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## **THE IMPACT OF ORGANIZATIONAL RESOURCES ON CUSTOMERS SATISFACTION**

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### **Abstract**

*This study examines how organizational resources and competencies endow the competitive advantage. Often organizations align resources and capabilities to achieve their goal. Drawing on a resource-based view, we come to identify key resources that help the organization execute its business strategy and capture customer satisfaction. In four separate surveys, we firstly identify resources to execute a business plan. We examine those resources in a more elaborate survey to capture the most valuable resources. Further, customers' satisfaction is also surveyed. Results show that at first customers value organizational resources. Second, when human resources are much clear, customers tend to favour human resources over organizational and physical resources. The implication of this discovery for the organization is also discussed.*

## **Keywords**

Resource-Based View, Human Resources, Physical Resources, Organizational Resources, Competitive Advantage, Cram School, Satisfaction.

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## **1. Introduction**

Organizations compete to achieve their goal and to survive. The exercise of competing requires that the organization knows its resources and capabilities, as well as the market. This truth stands for every business and the education sector has no exception to this rule.

Porter's Five Forces (1980) elucidate the competitive forces that are involved and how this Five Forces model can benefit the organization by looking into its strengths and weaknesses. Porter's model has been applied in different industries and sectors and has shown its value. A glimpse of it has helped a cram school to know its position and set its goal.

Although we are not a major player in the educational sector, the customers we tend to serve have made Cram school/after-school care become a player in this sector.

The educational system is becoming not only complex but also demanding due to players coming in. Many countries are framing the educational system to the international standard, which by itself is difficult to define. But at large the adoption of English as the language used gives the sense of getting into the realm of the international sphere.

Taiwan uses Mandarin Chinese as the official language of teaching in school, still giving large freedom to add foreign languages; such as English, Japanese, and Korean. Some schools offer the possibility of bilingual teaching: Mandarin Chinese and English. With the emergence of the Cram school or after-school care, the educational system becomes not only a challenge but also a burden for the families. Some have estimated the cost to be at least six million Taiwan dollars, from kindergarten to university.

Public schools and private schools are the main players and compete to offer an education that in a broad sense helps children to embrace the world. Some schools offer a bilingual program, with foreign teachers; some keep it simple with some English classes, taught by a local citizen.

Parent battles and lines up to get their children to enroll in prominent schools. The competition becomes even a matter of social statute: from which school you sent your children we can know the social status of the family.

The fortunate send children to the bilingual school, and the unfortunate to the public school. In addition to that, the Cram school has become the necessary companion to the educational system since it is the up-levels in a basic subject such as mathematics, English, Chinese, music, etc... and the cost is not affordable for every family.

Comparatively, children who go to the after-school care perform well, since the program is designed to have advanced courses to the normal school program. Also, another consideration is which Cram school you send your children to; the outstanding one, or the normal one.

The social involvement of one Catholic Church has been a concern to this matter and set up a structure to help families that cannot afford Cram school tuition for their children. This program tries to offer care to the children after a normal class hour by allowing them to improve their ability in English, mathematics, Chinese, and music for free.

This paper is organized as such; after the introduction that helps to elucidate the problem, the literature review will help us to refresh our knowledge on the main concepts and the current opinion at the scholarship level. Then the methodology with the four separate surveys will be presented, and the analysis and discussion. As a conclusion, a summary will be presented, as well as the limitation and future research.

## **2. Literature Review**

Management scholars emphasize that organizational capabilities tend first to fulfil the organization's goal, set up a path to achieve the goal, and this will have an impact on customers' evaluations. A search in Google Scholar returns over 5,000,000 articles on organization resources. This expresses the relevancy of organizational resources in the daily activity of the organization. In this research, Cram school will be referred to as the organization, and families as the customers.

Achieving a substantial and sustainable competitive advantage has always been what an organization seeks, and much of the research in the field has helped to get more knowledge about this subject (Barney, 1991; Day 1988/1994; Prahalad and Hamel 1990; Porter, 1980; Teece et al., 1997). This is not to say emphasizing organizational capability is new, rather we continue on the long tradition of management strategists who have adopted this as groundwork to evaluate performance (Hooley et al. 1996).

Reflecting on organizational resources remains a crucial behavior. Barney (1991) alleges that it may be difficult to connect all the dots for sustainable advantage in practice, rather it lays down the foundation to know the map to follow. This implies the knowledge and understanding of organizational capabilities and the practice.

Gerhart and Feng (2021) have assessed the Resource-based View (RBV) in connection with Human Resources and Human Capital and found that RBV help to create sustainable competitiveness, thus fostering the relevancy of RBV interaction with Human Resources and Human Capital. At this point, the organizational performance also benefits from RBV.

Kaufman (2015) has argued that RBV is still the dominant theory in the Human Resource Management field.

The organizational support, reflected in this paper takes the form of caring. This notion is much developed in nursing and education. Moore (1992) describes caring as having the feeling of continual attentiveness, to mitigate discomfort. Bring the antithesis of apathy, caring is a condition that anything matters (May 1969). For Mayeroff (1971), caring is assisting another person in their development.

In the educational sector, Noddings (2005) has stated that the success of education is built on caring, and this ground upon which the cram school in this research stand. It is the bridge between parent-school that provides care to the family that could not send their children to a well-known cram. Still, we find the proper resources to respond to their need.

Although the initial set-up is to help families in need of supportive education (after-school care program or Cram school), there are still several areas that have to comply with families' expectations and the educational system requirement. For instance, parents expect that their children will be able to compete with other children who go to label Cram school and respond well to the school homework. The educational system requires that we follow are use the approved textbooks.

Therefore, this paper tries to elucidate the Resource-based view in the context of Taiwan's educational system, especially within the needs of Cram school challenges for poor families. The government since 2015 has adopted a compulsory education of 12 years, with six years of elementary school, and the three years of junior high and three of senior secondary school (MOE, 2016). At all levels, they are accompanied by Cram school or after-school care, which has become a necessary companion.

### **3. Definitions**

It is useful to clarify the concept in use before going further. This research uses the Resource-based View (RBV) coined by Barney (1991) to summarize an aggregation of characteristics that help the organization to have a sustainable competitive advantage. The competitive advantage is understood as a profit above the average.

Porter (1981) defines organizational resources as the strengths that abound within the organization and help to attain its goal. Within the context of organizational resources, voices have been raised to criticize or to express the limitation of this theory. Furthermore, other understandings such as organizational capabilities, resource orchestration were introduced to compensate for what was lacking in the resource-based view.

But the analysis made by Nagano (2020) expresses that the resource-based view should be understood as the convergent point of 'Core competency approach, Knowledge-based view, Dynamic capability approach, and Resource orchestration.' All these are internal processes that contribute to an organization maintaining a consistent competitive advantage over its competitors. Other scholars, such as Barney (2018) have suggested that the Resource-based view should incorporate elements from other theories, such as stakeholder theory.

Barney (1991) analyzing organizational resources, has found that they can be regrouped in three major categories: physical, human, and organizational resources.

Physical resources pertain to tangible assets, such as buildings, technologies, and location (Woodhall, 2001). Human resources include human capabilities, training, experience, human knowledge, skills, and state of health (Mincer 1958; Schultz 1961; Becker, 1962). The organizational resources are mostly intangible assets at the disposal of the organization; they are those that position firmly the organization. Prescott and Visscher (1980) understood organization resources as the symbiosis between the organization and its employees.

Satisfying customers is at the core of any business activity. Customer satisfaction has been perceived differently by researchers. For example, Giese and Cote (2000) state simply that customer satisfaction is the affective response. Kotler (2000) perceives satisfaction as a state of enjoyment once the perceived performance exceeds the expectation. Fornell (1992) describes satisfaction as the degree to which the service or product meet or exceed customer expectations.

Oliver (1993) makes this comment that customers are satisfied when their expectations are fulfilled. Researchers have empirically asserted that expectations are positively related to

satisfaction (Oliver and Linda, 1981; Swan and Trawick, 1981). Analyzing satisfaction, Oliver states that customers develop expectations following the level of performance. Satisfaction stems from the judgment that the product or service has accomplished its mission.

Customer and Customer needs. In the present research, customers related to families looking for free Cram school for their children. Their needs are understood as to alleviate the cost of cram school since they cannot afford it.

The organization is one of the Catholic churches located in a populated area. The area encompasses two elementary schools, two junior and high schools, one university, and an uncountable Cram school.

#### **4. Methodology**

We apply the survey method as the basic way to collect data, by finding how customers perceive and evaluate our service. This process, the survey method, aimed to gather information or opinion of individual or group of people regarding a particular subject, and a conclusion may be deducted from it (Tanur, 1982).

The overall project is the lunch of a Cram school that is focused to help parents with low income, and unable to send their children to a prominent Cram school or After-School Care. The surveys were conducted in four different sequences starting from July 2015 to December 2015.

In the first survey, we ask the participant to give their opinion by enumerating what they appreciate in us (the organization/Catholic Church) if we offer cram school services for poor families. Respondents favorably answer the question by naming out some attributes. Participants were neighboring people without distinction. N=100; Female were 76; 82 participants have a job.

Among the recurrent mentioned attribute were reputation, location, and the service we plan to offer. Although the service and location were recurrent, the most mentioned attribute was reputation. Fombrun (1996) has conceptualized reputation as “a perceptual representation of a company’s past actions and prospects that describe the firm’s overall appeal to all its key constituents when compared to other leading rivals.” In the present situation, we benefit from the overall reputation of the Catholic Church, especially its involvement in social activities. It is not surprising that neighbors believe that our involvement will follow and deliver better results like in other social involvement. Table 1 gives a summary of the respondent. ( Data were collected in the North district of Taichung City, in July 2015).

**Table 1: A Summary Of The Recurrent Attribute.**

Attributes	Frequency	Percentage
Reputation	84	84
Location	78	78
Services/Courses	64	64

*(Source: Author's own work)*

These frequent attributes can be regrouped, according to Barney's (1991) categorization to physical, human, and organizational resources. The physical resource encompasses building, and location (Woodhall, 2001), while human resources refer to human capabilities and skills (Becker, 1962), and organizational resources pertain to reputation.

This first survey gives the assurance and paved the foundation that the planning for alleviating the burden of families with low income gets the support of the local community (neighbour), and it can be launched.

We direct the second survey toward the parents attending the program and children combine, by asking them to rate or like which resources they like the most. Due to the level of education of most of the parents, and because all of the children are still in elementary school, we kept the question simple, such as: "among these things, location, reputation, English teacher, Music teacher, and Mathematics teacher, which one you like the most?"

It is not a surprise to see that English was the most recurrent among the others. In practice, customers tend to choose what benefits them the most. In the present case, human resources, English, benefit them over organizational resources. Although organizational resources serve as the matrix of all resources, in practice parents and children favour English, because there is a direct benefit. 50 persons participated in this survey. Table 2 gives a summary of the response. N=50; Female= 35; Parents=16; Children= 34.

**Table 2: A Summary Of The Response**

Attributes	Frequency	Percentage
English	50	100
Mathematics	16	32
Music	21	42
Location	33	66
Reputation	40	80

*(Source: Author's own work)*

The second survey has revealed that human resources tend to be the most favourable, especially with the presence of the English teacher; we went further in the third survey by isolating only the human resources and asking children to evaluate the teachers. We ask a straightforward question to the children, among the three teachers, which one satisfies you, the most? 25 children responded to this question. Due to the age, we only allow children from grades 3 to 6 to respond to this survey. N=25; Female= 14.

With no surprise, nearly all the children favour the English teacher, who as a veteran marine corps, volunteers in our centre to give the children basic English knowledge. Other teachers were professional in their domain, but children enjoy the company of a foreigner over the presence of a native teacher. This can be a subject of another cultural resource among the children. Table 3 represents the frequency of response.

**Table 3: A Frequency Of The Response**

Attributes	Frequency	Percentage
English	24	96
Mathematics	10	40
Music	12	48

*(Source: Author's own work)*

In the fourth survey, we concentrated on the human resources by extending the question to non-participant parents, but potential comer, and benefactors of our project by asking them which one of the teachers would satisfy their needs the most? We present them pictures of our teachers with their backgrounds, asking them to rate. 30 persons responded voluntarily to the survey. N=30; Female= 19; among which 25 have a permanent job.

Not surprisingly, English teacher was the most frequently mentioned among the others. The reason for the appreciation of foreign teachers may be traced to cultural appreciation. Music and Mathematics teachers were also mentioned, but much less than English. Mathematics and Music were taught by a native professional. For the participants who knew the background of Mathematics and Music teachers, they still value their presence as a volunteer in our organization. That is why the frequency is over fifty per cent. Table 4 of the opinion survey reveals the result.



**Table 4: A Summary Of The Response**

Attributes	Frequency	Percentage
English	25	83.33
Mathematics	20	66.67
Music	22	73.33

*(Source: Author's own work)*

## **5. Analysis And Discussion**

Throughout these surveys, we wanted to seek customers' behaviour towards the organization that wants to provide a service to alleviate the need of some families. At first, the neighbouring mentions that the reputation of the organization was a foundation to start such service. It was the rate at 84 per cent. The location also plays great importance, since many parents would like to send kids in a cram that is accessible and convenient. That is why cram business is much developed near the public or private schools.

At first, the content of the service provided did not draw the attention of the participant. We did not inquire much. At stage one, organization resources, such as reputation and physical resources mainly the location played a major role to establish the service. The human resources were not noticed.

At the second, third, and fourth stages, where human resources were obvious, participants tend to favour human resources over physical and organizational resources. Especially, the presence of a white American as the English teacher seems to be a game-changer. Mathematics teachers and Music teachers, technically have a very strong background. But the ordinary family could not notice their value. They most favour and enjoy the presence of an American teacher.

The human resources, particularly the presence of an American teacher have made a great impact on the project. Children from a family with less income can enjoy being taught by a Native American. Not only parents, children even the neighbour acknowledge this as an edge and are willing to donate to keep the project running. The English teacher is identified as a resource that has great profit for the organization (Peteraf and Barney 2003).

The ground on which the resource-based view stands stipulates that resources should be valuable, rare, inimitable, and non-substitutable, and this leads to competitive advantage. This

claim by strategists (Barney, 1991; Porter, 1980) portrays a mission impossible. In any industry or sector, players will try to duplicate the most valuable resources. Alexy et al. (2018) in their effort to ease the tension between openness and resources-based view have asserted that anything that is accessible will be duplicated, and by nature what are duplicates will quickly become less scarce.

In the present case, hiring a foreign English teacher can be easily duplicated by a competitor, and once turn the advantage to something common. But the psychological effect of that resource may still be valuable in certain circumstances and certain conditions. Monitoring what resources to focus on is a continual endeavour.

The relevancy of the human resource can be stated as a new call not to see human resource not as a resource but as a player borrowing from stakeholder theory. This is a new trend that Barney (2018) advocates compensating and continuing the maximization of profit.

## **6. Summary**

This research attempts to apply the Resource-based view theory of an organization to the educational sector. The different results from surveys revealed that the project encompasses three main resources: organizational, physical, and human. Possessing these resources needed a strategic integration so that the competitive advantage can be achieved. This process as stimulated by D'Oria et al. (2021) requires the finding that resource customers value the most, and human resources tend to be the most valuable. As such it was the resource that generated customer satisfaction.

Although the human resources turn to be more favourable during these experiments, the other two resources physical and organizational still valuable, especially in the case of families with less income. The organization serves as the backbones that sustain the physical and human. The experiment shows also which one the project can capitalize on. This research did not include the loyalty aspect. Families in need, maybe do not have any other choice than to send children to this project.

Resource-based View is still recognized as one of the major theories in management. In this research, we attempt to evidence the influence of RBV on customers satisfaction, the case of a supportive school system. The case of Cram school, a non-profit organization, may have benefit for the organizational background, which stands favorable in many people's minds.

Future research may try to apply RBV in connection with employees satisfaction; how the resources may contribute to satisfaction of its human capital.

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