNOWLEDGE

Knowledge denotes a series of complex processes, which require the ability to remember, making necessary relations, judging, formulating ideas, and abstractions (Gotsch, Keck, & Spencer, 2012). It often refers to a breadth of information on both the theoretical and practical understanding of particular subjects/issues. which are acquired individuals through experience or education. On the other side, knowledge also represents the factual or procedural nature, which may be required to understand certain subjects/issues. Employees need to keep improving the level of knowledge to increase the ability to sell products/services (Hsieh, Lin, & Lee, 2012).

#### **2.1.3. ATTITUDE**

Attitude refers to individual affective abilities. It shows ways of responding to people in different situations. The responses are based on beliefs, values, and assumptions. Employees' responses to a particular situation reflect their natural attitudes (Gotsch, Keck, & Spencer, 2012). Positive attitude often serves as sets of positive guidelines on potential individual behaviors, which may lure individual toward increasing his/her work motivation and commitment (Susanty, Miradipta, & Jie, 2013).

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#### 2.1.4. PERSONAL DIVERSITY

One prominent element in relation to the employee competence is personal diversity among employees. In general, personal diversity focuses on differences among individuals, which are commonly used to differentiate individuals based on age, gender, race, ethnic groups, religion, sexual orientation, socio-economic condition, education, experience, physical appearance, ability/inability, and characteristics (Dessler, 2013; Jones & George, 2008; Setio & Anantadjaya, 2014; Anantadjaya, Nawangwulan, Kusumah, Setio, & Kartika, 2015). Those differences can be categorized into primary and secondary categories (Hellriegel & Slocum, 2011). Both the primary and secondary categories shape the individuals' behaviors. The shaped individuals' behaviors may likely impact the employee competence, and thus, employee carrying performance in tasks responsibilities.

### 2.2. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Though there are debated among individuals and/or institutions, this study uses abbreviation of CRM to refer to the customer relationship management (CRM Indonesia, 2008). The simplest description on CRM is the customer-oriented business practices, and ways on managing customer relationships (Baran & Galka, 2008; Ueno, 2006). It is actually easier said than done since customer dimensions are basically countless, from internal customers and external customers, for instance. The customer dimension can also range from distributors, agents, dealers, lateral partners, and public-atlarge, or otherwise referred to as "consumers" (Josiassen, et al., 2010). With the technological advancement, CRM is often connected into software these days. However, Ueno (2006) pointed out that CRM is not about the technology. CRM is about developing sustainable relationships with customers to achieve the long-term customer profit, which may be resulted from the company's brand equity. The attempts to develop sustainable customer relationships are commonly encircled around 3 activities; acquisition, development, and retention (Baran & Galka, 2008; Ueno,

2006; Baran R. J., 2010). Hence, it is obvious that CRM cannot work independently. Aside from setting the appropriate corporate culture, everyone's involvement and supports are crucial, across divisions. All divisional efforts must be orchestrated and integrated smoothly with the business strategy (Cravens & Piercy, 2009; Damodaran, 2005; Curseu, Schurijer, & Boros, 2005). This conforms to the theory of the firm, particularly the resource-based view, or may also be referred to as the resource-based theory of the firm (Acedo, Baroso, & Galan, 2006; Bridoux, 2006; Maes, Sels, & de Winne, 2003). This is also conforming to the theory on value-based marketing, particularly on the importance of intangible assets for companies (Doyle, 2008)

According to Patrick (2012), to ensure the success of CRM activities, there are fundamental understanding to conform by all members of organizations, particularly in terms of the following; (1) customers are important assets for the company, which generate revenue; (2) not all customers are equally desirable; (3) customers have various needs, preferences, and buying behaviors, and (4) all employees must attempt to customize and tailor product/service offerings to maximize overall value. This fundamental understanding directs companies to shift from a mass-marketing effort to one-to-one marketing (Patrick, 2012; Ratnawati, Anantadjaya, & Lahindah, 2012). Following the notion on oneto-one marketing, CRM activities may likely channel the company's investment toward the right customers, which are expected to increase the likelihood of bigger margin and fatter bottom-line (Bolton & Tarasi, 2007; Patrick, 2012).

In addition, to increase the chances of success in acquiring new customers, retaining old customers, and winning back customers, who have previously left the companies for other organizations (Baran & Galka, 2008; Ueno, 2006; Baran R. J., 2010; Ghavami & Olyaei, 2006), organizations must ensure the existence of common knowledge toward CRM activities in terms of collaboration, operational, and analytical efforts (Hair, Anderson, Mehta, & Babin, 2009).

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#### 2.2.1. COLLABORATIVE CRM

The underlying efforts in collaborative CRM activities are mainly encircled around the existence of technology and/or infrastructure within the companies to smooth-out interactions among divisions and customers. At the very minimum, companies may have to ensure that there are telephones, computers, printers, intranet/internet, and person duty/representatives to ensure the cross-sectional access are effortless (Roberts-Lombard & du Plessis, 2012; Hair, Anderson, Mehta, & Babin, 2009; Buttle, 2009). In this case, employees may have to ensure their competence to support these collaborative CRM activities.

#### 2.2.2. OPERATIONAL CRM

The underlying efforts in operational CRM activities are mainly encircles around the backoffice tasks and responsibilities. This includes the systems and procedures in dealing with various issues, not only about the customer handling, but also about the customers' requests and complaints. For illustrations, the operational CRM activities cover all systems and procedures from customer interactions, mobile/internet@ interactions, front-office interactions, backoffice interactions, and information sharing across supply chains (Roberts-Lombard & du Plessis, 2012; Hair, Anderson, Mehta, & Babin, 2009; Buttle, 2009). Without the proper employee competence, companies may not able to safeguard these operational CRM activities.

#### 2.2.3. ANALYTICAL CRM

The underlying efforts in analytical CRM activities are mainly encircles around the data analysis and reporting to ensure the proper recording and documentation of all business interactions. This covers the analytical efforts in noting the mass-relationships across available data from numerous divisions, and extracts the values on those relationships. This results in profitability data for the managerial insights and future decisions/policies (Roberts-Lombard & du Plessis, 2012; Hair, Anderson, Mehta, & Babin. 2009: Buttle. 2009). **Employee** competence deficiencies may bring about inaccurate results on these analytical CRM

activities.

Concerning the relationship between employee competence and CRM activities, it is expected that any improvements on employee competence impact on superb CRM activities. Hence, it can be hypothesized as follows;

H<sub>1</sub>: Employee competence has a significant influence on CRM activities

#### 2.3. BUYING INTENTION

Buying intention, or commonly referred to also as the intention to buy, is usually considered important to study in marketing research. This is crucial to provide estimation on future buying behaviors. However, it may also be described as state of temporary admiring product/service, \which are produced particular companies, rather than the real meaning of the intention to buy from people (Bird & Ehrenberg, 2010). This means that if the same exact products/services are labeled differently, and/or produced by different companies, the buying intention sways. Having said that, the buying intention is believed to approximate the degree of customer satisfaction and the level of economic profitability, the size of market share, and the potential income. This means that company may be easily satisfy the customers, but may have failed in boosting the customer intention to return and repurchase due to many reasons. If this is happening, the company may not experience revenue growth (Sumaedi, Bakti, Astrini, Rakhmawati, Widianti, & Yarmen, 2014).

#### 2.3.1. BRAND IMAGE

Brand image is intended to help customers in recognizing needs and wants on the particular brands, which can offer those customers some levels of satisfaction. Brand image is about how producers make their brands unique from others to accumulate the motivational power in buying their brands (Anwar, Gulzar, Sohail, & Akram, 2011). Perceived public relation has certainly a positive relationship with customer loyalty, whereby customers return and make repetitive purchases. When brand image is favorable, the positive effect of perceived public relation on customer loyalty is significant (Hanzaee & Farsani, 2011). Though brand is relatively

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intangible, it influences greatly on customer buying behavior (Malik, et al., 2013a).

#### 2.3.2. BRAND AWARENESS

Brand awareness relates to individual's ability in remembering and/or recognizing particular brands though he/she may yet to buy the products, and experience the services. The pattern of brand awareness depends on seasonal trends, long-term ones, and the short-lived of the promotional activity (Bird & Ehrenberg, 2010). Upon making purchases, customers should be aware of the brands. Otherwise, no other communication effects can occur to influence the brand awareness toward buying intention. A brand that has gained some societal level of awareness is more likely to be considered and chosen. By having brand awareness, it will increase the probability of the company (Malik, et al., 2013b). Brand awareness can be stacked from the passive brand awareness (recognition) to tangible elements of the brand, such as; brand name and logo (Bertsch & Ostermann, 2011).

Concerning the relationship between CRM activities and buying intention, it is expected that as the CRM activities become more prominent, customers' buying intention jumps. Hence, it can be hypothesized as follows; H<sub>2</sub>: CRM activities have significant influence on buying intention

#### 2.4. CUSTOMER SATISFACTION

In comparison to other industries, hospitality management is one of the fastest growing and accounted for more than 1/3 of the total global services trade (International Labour Organization, 2010). It includes the lodging, cruise industry, foodservice, casinos and gaming (Morrison, 2010).

Service Quality (ServQual) is regarded as the most common measurement in the service industry. Though it may be predominantly evident in the service-based organizations, ServQual has become the focal point for companies across industrial sectors. compacted version of the ServQual has a mere 5 dimensions: tangibility, reliability, responsiveness, assurance, empathy and (Markovic & Raspor, 2010). Parasuraman's 10point dimensions, which are; tangibility, reliability, responsiveness, competence, courtesy, credibility, security, accessibility, communication, and understanding, may also be considered as a comparison to note the wider perspectives on potential gaps in service delivery and maintaining service quality (Anantadjaya, Pratama, Nawangwulan, Sibarani, & Riwoe, 2011). Customer perceptions of service quality are evaluated based on the comparisons before and after services are rendered/performed (Naik, Gantasala, Prabhakar, 2010). This basically compares between the customer perception/expectation and the actual service experience. The smaller the gap, the level of customer satisfaction increases (Anantadjava, Pratama, Nawangwulan, Sibarani, & Riwoe, 2011). ServQual has become a cornerstone in marketing strategy, and it serves as one of the driving factors toward companies' value creation, particularly in terms of survivability and growth (Berinyuy & Daniel, 2010 Nawangwulan, Anantadjaya, Widayatmoko, & Seancho, 2012b).

#### 2.4.1. TANGIBILITY

Tangibility implies to physical being that people can physically see, touch, smell, or hear. In terms of the hospitality industry, the tangibility may include all physical facilities, equipment, and employee appearance (Markovic & Raspor, 2010). Improvements on tangible factors are considerably easier than attempting to enhance intangibilities (Naik, Gantasala, Prabhakar, 2010). Since intangibility means the lack of physical products, it means that customers cannot touch, taste, smell, or even heard before making consideration toward purchases. This suggests that it is going to be rather difficult for customers to understand the nature of what those customers will receive. Hence, the tangibility aspect is important to support the intangibilities before customers are able to experience the services rendered (Berinyuy & Daniel, 2010).

#### 2.4.2. RELIABILITY

Reliability is considered as the most important predictor aspect in ServQual. In hospitality industry, this dimension refers to problemsolving, flawless performance, deliver services

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at the promised time, providing good service, and convenient opening hours (Markovic & Raspor, 2010). Hence, reliability is parallel to dependable and accurate services (Naik, Gantasala, & Prabhakar, 2010).

#### 2.4.3. RESPONSIVENESS

Responsiveness is willingness to help the guest and providing prompt service. In hospitality industry, the employee should have initiative to give the best service which may beyond the expectation of the guest (Markovic & Raspor, 2010). Hospitality industry is constantly teaching employees on extending the extra miles-of-services to customers (Naik, Gantasala, & Prabhakar, 2010).

#### 2.4.4. ASSURANCE

Assurance signifies the employees' courtesy and ability in gaining trust and confidence. To gain customer trust and confidence, superb product knowledge is crucial (Markovic & Raspor, 2010). If employees know the product well, actual product sales may be just around the corner (Naik, Gantasala, & Prabhakar, 2010).

#### **2.4.5. EMPATHY**

Empathy refers to providing the individualized attention to customers. People want to be recognized, and when people receive extra attention, they will be both happier and satisfied (Markovic & Raspor, 2010). This dimension is mostly applied when customers are unhappy, at which time that employees need to be empowered to handle and formulate satisfactory solutions. Those employees should be equipped with numerous "tools", such as; having a good communication skill, pleasantly appropriate language/intonation, sincere/natural apology, and following-up with customers to potentially erase the bad memories, and keep them Joyal (Naik, Gantasala, & Prabhakar, 2010).

Concerning the relationship between CRM activities and customer satisfaction, it is expected that as the organizations seek for the betterment in their CRM activities, the higher the level of customer satisfaction toward the organizations' products/services. Hence, it can

be hypothesized as follows;

H<sub>3</sub>: CRM activities have significant influence on customer satisfaction

#### 2.5. VALUE CREATION

Value creation is an all-encompassing process, including both the service providers and customer actions (Gronroos & Voima, 2011). The value is actually created not only for the organizations, but also for the stakeholders, society and the environment. The assessment of value creation involves relationships among competitiveness, performance, communities, stakeholders, supply chains, and the surrounding environment. These elements may have to be constantly monitored to allow the most accurate management information onto business modeling, which may eventually support or threaten the organizational value creation (Ernst & Young LLP, 2013; Doyle, 2008).

### 2.5.1. NUMBER OF OCCUPANCY PERCENTAGE

In terms of hotels, room occupancy may be considered as one of the key performance indicators. It shows the "fitness" of the hotel by noting the percentage number on room occupancy. Room occupancy percentage measures the effectiveness of the sales and marketing department, including the external and internal marketing efforts of the front office (Bardi, 2011).

#### 2.5.2. NUMBER OF FACILITIES

Number of facilities provided in the hotel shows the different range of various commercial features; from low-end, midscale, upscale, and suites, to fulfill different market demands. The more money that customers are willing to pay, the more facilities those customers can enjoy (Roth & Fishbin, 2014). For commercial realestate facilities, for instance, the lot owners own whatever is available on the inside of the unit, but not the main structure of the building. Major asset components, which are offered from commercial real-estate properties, can certainly

<sup>&</sup>lt;sup>1</sup> Room occupancy is calculated by dividing the numbers of room sold and total numbers of available rooms in the hotel (Saleem & Juboori, 2013).

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vary from one to another, such as the availability of hallways/shared spaces, lightings, pools/spas, fitness centers, parks/gardens, water heaters, and parking areas (Burt, 2012). Logically, the more facilities are offered, the happier the customers (Nawangwulan, Anantadjaya, Widayatmoko, & Hulu, 2012a). Happy customers may likely have higher degrees on buying intention. The higher degrees on buying intention may be translated into returning and repurchasing from the same companies. Such behaviors are expected to relay more values toward companies.

#### 2.5.3. ACCESSIBILITY

Accessibility may become one of the most important determinants in hospitality industry. Perhaps, this may be due to the fact that distance/duration of travel and the frequency on making connections to the final destination are main concerns (Karakas, Accessibility is also essential as it extends impact on the necessary customers' purchasing processes (Toth & David, 2010). The increased accessibility means less distance/duration. The distance/duration creates convenience. Convenience lures customers to make more visits. The more visit suggests more traffics with the likelihood of making purchases. The more purchases made by customers, the companies' revenue jump.

#### 2.5.4. SALES

Sales can be defined as numbers of activities, which are designed to attract customers in making actual purchase on company's products/services (Rahmani, Mojaveri, & Allahbakhsh, 2012; Rehme & Rennhak, 2011). The more sales indicate the companies' abilities in generating earnings. To keep the growth, companies must formulate strategy to generate sales volume using the same numbers of stores, or available assets, while maintaining the hefty profit margin (DeFranco & Lattin, 2007).

#### 2.5.5. NUMBER OF TENANTS

Number of tenants refers to the number of people, who occupy certain property. The accumulated numbers of past and potential customers are the figures that denote the information on how well have the companies

met customers' needs, and the market position (Morrison, 2010).

Concerning the relationship between customer satisfaction, buying intention and organizational value creation, it is expected that as the level of customer satisfaction increases, peoples' buying intention jumps. It is expected that there are evidence on organizational value creation. Hence, it can be hypothesized as follows:

H<sub>4</sub>: Customer satisfaction has a significant influence on buying intention

H<sub>5</sub>: Buying intention has a significant influence on organizational value creation

#### 2.6. PREVIOUS STUDIES

Some previous studies in relation to the topic chosen are as follows:

Table 2: Previous Studies

Title	Table 2: Previous Studie Variables	Findings
Does the Image of Indonesian Contemporary Artists Matter? A Theoretical Review on Personal Diversity, Brand Image, Market Acceptance & Market Opportunity (Anantadjaya, Nawangwulan, Kusumah, Setio, & Kartika, 2015)	Personal Diversity (Age, Gender, Blood Type, Ethnic Group, Religion, Education, School Origin, and Experience)  Brand Image (Product Attribute, Benefits, Organizational Associations, Brand Consumer Relationship, and User Perspective)  Market Acceptance (Power Distance, Uncertainty Avoidance, Individualism, Masculinity, and Long-Term Orientation)  Market Opportunity	Theoretically, there are relationships among variables. Depending on the personal diversity of the artists, the image of those artists may likely influence the market acceptance toward the artists' works, and the level of opportunities that the artists may have.

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Title	Variables	Findings	Title	Variables	Findings
	(Control,	Ö	Role of Service		tangibility,
	Anticipated		Quality and its	Customer	responsiveness,
	Level of		Aspects,	Buying Behavior	empathy and
	Activity, Market		Satisfaction and	(Perceived	assurance which
	Competition, and		Value	Value, and	are the dimension
	Competitors)		(Nikhashemi,	Customer	of ServQual can
		Customer	Paim, Osman, &	Satisfaction)	have positive
Public Transport		decision making	Sidin, 2013)		impacts on
Passengers'		process is			service quality, at
Behavioral	Behavioral	absolutely			the same time it
Intentions:	Intentions	influenced by the			also has positive
Paratransit in	(Service Quality,	behavioral			influence on
Jabodetabek -	Perceived Value,	intentions which		( di	customer
Indonesia	Satisfaction,	drive from		1771	perceived value
(Sumaedi, Bakti,	Trust, Image, and	company efforts			and satisfaction.
Astrini,	Perceived	for the customers	_	alite	The level of
Rakhmawati,	Sacrifice)	which creates	Customer	Mig	trust and
Widianti, &		competitive	Relationship	18ax	management
Yarmen, 2014)		advantage for the	Management	~6/	commitment
		firm.	(CRM) in a South African	CRM (trust,	fuel the 2-way communication
		Customer buying behavior is	Service Service	commitment, and	among
		strongly	Environment:	conflict	employees,
		influenced by the	An Exploratory	handling)	which may be
		brand image, and	Study (Roberts-		translated into a
		people nowadays	Lombard & du		better
	Brand Image	more conscious	Plessis, 2012)		organizational
	(Business	about having	, , ,		CRM
	Performance, and	branded products	V V		The level of
	Social Responsibility)	to show their	Kepuasan Kerja dan Keinginan		work
Impact of Brand	Kesponsionity)	social level.	Untuk		satisfaction
Image and	Advertisement	Advertisement	Berpindah Kerja		appears to be
Advertisement	(Product	also gives	(Analisa	Work	driving the
on Consumer	Packaging)	positive impact	Karyawan di	Satisfaction	initial intention
Buying	T wormgring)	on brand	Sebuah		to move to other
Behavior	Consumer	awareness and	Perusahaan	Intention to	firms. This may
(Malik, et al.,	Buying Behavior	make the	Eksplorasi	Move	be true for
2013a)	(Emotional	customer has better perception	Minyak di	OCB	employees with
	Aspect,	about it. In	Indonesia)	ОСВ	strong OCB, where they are
	Psychological	summarize, Good	(Racquel, Yanto,		happy to go
	Aspect, and	brand image will	& Manurung,		beyond their job
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Behavioral	lead to the	2013)		descriptions.
the journal ve	Aspect)	customer loyalty			Customer
TIE		which			loyalty has
39		automatically	The Effects of		strong
ine		influenced	Brand Image	Relationship	relationship with
		consumer buying	and Perceived	Quality (Brand	the brand image,
		behavior.	Public Relation	Image, Perceived	because
Customer	Service Quality	All factors have	on Customer	Public Relations,	customer feels
Buying	(Reliability,	significant effect	Loyalty	and Customer	that they can
Behavior	Assurance,	on customer	(Hanzaee &	Loyalty)	rely on that
Intentions of	Tangibility,	buying behavior.	Farsani, 2011)		particular brand
Internet Service	Responsiveness,	not only			and it will
Providers - The	and Empathy)	reliability,			perceive public

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Title	Variables	Findings
		relations between company and customer.
The Effect of Wellness Brand Awareness on Expected and Perceived Service Quality (Bertsch & Ostermann, 2011)	Perceived ServQual (Perception of Quality)  Brand Awareness (Demographic Differences between Brand Aware and Non- brand Aware Wellness Guests)	Younger people have better knowledge about the brand rather than the older people, and the more number of brands that the customer knows, the more expectation that they have for the service quality.
Ratio Analysis on Entrepreneurial Service Quality: A Case Study in a Motorcycle Dealership in East Java (Anantadjaya, Pratama, Nawangwulan, Sibarani, & Riwoe, 2011)	Ratio Analysis 5-Dimension Service Quality (Tangibility, Reliability, Responsiveness, Assurance, and Empathy)  10-Dimension Service Quality (Tangibility, Reliability, Reliability, Responsiveness, Competence, Courtesy, Credibility, Security, Accessibility, Communication, and Understanding)	It is empirically evident that the dimensions service quality, regardless of the total points of the service quality, has influence toward the ratio performance.

#### 2.7. DIFFERENCES IN STUDIES

Behavioral intentions and consumer decision making process have a strong relationship. The customer decision making process is absolutely influenced by the behavioral intentions, which drive from company efforts to the customers which create competitive advantage for the firm (Sumaedi, Bakti, Astrini, Rakhmawati, Widianti, & Yarmen, 2014).

On the other hand a research has concluded that customer loyalty has a strong relationship with the brand image, because it engaged the customer with a particular brand and gained their trust in order to perceive public relations between company and customer (Hanzaee & Farsani, 2011).

Tests on brand awareness and service quality, have shown strong connections, whereby younger people have better knowledge on brands rather than older people. Also, the more number of brands that an individual knows, the more expectation that he/she has on the service quality (Bertsch & Ostermann, 2011).

To support, customer buying behavior is strongly influenced by the brand image, and people nowadays more conscious about having branded products to show their social level. The advertisement also gives a positive impact on brand awareness and make the customer has a better perception about it. To summarize, good brand image will lead to the customer loyalty which automatically influenced consumer buying behavior (Malik, et al., 2013a).

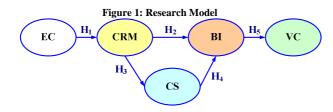
In service management, all factors have significant effect on customer buying behavior, not only reliability, tangibility, responsiveness, empathy and assurance which are the dimension of ServQual can have a positive impact on service quality, at the same time it also has a positive influence on customer perceived value and satisfaction (Nikhashemi, Paim, Osman, & Sidin, 2013).

All of the factors above are based on previous studies, which have been proven that there were strong relationships. Such strong relationships signify that there are correlations among customer satisfaction, buying intention, and organizational value creation. In addition to those variables, this study attempts to add employee competence and CRM activities into the equation to evaluate the relationships.

### 2.8. RESEARCH MODEL & HYPOTHESES

Based on the theoretical review, the following research model can be formulated.

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As previously stated, the hypotheses in this study are:

- 1. H<sub>1</sub>: Employee competence has a significant influence on CRM activities
- 2. H<sub>2</sub>: CRM activities have a significant influence on buying intention
- 3. H<sub>3</sub>: CRM activities have a significant influence on customer satisfaction
- 4. H<sub>4</sub>: Customer satisfaction has a significant influence on buying intention
- 5. H<sub>5</sub>: Buying intention has a significant influence on organizational value creation

#### 3. RESEARCH METHOD

The research method that is used in this research is the causal descriptive analysis, with the use of quantitative data. It begins with the observation to collect data, followed by data analyzing, and ended up with some explanation of the research results. To accomplish the objectives of this research, primary and secondary data will be collected and analyzed. From the descriptive above, this research will use a causal descriptive research design by collecting quantitative data which the major emphasize is to know the cause-effect relationship of each variable. The research is about employee competence in service management and its value creation of the customer intention to buy a service apartment.

#### 3.1. TYPE OF DATA

The primary data that are used in this study consists of quantitative data and it will be collected using questionnaires, which is going to be distributed to the respondents, who are the managerial level people and corporate people in serviced apartments under Bird Group in Bandung. These questionnaires will measure the impact of having employee competence in service management, its value creation and intention to buy of customers in a serviced

apartment.

The secondary data is the data that have been collected or recorded by someone which readily available from other sources. Different types of data, such as examples, statistics, registration and official publication, letter journals and branch literature, books, journals, articles, map, website is also going to be collected (Ut, 2013).

#### 3.2. DATA GATHERING

The methods that used to collect the data needed in this research are quantitative by distributing questionnaires by cluster sampling. In this research, the questionnaire is going to be filled by the guests who have experienced staying in serviced apartments under Bird Group.

The respondents, which are the guests of serviced apartments in Bandung under Bird Group, should fill the questionnaires that have been prepared. The result will show how strength is the correlation between employee competence, service management, value creation and intention to buy a product in a service apartment.

The distribution of the questionnaires will be conducted on the properties, which are; The Majesty, Grand Setiabudi, and Galeri Ciumbeluit.

#### 3.3. POPULATION & SAMPLE

The total of the population in this study is known. They are the guests who are staying in the serviced apartments under Bird Group in Bandung with the total number of guests is 9,906. The questionnaires will be based on a Likert scale to approximate the relationships among chosen variables in this study. There are three different serviced apartments, Galeri Ciumbeluit Hotel, Grand Setiabudi Hotel, and The Majesty Hotel.

**Table 3: Total Numbers of Guests** 

No.	Population	Total
1.	The Majesty	2,465
2.	Galeri Ciumbuleuit	3,282
3.	Grand Setiabudi	4,159
	Total Number of Guests	9,906

Source: (PT. Bandung Inti Graha, 2014)

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The calculation on the number of samples in this study is based on PHStat with the assumptions that the estimated true proportion is only a mere 50%, a sampling error of 10%, and targeting the confidence level of 95%, as shown in the following table.

**Table 4: Sampling Size Determination** 

Data		
<b>Estimate of True Proportion</b>	0.5	
Sampling Error	0.1	
Confidence Level	95%	
Intermediate Calculations		
Z Value	-1.9600	
Calculated Sample Size	96.0365	
Result		
Sample Size Needed	97.0000	

Source: PHStat

With the above sample size calculations, this study will attempt to target a total of 100 potential respondents.

Table 5: Sample Size

No.	Property	Percentage	Total
1.	The Majesty	24.88	25 🔨
2.	Galeri Ciumbuleuit	33.13	33711
3.	Grand Setiabudi	41.99	<del>《</del> 42
	Total	100	100

#### 3.4. RESEARCH INSTRUMENTS

The questionnaire that used in the research consists of series of employee competence in service management, its value creation, and the intention to buy factors of customers in buying serviced apartment. The statements are used to understand the correlation between each variable and to evaluate it. The result of the questionnaires using the Likert scale will be analyzed quantitatively.

Below are the variable structures to obtain information about the relationship of employee competence in service management and its value creation to customer intention to buy a particular product. The interview questions will be based on 4 categories:

**Table 6: Research Instruments** 

Table 6: Research Instruments			
Category	Sources		
	(Gotsch, Keck, &		
	Spencer, 2012; Hsieh,		
Employee	Lin, & Lee, 2012; Li,		
Competence:	2012; Susanty,		
Skill,	Miradipta, & Jie,		
Knowledge,	2013; Setio &		
Attitude and	Anantadjaya, 2014;		
Diversity	Anantadjaya,		
Diversity	Nawangwulan,		
	Kusumah, Setio, &		
	Kartika, 2015)		
CRM Activities:	(Roberts-Lombard &		
Collaborative,	du Plessis, 2012; Hair,		
	Anderson, Mehta, &		
Operational, and	Babin, 2009; Buttle,		
Analytical	2009)		
~20	(Bird & Ehrenberg,		
	2010; Sumaedi, Bakti,		
20th	Astrini, Rakhmawati,		
Buying	Widianti, & Yarmen,		
Intention: Brand	2014; Anwar, Gulzar,		
Awareness, and	Sohail, & Akram,		
Brand Image	2011; Hanzaee &		
' Diano imago	Farsani, 2011; Malik,		
	et al., 2013a; Bertsch		
	& Ostermann, 2011)		
Customer			
Satisfaction:	(Markovic & Raspor,		
Tangibility,	2010; Naik, Gantasala,		
Reliability,	& Prabhakar, 2010;		
Responsiveness,	Berinyuy & Daniel,		
Assurance, and	2010)		
Empathy	2010)		
Value Creation			
(Doyle, 2008;	(Gronroos & Voima,		
DeFranco &	2011; Ernst & Young		
Lattin, 2007;	LLP, 2013; Saleem &		
Morrison, 2010):	Juboori, 2013; Bardi,		
Number of Room	2011; Burt, 2012;		
	Roth & Fishbin, 2014;		
Occupancy, Number of	,		
	Karakas, 2012; Toth &		
Facilities,	David, 2010; Rehme		
Accessibility,	& Rennhak, 2011;		
Sales, and	Rahmani, Mojaveri, &		
Number of	Allahbakhsh, 2012)		
Tenants			

#### 3.5. VALIDITY AND RELIABILITY

Validity refers to the degree a measuring

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instrument actually measures what it declares to measure, and corresponds with reality (Oluwatayo, 2012). To note the level of validity, this study relies on KMO test.

In addition to validity, reliability focuses on the question of whether the results of a study are reliable across respondents. Hence, reliability concerns with the responses' consistency of the measurement (Drost, 2011). To note the level of reliability, this study relies on the standardized Cronbach alpha.

#### 3.6. DATA ANALYSIS

The data analysis follows the AMOS' Structural Equation Modeling (SEM) to note the statistical relationships among variables used in this study (Wu, 2010), using the following parameters on goodness of fit.

Table 7: Goodness of Fit Criteria

	According to	According to
	Schumaker	Ghozali
Criteria	and Lomax	(2008);
Criteria		Santoso
	(2010);	
	Wijaya (2009)	(2009)
p-value	p-value $\geq 0.05$	Bigger p-value
-	= better	= better
CMIN/df	$CMIN/df \le 2 =$	$CMIN/df \leq 5 =$
(normed chi- square)	better	better
χ² (likelihood		N. T.
ratio chi square	Smaller x <sup>2</sup>	Smaller x <sup>2</sup>
statistic) as a testing tool to	value from a	value from a
check the overall	model = better	model = better
fitness of the	moder – better	moder – better
model)		
RMSEA (root	$RMSEA \leq$	RMSEA $\leq 5 =$
mean square error of approximation)	0.08 = better	better
CET 1	GFI value	GFI value
GFI (goodness of fit index)	closer to 1 =	closer to 1 =
of the findex)	better	better
AGFI (adjusted	AGFI value	A CEL > 0.00 =
goodness of fit	closer to 1 =	AGFI ≥ 0.09 =
index)	better	better
	TLI value	TI I > 0.00
TLI (Tucker-	closer to 1 =	$TLI \ge 0.09 =$
Lewis index)	better	better
CFI	CFI value	CFI value
(comparative fit	closer to 1 =	closer to 1 =
index)	better	better

Criteria	According to Schumaker and Lomax (2010); Wijaya (2009)	According to Ghozali (2008); Santoso (2009)
NFI (normal fit index)	-	$NFI \ge 0.09 =$ better
PNFI (parsimonious normal fit index)	-	Higher PNFI value = better
PGFI (parsimonious goodness of fit index)	-	Higher PGFI value = better
RMR (root mean squared residual)	$RMR \le 0.05 = $ better	$RMR \le 0.05 =$ better
Reliability	Reliability $\geq$ 0.70 = better	Reliability $\geq$ 0.70 = better

Source: (Ghozali, 2008; Santoso, 2009; Schumacker & Lomax, 2010; Wijaya, 2009)

### 4. RESULTS AND DISCUSSIONS 4.1. BIRD GROUP OVERVIEW

Bird Group is a management group for hotels and residences, which provides management services with best image residences in Bandung, Indonesia. It is a team from the with hotel/apartment/mall different а background and expertise in each section and has experienced working in 4-star and 5-star hotels/apartment hotels.

Bird Group professional team provides various services from planning stages, which include the creation of business concepts according with the investment climate in Indonesia, feasibility studies, management plans, and projections on potential investment costs.

As of the period of data gathering from Bird Group, there are 3 serviced apartments under Bird Group management team in Bandung. They are; Galeri Ciumbeluit, Grand Setiabudi, and The Majesty.

#### 4.2. STATISTICAL ANALYSIS

Descriptive analysis provides the general characteristics of the data set. The minimum value of all variables is 1.00 and the maximum value of all variables is 4.00 with different averages and standard deviations. At a mere 2.43, employee knowledge (KNW) appears to

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have the lowest average among all indicators, whereby brand image (BRI) at 3.30 appears to be the highest average. At 0.76, employee knowledge (KNW) is the smallest standard deviation. Assurance (ASS) has the highest standard deviation at 1.18.

#### 4.2.1. PRE-TESTING

The pre-test validity is based on responses on 30 respondents. At the value on KMO of 0.546, this means that the questionnaire is considered valid for further tests and analysis. The pre-test reliability is also based on the distribution of 30 questionnaires. The table shows that the questionnaire is 100% valid with the value of Cronbach's Alpha 0.771. This means that the questionnaire is considered 77% reliable. This questionnaire is considered reliable for further tests and analysis.

Table 8: KMO and Bartlett's Test

		Pre-Test	Post-Test
Kaiser-Mey Measure of		.546	.743
Adequacy.	T .		
Bartlett's Test of	Approx. Chi-Square	1339.766	1063.435
Sphericity	df	203	203
Sphericity	Sig.	.000	.000

Source: SPSS, modified

#### 4.2.2. POST-TESTING

The post-test validity is based on all respondents. The table shows a value of 0.743 for the KMO. This means that the questionnaire is considered valid. In addition, at the value of 0.743 for the Cronbach's Alpha, it indicates the questionnaire is considered reliable.

Table 9: Reliability Statistics

Cronbach's Alpha Based on Standardized Items	Pre-Test	Post-Test
Value	.771	.743

Source: SPSS, modified

With the combination of the level of validity and reliability, as shown above, further process on data analysis can be performed.

### 4.3. RESULTS ON HYPOTHESIS TESTS

The following illustration portrays the statistical results from AMOS.

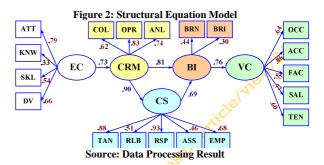


Table 10: Goodness of Fit in Model

14010 101 000 4410 00 01 1 10 111 112 0401		
Criteria	Model Value	Goodness of Fit
CMIN/df	2.015	Acceptable
RMSEA	0.142	Acceptable
GFI 🧳	0.723	Acceptable
TLI	0.768	Acceptable
CFI	0.741	Acceptable
NFI	0.704	Acceptable
& PNFI	0.499	Marginal
PGFI	0.456	Marginal

Source: (Ghozali, 2008; Santoso, 2009; Schumacker & Lomax, 2010; Wijaya, 2009)

As shown above, the model is statistically identified as a good fit model with all the statistically valid and reliable variables/indicators. With these results, research hypotheses can be concluded as follows;

1. As previously stated, H<sub>1</sub> is "employee competence has a significant influence on CRM activities". From the statistical results, which were processed in AMOS, it is indicated that employee competence has 73% explanatory power toward CRM activities. Surprisingly, employee's knowledge represents the lowest indicator in approximating employee competence. Likewise, unsurprisingly, attitude signifies the highest indicator. The combination of both employee's knowledge and attitude show that the level of competence is basically defined more by someone's attitude than knowledge. With these findings, management may want to spent more time with positive-attitude employees, equip them with vast product

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knowledge. Spending time with knowledgeable employees, whose attitudes tend to be standard and/or leaning toward negative, may be a waste of time. This is particularly true in conjunction toward the successfulness of CRM activities.

2. As previously stated, H<sub>2</sub> is "CRM activities have a significant influence on buying intention". From the statistical results, which were processed in AMOS, it is indicated that CRM activities have 81% explanatory power toward buying intention. In this study, collaborative CRM is the lowest indicator in approximating CRM activities. Though relatively lower than originally expected, collaborative CRM contributes to the successfulness of CRM activities at 62%, which may eventually translate into the higher level of buying intention.

Looking from the highest indicator in approximating CRM activities, it is apparent that operational CRM is preferred. This signifies that combination on operational activities in the back-office and front-office are more crucial in showing the CRM activities, rather than having the state-of-theart technologies and infrastructure within companies. In other words, the actual customer handling, as per the company's systems and procedures, have more impact toward the successfulness on CRM activities (Roberts-Lombard & du Plessis, 2012; Hair, Anderson, Mehta, & Babin, 2009; Buttle, 2009). Perhaps, such operational CRM provokes better brand awareness, and lures people in increasing their buying intention toward company's products/services.

3. As previously stated, H<sub>3</sub> is "CRM activities have a significant influence on customer satisfaction". From the statistical results, which were processed in AMOS, it is indicated that CRM activities has 90% explanatory power toward customer satisfaction. In this study, collaborative CRM represents the lowest indicator in approximating CRM activities. Though relatively minimal and much lower than originally expected, collaborative CRM

contributes to the successfulness of CRM activities 62%, which may eventually translate into the higher level of buying intention.

From this result, it is apparent that though the technologies and infrastructure within companies are certainly beneficial in supporting the success of CRM activities, nonetheless, the actual operational activities in customer handling holds the record in noting the excellence in overall CRM activities. In combination with the level of employee's responsiveness, the outstanding systems and procedures, and employee's analytical ability, have the power to push-up for higher buying intention.

With such findings, it is important that the management emphasizes on the operationalization and analytical processes of CRM. In doing so, the management may also want to constantly persuade employee's responsiveness to allow customers experience into becoming more tangible over time.

4. As previously stated, H<sub>4</sub> is "customer satisfaction has a significant influence on buying intention". From the statistical results, which were processed in AMOS, it is indicated that customer satisfaction has 69% explanatory power toward buying intention. In this study, assurance element is the lowest indicator in approximating customer satisfaction. Though relatively minimal and much lower than originally expected, assurance element contributes to the higher level of customer satisfaction at 46%, which may eventually translate into the higher level of buying intention.

This result portrays that assurance element, which is mainly concerning the employees' courtesy and ability in gaining customer trust and confidence may not be playing a significant role as originally expected. Having said that, it does not mean that product knowledge is not important. This only relays that what have been discussed in literatures about product knowledge

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(Markovic & Raspor, 2010; Naik, Gantasala, & Prabhakar, 2010), may not be conforming to what is actually happening inside companies. On the other side, at 96%, responsiveness element is the strongest approximating indicator in customer satisfaction in this study. Since this study focuses on the hospitality industry, which is mainly represented by serviced-apartments, the willingness to help and extending prompt services appear to hold the top ingredient in boosting the level of customer satisfaction. Basically, it appears that in the hospitality industry, employees should have initiatives to give the best service beyond the guests' expectations (Markovic & Raspor. 2010; Naik. Gantasala. Prabhakar, 2010).

5. As previously stated, H<sub>5</sub> is "buying intention has a significant influence on organizational value creation". From the statistical results, which were processed in AMOS, it is indicated that buying intention has 76% explanatory power toward organizational value creation. In this study, brand image symbolizes the lowest indicator approximating buying intention. Though relatively minimal and much lower than originally expected, brand image contributes to the higher level of organizational value creation at 30%. Since brand image attempts show the uniqueness of certain products/services from the crowd, a better brand image fuels higher motivational buying power (Anwar, Gulzar, Sohail, & Akram, 2011; Malik, et al., 2013a; 2013b). Hence, combining with brand awareness at 44%, as an indicator to approximate buying intention, companies may have to ensure that both brand awareness and image of the companies' products/services are wellmaintained.

From the perspective of organizational value creation, it is interesting to note that the numbers of facilities in the premises, at 55%, represent the lowest indicator. On the other hand, the accessibility shows the highest indicator to approximate organizational value creation. The rankings

on those indicators represent important findings for the management. If the management attempts boost to organizational value creation, ceteris paribus, it is important to evaluate accessibility (86%), sales (77%), occupancy rate (64%), numbers of tenants (60%), and numbers of facilities (55%).When management may not able to do much on accessibility, sales, and occupancy rate, which may well be due to externalities, it is crucial that management focuses on the variations of tenants and facilities provided in the premises as a way to enhance organizational value creation. For sure, the mixtures of tenants and facilities may lure re-visit and re-purchases people to products/services offered by the servicedapartment complexes in the future (Nawangwulan, Anantadiava. Widayatmoko, & Hulu, 2012a).

### 5. CONCLUSIONS AND RECOMMENDATIONS

As originally set up, this study seeks to identify the extent of influence of employee competence toward organizational value creation. In order to evaluate such a relationship, CRM activities, the level of customer satisfaction and buying intention are incorporated into the equation.

Therefore, based on the data analysis, as discussed above, this study concludes;

- 1. Employee competence has a 73% influence on CRM activities
- 2. CRM activities have a 81% influence on buying intention
- 3. CRM activities have a 90% influence on customer satisfaction
- 4. Customer satisfaction has a 69% influence on buying intention
- 5. Buying intention has a 76% influence on organizational value creation

With the above conclusions, it is essential that management concentrates on the following issues;

1. Employee competence via constant improvements on skills, and knowledge. These mixtures may enhance performance in dealing with customers.

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- 2. CRM activities via proper introduction on company's technologies and infrastructure to enhance customers experience from interactions, information sharing, and data reporting.
- 3. Increasing the level of customer satisfaction via strengthening the assurance element within companies to amplify reliability of product/service delivery.
- 4. Ensuring the joint efforts on brand awareness while making sure that the brand image stays positive over time. This includes educating the public, perhaps, to understand better what the company can actually offer.
- 5. Proper management and mixtures on facilities and tenants within particular premises to prolong organizational value creation in years to come.

Future studies may use the same variables and indicators and apply them into other industrial sectors. This is to confirm the cross-sectoral applicability of those variables and indicators used in this study. Alternatively, it is interesting to note the level of influence of other variables and indicators prescribed by theories.

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