

DOI: <https://doi.org/10.38035/dijemss.v8i1><https://creativecommons.org/licenses/by/4.0/>

Received: 17 March 2026 | Revised: 06 April 2026 | Accepted: 23 September 2026

The Role of Service Innovation and Crisis Recovery Strategy in Improving Business Performance of Non-Star Hotels in Jakarta

Hari Iskandar¹¹Universitas Bunda Mulia, Jakarta, Indonesia, hiskandar@bundamulia.ac.idCorresponding Author: hiskandar@bundamulia.ac.id¹

Abstract: This study examines the effects of service innovation and crisis recovery strategy on business performance in non-star hotels in Jakarta during the post-pandemic recovery period. Non-star hotels continue to face major pressures, such as limited resources, changing guest expectations, and growing market competition. Using a quantitative design, the study involved 150 key decision-makers from non-star hotels in DKI Jakarta, including owners, general managers, and department managers, selected through purposive sampling. Data were gathered through questionnaires and analyzed using PLS-SEM with SmartPLS 3. The results showed that all indicators met the required standards of validity and reliability. Service innovation had a positive and significant effect on business performance, whereas crisis recovery strategy showed an even stronger influence. Together, both variables accounted for 52.2% of the variance in hotel business performance. These findings suggest that service innovation and crisis recovery strategies are positively associated with the business performance of non-star hotels in Jakarta during the post-pandemic recovery period. This study is limited to DKI Jakarta, relies on perception-based responses, and focuses only on three variables. Future studies should broaden the research area, apply longitudinal and mixed-method designs, and include additional influencing variables.

Keywords: Service Innovation, Recovery Strategies, Business Performance, Non-Star Hotel.

INTRODUCTION

The hospitality industry in Jakarta plays an important role in the regional tourism economy, yet it has faced severe disruption due to external shocks, particularly the COVID-19 pandemic. Hotel occupancy rates in Indonesia dropped sharply and reached 12.67% in April 2020, leading to substantial revenue losses across the sector (Raditya, 2022). Among hospitality businesses, non-star-rated hotels were particularly vulnerable because they generally operated with more limited financial reserves and lower access to advanced information technology than star-rated hotels (Ervina et al., 2022). Although the industry has gradually entered a recovery phase, many non-star-rated hotels in Jakarta still struggle to regain stable business performance in an increasingly competitive market (Raditya, 2022; Residata et al., 2023). This condition highlights the need to identify strategic factors that can accelerate their business recovery and support long-term sustainability.

One of the most important strategic factors is service innovation. In the hospitality context, service innovation refers to the development of new service concepts, improved customer interaction processes, and technology-enabled service delivery systems that create added value for customers (Sharma & Bhat, 2022; Sutanto et al., 2024). For non-star-rated hotels, service innovation may include the digitalization of business processes, the adaptation of operational standards, and improvements in guest service practices to meet changing customer expectations (Chan et al., 2021; Mihardjo et al., 2019). Prior studies have shown that service innovation can help hotels differentiate themselves from competitors, enhance customer satisfaction, and strengthen competitiveness in dynamic environments (Sriviboon, 2022; Sutanto et al., 2024). In times of adversity, the ability to maintain innovation may also become a strategic asset that enables hotels to transform crisis conditions into competitive opportunities (Ruiz-Fernández et al., 2025). Another important factor is the crisis recovery strategy. Crisis recovery strategies include managerial and operational responses such as cost efficiency, market repositioning, adaptive marketing, and resource reconfiguration aimed at restoring business continuity after disruption (Raditya, 2022; Syariati et al., 2023). In the hotel sector, crises often force managers to redesign their business models and operational priorities in order to remain resilient under uncertainty (Ericson et al., 2024; Ervina et al., 2022). For non-star-rated hotels in Jakarta, the effectiveness of recovery strategies is likely to depend on how well management aligns its decisions with local market dynamics and regulatory conditions (Raditya, 2022; Residata et al., 2023). Effective recovery strategies therefore do not only reduce the negative effects of crisis, but also provide a foundation for stabilizing reputation, operations, and performance in the post-crisis period (Raditya, 2022; Riyadi et al., 2024).

Service innovation and crisis recovery strategies may independently contribute to the business performance of non-star-rated hotels. Examining both variables within the same empirical model provides a more comprehensive understanding of their respective relationships with hotel performance. From the dynamic capabilities perspective, a hotel's ability to continue innovating while implementing a robust recovery strategy enables the organization to respond more effectively and agilely to environmental uncertainty in a metropolitan setting such as Jakarta (Chan et al., 2021; Senbeto & Hon, 2021). From a dynamic capabilities perspective, service innovation and crisis recovery strategies represent organizational responses that may support adaptation to changing market conditions (Sharma & Bhat, 2022; Syariati et al., 2023). In other words, when these two variables are implemented concurrently, non-star-rated hotels have a substantially greater opportunity to achieve sustainable performance recovery and regain market trust than if they rely on only one of the variables in isolation (Residata et al., 2023; Syariati et al., 2023). The relationship between service innovation, crisis recovery strategy, and business performance can be understood through the dynamic capabilities perspective, which emphasizes an organization's ability to integrate, adapt, and reconfigure resources in response to environmental change (Chan et al., 2021). In this view, service innovation helps firms respond to changing customer needs, while crisis recovery strategy helps them maintain resilience and restore operational stability. Together, these capabilities are expected to support stronger business performance, which includes both financial outcomes, such as revenue growth, and non-financial outcomes, such as customer satisfaction and loyalty (Lemy et al., 2019; Sharma & Bhat, 2022).

Despite growing research on hospitality recovery and innovation, an important gap remains. Most prior studies have focused on star-rated hotels or the service sector in general, while non-star-rated hotels have received much less attention. This is problematic because non-star-rated hotels face distinct challenges, including limited resources, partial digitalization, and greater operational vulnerability. In addition, previous studies have generally examined service innovation and crisis recovery strategy separately, rather than analyzing how both factors contribute to business performance within the same empirical model, particularly in the post-COVID-19 context of Jakarta's metropolitan hotel market. Thus, the novelty of this study lies

in its focus on non-star-rated hotels in Jakarta and in its attempt to examine the roles of service innovation and crisis recovery strategy simultaneously in explaining business performance through the lens of dynamic capabilities. Based on this gap, the objective of this study is to analyze the effect of service innovation and crisis recovery strategy on the business performance of non-star-rated hotels in Jakarta. By doing so, this study is expected to contribute to the hospitality management literature, especially in emerging urban hotel contexts, while also providing practical insights for hotel owners and managers in designing more adaptive and sustainable recovery strategies.

METHOD

This study employs a quantitative approach, with the research subjects consisting of decision-makers in non-star-rated hotels in Jakarta, including owners, general managers, or department managers who possess an understanding of the firm's operational strategies and innovation practices. The selection of these subjects is based on their roles in formulating crisis recovery policies and implementing service innovation. Meanwhile, the objects of the study are service innovation, crisis recovery strategy, and business performance within the context of non-star-rated hotels in the Special Capital Region of Jakarta. However, given the large and geographically dispersed number of non-star-rated hotels in Jakarta, this study applies a purposive sampling technique based on specific criteria, such as hotels that have been in operation for at least two years and have been directly affected by the economic crisis or pandemic. A total of 150 decision-makers from non-star-rated hotels in Jakarta participated in this study. The sample was selected using purposive sampling based on the predefined eligibility criteria. The adequacy of the sample size for PLS-SEM should be assessed using a statistical power analysis that considers the structural model, expected effect sizes, significance level, and desired statistical power.

The variables in this study were operationalized through indicators adapted from prior literature, such as service innovation (SI), which reflects a hotel's capability to introduce novelty in service concepts, processes, and interactions in order to create added value for customers (Chan et al., 2021; Sharma & Bhat, 2022; Sutanto et al., 2024). Crisis recovery strategy (CRS), in turn, refers to the strategic measures undertaken by management to stabilize operations and mitigate the effects of crisis (Ardani & Harianto, 2021; Raditya, 2022; Syariati et al., 2023). Business performance (BP) denotes the level of organizational success in achieving financial and non-financial targets following strategy implementation (Lemy et al., 2019; Residata et al., 2023; Sharma & Bhat, 2022). Data were collected through a survey method by distributing questionnaires both online and offline to respondents who met the sample criteria, using a 5-point Likert (Sugiyono, 2022). Data analysis was conducted using the PLS-SEM approach with the assistance of SmartPLS version 3 software, which consists of two main models, namely measurement model evaluation (outer model) and structural model evaluation (inner model). The operational definitions, measurement indicators, and supporting references for each research variable are presented in Table 1:

Table 1. Operationalization of Variable

Variable	Definition	Item	Dimension	Sources
Service Innovation (SI)	Reflects a hotel's capability to introduce novelty in service concepts, processes, and interactions in order to create added value for customers	SI1	The hotel regularly introduces new or improved services to meet guest needs.	Chan et al., 2021; Sharma & Bhat, 2022; Sutanto et al., 2024
		SI2	The hotel continuously improves its service delivery processes.	
		SI3	The hotel uses digital technology to support	

			service delivery and customer interaction.	
		SI4	Employees are encouraged to contribute ideas for service improvement and innovation.	
		SI5	The hotel quickly adapts its services to changing customer expectations and market conditions.	
Crisis recovery strategy (CRS)	Refers to the strategic measures undertaken by management to stabilize operations and mitigate the effects of crisis	CRS1	The hotel implemented cost-efficiency measures to maintain business continuity during recovery.	Ardani & Harianto, 2021; Raditya, 2022; Syariati et al., 2023
		CRS2	The hotel adjusted its pricing and revenue management strategies to restore demand.	
		CRS3	The hotel strengthened communication and relationships with customers during the recovery period.	
		CRS4	The hotel adapted its service provision and operational procedures to respond to post-crisis conditions.	
		CRS5	The hotel showed flexibility in reallocating resources and adjusting operations during recovery.	
Business Performance (BP)	Denote the level of organizational success in achieving financial and non-financial targets following strategy implementation	BP1	The hotel has experienced improvement in occupancy performance.	Lemy et al., 2019; Residata et al., 2023; Sharma & Bhat, 2022
		BP2	The hotel has experienced improvement in revenue or sales performance.	
		BP3	The hotel has achieved higher customer satisfaction.	
		BP4	The hotel has succeeded in increasing customer loyalty or repeat visits.	
		BP5	The hotel has shown overall improvement in business performance compared with previous periods.	

RESULTS AND DISCUSSION

The study involved 150 respondents occupying decision-making positions in non-star-rated hotels across DKI Jakarta. The respondent profile provides an overview of the managerial and operational characteristics of the participating hotels. In terms of gender, the respondents

were predominantly male, accounting for 87 individuals (58.0%), while female respondents totaled 63 individuals (42.0%). The sample consisted of 87 male respondents (58.0%) and 63 female respondents (42.0%), indicating a higher proportion of male participants among the surveyed hotel decision-makers. Based on position, the majority of respondents were Department Managers, totaling 124 individuals (82.7%), followed by General Managers with 23 individuals (15.3%), and Owners with 3 individuals (2.0%). This distribution indicates that most of the information was obtained from managerial-level personnel who are directly involved in both strategic and operational decision-making.

In terms of location, the respondents were distributed across the five administrative regions of DKI Jakarta, with the largest concentrations in Central Jakarta (26.7%) and South Jakarta (23.3%), reflecting the main centers of business activity and tourist mobility. Based on age, the majority of respondents were in the 30–40 year age range (45.3%) and 40–50 year age range (38.0%), indicating that non-star hotel managers are generally in their productive years and possess relatively mature work experience. In terms of department, the largest proportion came from Sales and Marketing (23.3%), followed by Food and Beverage and Front Office, each accounting for 16.7%, suggesting that marketing functions and frontline services play an important role in the recovery of hotel performance. The educational background of the respondents was also relatively strong, with most holding a bachelor's degree (60.0%), followed by diploma holders (23.3%) and master's degree holders (13.3%). Meanwhile, length of employment was dominated by the 4–6 year range (42.0%), and the largest proportion of hotels fell into the category of 20–40 rooms (40.0%). These findings confirm that the research sample was dominated by experienced decision-makers with adequate educational backgrounds who work in small- to medium-scale hotels that require strategic flexibility in responding to market pressures.

Table 2. Results of Outer Loading for Convergent Validity Testing

Variable	Item	Loadings
Service Innovation (SI)	SI1	0,891
	SI2	0,856
	SI3	0,881
	SI4	0,850
	SI5	0,881
Crisis Recovery Strategy (CRS)	CRS1	0,886
	CRS2	0,848
	CRS3	0,854
	CRS4	0,887
	CRS5	0,898
Business Performance (BP)	BP1	0,898
	BP2	0,894
	BP3	0,874
	BP4	0,900
	BP5	0,894

Source: Primary data processed using SmartPLS 3 (n = 150)

Based on Table 2, all indicators of the Service Innovation (SI), Crisis Recovery Strategy (CRS), and Business Performance (BP) constructs have outer loading values ranging from 0.848 to 0.900. All of these values exceed the threshold of 0.70, thereby meeting the criterion of convergent validity in PLS-SEM analysis (Hair et al., 2021). These findings confirm that each item is able to explain the latent variable strongly, indicating that the research instrument is valid and suitable for use in further analysis.

Table 3. Average Variance Extracted (AVE), Cronbach's Alpha, and Composite Reliability Results

Variable	Average Variance Extracted (AVE)	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)
Service Innovation (SI)	0,760	0,921	0,925	0,941
Crisis Recovery Strategy (CRS)	0,795	0,936	0,937	0,951
Business Performance (BP)	0,766	0,923	0,924	0,942

Source: Primary data processed using SmartPLS 3 (n = 150)

Based on Table 3, all constructs have satisfied the criteria for convergent validity and internal reliability. The AVE values for Service Innovation (0.760), Crisis Recovery Strategy (0.795), and Business Performance (0.766) all exceed the threshold of 0.50, indicating that each construct is able to explain the variance of its indicators adequately. At the same time, the values of Cronbach's Alpha, rho_a, and rho_c for all variables are above 0.90, indicating a very high level of internal consistency (Hair et al., 2021). These findings confirm that the research instrument has strong and stable measurement quality and is appropriate for use in testing the structural model at the next stage of analysis.

Table 4. Cross-Loading Results for Discriminant Validity Testing

Items	Service Innovation (SI)	Business Performance (BP)	Crisis Recovery Strategy (CRS)
BP1	0,533	0,898	0,659
BP2	0,460	0,894	0,616
BP3	0,489	0,874	0,570
BP4	0,526	0,900	0,644
BP5	0,505	0,894	0,663
CRS1	0,567	0,628	0,886
CRS2	0,548	0,615	0,848
CRS3	0,559	0,596	0,854
CRS4	0,607	0,601	0,887
CRS5	0,547	0,658	0,898
SI1	0,891	0,513	0,628
SI2	0,856	0,454	0,543
SI3	0,881	0,462	0,543
SI4	0,850	0,468	0,510
SI5	0,881	0,551	0,582

Source: Primary data processed using SmartPLS 3 (n = 150)

Based on Table 4, all indicators exhibit the highest cross-loading values on their respective constructs compared with other constructs, indicating that discriminant validity has been established. Indicators BP1–BP5 load highest on Business Performance (0.874–0.900), indicators CRS1–CRS5 on Crisis Recovery Strategy (0.848–0.898), and indicators SI1–SI5 on Service Innovation (0.850–0.891). The cross-loading results show that each indicator has its highest loading on its intended construct. Although these findings provide preliminary support for discriminant validity, additional assessment using the heterotrait-monotrait ratio (HTMT) is recommended before establishing the distinctiveness of the constructs (Hair et al., 2021). Furthermore, the Business Performance variable has an R^2 value of 0.522 and an adjusted R^2 value of 0.515. These findings indicate that 52.2% of the variance in Hotel Business Performance can be explained by the exogenous constructs in the model, while the remaining 47.8% is influenced by other factors outside the research model. The R^2 value of 0.522 and adjusted R^2 value of 0.515 indicate that the model explains approximately 52.2% of the variance

in hotel business performance. The model's explanatory power should be interpreted in relation to the research context and comparable empirical studies (Hair et al., 2021).

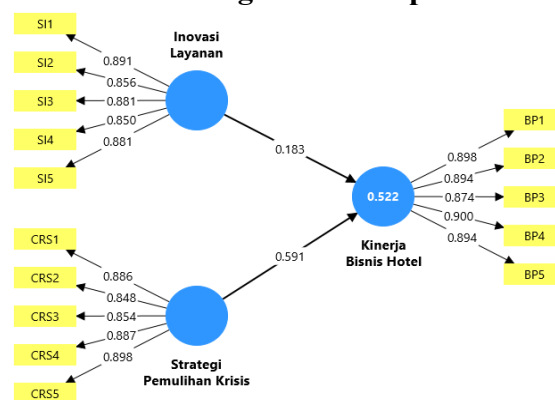
Table 5. Hypothesis Testing Results (Direct a)

Koefisien Jalur (Path)	Original Sample (O)	Sample Mean (M)	Standard deviation (STDEV)	T Statistics (O/STDEV)	P Values
SI → BP	0,183	0,185	0,077	2,384	0,017
CRS → BP	0,591	0,590	0,064	9,167	0,000

Source: Primary data processed using SmartPLS 3 (n = 150)

Based on Table 5, the hypothesis testing results show that Service Innovation (SI) has a positive and significant effect on Hotel Business Performance (BP), with a path coefficient of 0.183, a t-value of 2.384, and a p-value of 0.017. This result indicates that an increase in service innovation tends to be followed by an improvement in hotel business performance. Furthermore, Crisis Recovery Strategy (CRS) is also proven to have a positive and significant effect on BP, with a path coefficient of 0.591, a t-value of 9.167, and a p-value of 0.000. The magnitude of this coefficient indicates that CRS is a more dominant predictor than SI. The closeness between the original sample values and the sample mean values for both paths also indicates the stability of the bootstrap results (Hair et al., 2021). Therefore, all direct hypotheses in the model are accepted. The structural model explains 52.2% of the variance in hotel business performance. The bootstrapping results indicate that service innovation and crisis recovery strategy each have a statistically significant positive relationship with business performance. These findings demonstrate that both predictors contribute to the explanatory power of the proposed model. Thus, these findings indicate that the combination of innovative capability in service delivery and the effectiveness of crisis recovery strategies constitutes an important determinant in shaping hotel business performance.

Figure 1. PLS-SEM Algorithm Output Model Results



Source: Primary data processed using SmartPLS 3 (n = 150)

Based on the model results, Hotel Business Performance has an R^2 value of 0.522, meaning that 52.2% of the variance in this construct can be explained by Service Innovation and Crisis Recovery Strategy. Referring to Hair et al. (2021), this value indicates a moderate level of predictive capability of the model. Structurally, Crisis Recovery Strategy has a stronger effect on Hotel Business Performance ($\beta = 0.591$) than Service Innovation ($\beta = 0.183$). All indicators also have outer loading values greater than 0.70, ranging from 0.848 to 0.900, thereby meeting the criterion for convergent validity and indicating that the instrument has represented the constructs strongly and consistently (Hair et al., 2021).

Hypothesis 1, which states that service innovation has a positive and significant effect on business performance in non-star hotels in Jakarta, is supported. This result indicates that

service innovation is not only relevant for product differentiation, but also for improving customer value and operational responsiveness in a highly competitive hospitality market. Recent international empirical studies similarly show that service innovation strengthens hotel competitiveness by improving service processes, increasing service customization, and creating more distinctive guest experiences (Gomes et al., 2025; Ruiz-Fernández et al., 2025; Sharma & Bhat, 2022). This finding is also consistent with earlier evidence that process innovation and service adaptation contribute to higher revenue, profitability, and customer retention in hospitality firms (Martin-Rios & Ciobanu, 2018; Tweneboah-Koduah et al., 2018; Tajeddini et al., 2017). Compared with larger hotels, non-star hotels tend to operate with tighter resources and lower formalization. In this context, even modest forms of innovation, such as staff capability development, service refinement, and simple digital service adjustments, can generate meaningful performance gains because they directly affect customer satisfaction and repeat visits. This pattern is in line with studies showing that innovations embedded in employee routines and service interactions are more difficult for competitors to imitate and therefore more likely to create sustained advantages (Dedeoğlu et al., 2019). The present finding also supports evidence from Indonesia that service innovation can help smaller hospitality businesses overcome resource constraints and improve marketing outcomes through more adaptive and value-oriented service delivery (Lemy et al., 2019; Sutanto et al., 2024; Uula, 2023). Recent studies further argue that crises act as "drivers" rather than just obstacles; they force hotel managers to engage in "service design" thinking, leading to the creation of new value propositions that would not have emerged in stable periods (Ericson et al., 2024). Thus, the contribution of this study lies in confirming that, in the specific context of non-star hotels in Jakarta, service innovation functions as a practical mechanism for strengthening business performance under competitive pressure.

Hypothesis 2, which states that crisis recovery strategy has a positive and significant effect on business performance in non-star hotels in Jakarta, is also supported. This result confirms that business recovery in hospitality does not depend only on surviving a crisis, but on how effectively hotels reorganize resources, operations, and market responses after disruption. Recent international empirical studies report similar findings, showing that recovery strategies based on cost control, operational adaptation, and market realignment can accelerate performance stabilization and improve business resilience after crisis periods (Huang et al., 2023; Lo et al., 2023; Sampaio et al., 2025). The present result is also consistent with evidence that planned and flexible recovery actions, including budget efficiency, revised marketing approaches, and service adjustments, help hospitality firms reduce vulnerability and restore competitiveness in uncertain environments (Tarasiuk et al., 2020; Ruppenthal & Rückert-John, 2024). What is notable in the context of non-star hotels is that their relatively simple organizational structures may allow faster strategic adjustment than more formalized hotel chains. This makes recovery measures such as pricing revision, targeted promotion, and operational flexibility especially relevant for smaller hotels that must respond quickly to changes in demand (Rasit et al., 2023; Saputra et al., 2022; Tomić et al., 2023). In addition, recent international studies emphasize that recovery outcomes are stronger when managerial action is supported by stakeholder collaboration and spatial or operational adaptation, which also helps explain why recovery strategy matters for hotel performance across different market conditions (Matijević et al., 2025; Wang et al., 2025). International studies on small family and non-family hotels highlight that entrepreneurial orientation, specifically proactiveness and risk-taking, determines a hotel's ability to navigate service disruptions (Kusa et al., 2022). Therefore, this study extends prior evidence by showing that, for non-star hotels in Jakarta, crisis recovery strategy is not merely a defensive response, but a performance-oriented capability that supports business continuity and post-crisis growth.

The structural model includes service innovation and crisis recovery strategy as predictors of business performance. Both variables exhibit statistically significant positive path

coefficients, indicating that each contributes to explaining business performance when the other is included in the model. However, the analysis does not establish whether combining these strategies produces an additional synergistic effect. Recent international empirical studies increasingly point to this kind of complementarity. They show that crisis conditions often stimulate firms to renew their service models, reconfigure operations, and adopt more agile business practices, which together improve resilience and long-term performance (Burton & Dickinger, 2024; El-Said et al., 2024; Garrido-Moreno et al., 2024). This study is also consistent with findings that business model innovation and strategic renewal help hotels move beyond short-term survival by turning crisis pressure into opportunities for repositioning and market adaptation (Breier et al., 2021; Ericson et al., 2024; Shamim et al., 2025). In the case of non-star hotels in Jakarta, this interaction is particularly important because resource limitations require managers to be selective and adaptive. Service innovation helps create customer value, while crisis recovery strategy provides the structure needed to allocate resources, adjust operations, and sustain those innovations during uncertain periods. In this sense, the two variables reinforce each other. This finding aligns with Indonesian evidence showing that innovation capability, organizational learning, and strategic entrepreneurship can jointly strengthen resilience in the hospitality sector (Amar & Syariati, 2019; Haerul et al., 2024; Salam et al., 2025; Uula, 2023). At the same time, it adds to recent international empirical discussions by demonstrating that the combined effect of innovation and recovery strategy is also evident in smaller, non-star hotel businesses operating in a dense metropolitan market. Therefore, this study supports the dynamic capabilities perspective by showing that superior business performance is more likely to emerge when hotels integrate adaptive innovation with structured recovery actions in a mutually reinforcing way (Syariati et al., 2021; Yang et al., 2024).

CONCLUSION

This study concludes that service innovation and crisis recovery strategy significantly improve the business performance of non-star hotels in Jakarta, both individually and simultaneously. These findings indicate that in the post-pandemic period, business performance in non-star hotels is shaped not only by the ability to create and adapt services, but also by the ability to implement structured recovery measures in response to environmental uncertainty. Service innovation helps hotels create customer value, improve guest experience, strengthen customer loyalty, and maintain differentiation in a highly competitive metropolitan market. At the same time, crisis recovery strategy enables hotels to preserve operational continuity, adjust business priorities, and respond more effectively to external disruption. Taken together, the findings show that non-star hotels can achieve stronger and more sustainable performance when innovation efforts are supported by well-targeted recovery strategies.

This study makes a clear theoretical contribution by extending the dynamic capabilities perspective in the context of non-star hotels. While previous studies have largely focused on star-rated hotels or the hospitality sector in general, this study demonstrates that in smaller and resource-constrained hotel businesses, business performance is strengthened when service innovation and crisis recovery strategy are developed in an integrated manner. The study therefore contributes to the literature by showing that adaptive innovation and recovery capability should not be viewed as separate responses, but as complementary organizational capabilities that jointly support post-crisis business performance. In addition, this study enriches hospitality management research in emerging urban contexts by providing empirical evidence from non-star hotels in Jakarta, a segment that remains relatively underexplored in prior studies.

This study offers several practical implications for hotel owners and managers. First, non-star hotels should prioritize service innovations that are feasible and low-cost, such as improving service procedures, strengthening staff responsiveness, and adopting simple digital tools for reservation, communication, and customer feedback. Second, hotel managers need to

formalize crisis recovery strategies through concrete actions such as tighter cost control, flexible pricing, targeted promotions, and operational adjustments based on market demand. Third, managers should treat innovation and recovery planning as connected decisions rather than separate activities. In practice, this means that service improvements should be aligned with business recovery priorities so that limited resources can be used more effectively. By focusing on these actions, non-star hotels may improve resilience, maintain customer trust, and strengthen their business performance in uncertain market conditions.

This study has several limitations. First, the research was limited to non-star hotels in the DKI Jakarta area, so the findings should be generalized with caution to other regions with different market structures, tourism patterns, and competitive conditions. Second, the study relied on perception-based survey responses from hotel decision-makers, which means that the results reflect subjective assessments rather than purely objective performance records. Third, the model focused only on service innovation, crisis recovery strategy, and business performance, while other relevant determinants may also influence hotel outcomes.

Future research should address these limitations in more specific ways. Comparative studies across major Indonesian cities such as Surabaya, Bandung, Yogyakarta, or Medan would help determine whether the findings remain consistent across different regional contexts. Longitudinal research is also recommended to examine how innovation and recovery strategies evolve over time and how these changes affect hotel performance across different phases of recovery. In addition, future studies should incorporate more specific explanatory variables, such as digital transformation capability, organizational resilience, market orientation, leadership quality, and government policy support. The use of mixed methods is also recommended so that quantitative findings can be complemented with interview-based evidence on how hotel managers design, implement, and evaluate innovation and recovery strategies in practice.

REFERENCE

- Amar, M. Y., & Syariati, A., (2019). Enhancing Hotel Industry Performance through Service Based Resources and Strategic Entrepreneurship (Case Study At Hotel Industries In Indonesia). *Academy of Entrepreneurship Journal*, 25(3).
- Ardani, E. G., & Harianto, A. (2021). Surviving Strategy of Hospitality Sector in Pandemic Situation. *E-Journal of Tourism*, 8(1).
- Breier, M., Kallmuenzer, A., Clauß, T., Gast, J., Kraus, S., & Tiberius, V. (2021). The role of business model innovation in the hospitality industry during the COVID-19 crisis. *International Journal of Hospitality Management*, 92, 102723.
- Burton, A., & Dickinger, A. (2024). Innovation in Crisis. The role of leadership and dynamic capabilities for a more innovative hospitality industry. *International Journal of Hospitality Management*, 124, 103946.
- Campo, S., Díaz, A. M., & Guillén, M. J. Y. (2014). Hotel innovation and performance in times of crisis. *International Journal of Contemporary Hospitality Management*, 26(8), 1292-1311.
- Chan, J., Gao, Y., & McGinley, S. (2021). Updates in service standards in hotels: how COVID-19 changed operations. *International Journal of Contemporary Hospitality Management*, 33(5), 1668-1687.
- Dedeoğlu, B. B., Aydın, Ş., & Boğan, E. (2019). The Role of the Employees in the Innovation of the Hotel Enterprises. *Anais Brasileiros de Estudos Turísticos - ABET*, 8(3), 85-99.
- Duman, F., Özer, Ö., Köseoğlu, M. A., Altın, M., & Okumuş, F. (2019). Does Quality Standards Certification Truly Matter on Operational and Business Performances of Firms? Evidence from Resort Hotels. *European Journal of Tourism Research*, 23, 142-155.

- El-Said, O. A., Elhoushy, S., Smith, M. F., & Youssif, M. (2024). Crisis-driven innovation in hospitality: How do international hotel chains innovate to recover from a global crisis? *International Journal of Hospitality Management*, 120, 103758.
- Ericson, Å., Lugnet, J., Styvén, M. E., & Zobel, T. (2024). Crisis: a driver for tourism innovation and service design? *Proceedings of the Design Society*, 4, 2343-2352.
- Ervina, E., Lanya, I., Budiarsa, I. M., & Mahendra, M. S. (2022). Hotel Industry Post Covid-19: Critical Practice On Hotel Resilience. *GeoJournal of Tourism and Geosites*, 45, 1570.
- Garrido-Moreno, A., Martín-Rojas, R., & Morales, V. J. G. (2024). The key role of innovation and organizational resilience in improving business performance: A mixed-methods approach. *International Journal of Information Management*, 77, 102777.
- Gomes, S. da S., Guimarães, J. C. F. de, Soares, J. R. R., Borba, C. S., Tondolo, V. A. G., & Salazar, V. S. (2025). Innovation in Services and Environmental Practices: An Analysis of Sustainable Competitive Advantage in the Hospitality Sector in Brazil. *Tourism and Hospitality*, 6(3), 154.
- Gottardello, D., & Karabağ, S. F. (2022). Crisis innovation: a study of Michelin-starred restaurants' strategic renewal and alignment. *International Hospitality Review*, 38(1), 119-142.
- Haerul, H., Asmar, A., & Salam, R. (2024). Enhancing Hotel Industry Resilience: The Role of Strategic Innovation. *PINISI Discretion Review*, 8(1), 117.
- Hanif, M., & Asgher, M. U. (2018). Service Innovation and Service Innovation Performance: A Study of Banking Services. *DOAJ (DOAJ: Directory of Open Access Journals)*, 12 (2), 670 - 694.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., & Ray, S. (2021). Partial least squares structural equation modeling (PLS-SEM) using R. Springer International Publishing.
- Huang, S., & Wang, X. (2022). COVID-19 two years on: a review of COVID-19-related empirical research in major tourism and hospitality journals [Review of COVID-19 two years on: a review of COVID-19-related empirical research in major tourism and hospitality journals]. *International Journal of Contemporary Hospitality Management*, 35(2), 743-764. Emerald Publishing Limited.
- Kusa, R., Suder, M., Barbosa, B., Glinka, B., & Duda, J. (2022). Entrepreneurial behaviors that shape performance in small family and non-family hotels during times of crisis. *International Entrepreneurship and Management Journal*, 18(4), 1545.
- Lemy, D. M., Goh, E., & Jie, F. (2019). Moving out of the silo: How service quality innovations can develop customer loyalty in Indonesia's hotels. *Journal Of Vacation Marketing*, 25(4), 462.
- Lo, P., Sugiarto, S., Widjojo, H., & Yosevina, C. (2023). Adopting the Enhanced Crafting Strategy to Predict Hotel Resilience. *Quality - Access to Success*, 24(192), 385-398.
- Matijević, J., Zielinski, S., & Ahn, Y. (2025). Exploring the Impact of COVID-19 Recovery Strategies in the Hospitality and Tourism Industry. *Administrative Sciences*, 15(4), 142.
- Martínez-Román, J. A., Gallego, J. A. T., Gamero, J. G., & Romero, J. E. (2015). Innovativeness and business performances in tourism SMEs. *Annals of Tourism Research*, 54, 118-135.
- Mihardjo, L. W. W., Sasmoko, S., Alamsjah, F., & Elidjen, E. (2019). Impact Of Green Is, Service Innovation And Customer Experience In Influencing Customer Satisfaction And Environmental Performance. *International Journal of Energy Economics and Policy*, 9(6), 379-385.
- Nair, G. K., & Radhakrishnan, L. (2019). Service Innovation in the Hospitality Industry. *International Journal of Innovative Technology and Exploring Engineering*, 8, 856.

- Nurhasanah, N., & Murwatiningsih, M. (2018). The Influence of Market Orientation, Learning Orientation, Innovation and Competitive Advantage to Improve Marketing Performance. *Management Analysis Journal*, 7(4), 458-468.
- Raditya, R. (2022). Kebijakan Pemulihan Industri Perhotelan Terdampak Pandemi Covid-19 Di Indonesia: Studi Pendahuluan. *Knowledge Jurnal Inovasi Hasil Penelitian Dan Pengembangan*, 2(2), 94-108.
- Rasit, Z. A., Ramli, A., & Reniati, R. (2023). Recovery strategies in response to the COVID-19 pandemic: empirical evidence of the Malaysian hotel industry. *International Journal of Business and Emerging Markets*, 15(1), 219-239.
- Residata, W., Ningrum, N. F. K., Rahmi, S. N. A., Dylan, M. A., Nurcahyo, R., Wibowo, N., Kristiningrum, E., & Setyoko, A. T. (2023). Comparative Analysis for Strategy Implementation in Indonesia's Hotel Business Sector During Covid-19. *E3S Web of Conferences*, 465, 2015.
- Riyadi, A., Leonandri, D. G., & Jamaluddin, M. R. (2024). Crisis Management, Reputation, and Performance of Upscale Hotels in the Post-COVID-19 Crisis. *The European Proceedings of Social & Behavioural Sciences*, 133.
- Ruiz-Fernández, L., Marco-Lajara, B., Seva-Larrosa, P., & Martínez-Falcó, J. (2025). Innovation strategies differences in hotel chains vs. independent hotels: Ultimate impact on sustainable competitive advantage. *Tourism and Hospitality Management*, 31(1), 125-134.
- Ruppenthal, T., & Rückert-John, J. (2024). Resilient business strategies in the German hospitality industry and its viability. *Tourism & Management Studies*, 20(3).
- Salam, R., Raharjo, K., Arifin, Z., & Iqbal, M. (2025). Antecedents of business resilience in hospitality industry: the role of organizational learning and innovation capability. *Cogent Social Sciences*, 12(1).
- Sampaio, C., Régio, M., & Sebastião, J. R. (2025). Beyond Financial Metrics: A Systematic and Bibliometric Review of Hotel Business Performance. *Administrative Sciences*, 15(5), 179.
- Saputra, K. W. A., Purnantara, M. H., Juniarta, P. P., & Wachyuni, S. S. (2022). Crisis Management Strategy in Bali Hotel Industry during the COVID-19. *South Asian Journal of Social Studies and Economics*, 13(2), 21-29.
- Sarya, I. N., Arief, M., Saroso, H., & Bandur, A. (2022). The Effect of Entrepreneurial Orientation and Service Innovation on Sustainable Competitive Advantage on the Performance of 3, 4 and 5 Star Hotels in Indonesia. *WSEAS Transactions On Information Science And Applications*, 19, 286-296.
- Senbeto, D. L., & Hon, A. H. Y. (2021). Development of employees' resilience in technologically turbulent environments: probing the mechanisms of consonance–dissonance and crisis leadership. *International Journal of Contemporary Hospitality Management*, 33 (8), 2721-2740.
- Shamim, S., Açıkgoz, F., Akhtar, P., Sarala, R. M., Zahoor, N., & Elwalda, A. (2025). Rapid innovation management capability, and crisis-driven business model innovation performance: Roles of strategic-IT-alignment, and operational-IT-effectiveness. *Journal of Business Research*, 193, 115358.
- Sharma, V., & Bhat, D. A. R. (2022). Co-Creation and Service Innovation As Performance Indicators In The Hospitality Industry. *SSRN Electronic Journal*, 12 (2), 76-95.
- Sriviboon, C. (2022). The effect of service innovation, corporate image, human capital strategy and customer loyalty on performance: Evidence from rice industry. *Uncertain Supply Chain Management*, 10(3), 867.
- Sugiyono. (2022). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D (Cet. I)*. Bandung: Alfabeta.

- Sutanto, J. E., Harianto, E., & Krisprimandoyo, D. A. (2024). The role of service innovation and competitive advantage ad mediators of product innovation on marketing performance: Evidence from the SME manufacturing firms in Indonesia. *Uncertain Supply Chain Management*, 12(3), 2079-2090.
- Syariati, A., Syariati, N. E., Jafar, R., & Rusydi, B. U. (2023). Innovation norms during COVID-19 and Indonesian hotel performance: Innovative energy use as a mediating variable. *Cogent Business & Management*, 10(1).
- Syariati, A., Amar, M. Y., & SYARIATI, N. E. (2021). The Strategic Choices In Achieving Tourism's Competitiveness And Performance Among Hotels In Indonesia. *GeoJournal of Tourism and Geosites*, 38(4), 1223-1231.
- Tarasiuk, H., Chahaida, A., & Tyshchenko, O. V. (2020). Impact Of Restoration Of Full Functioning Of The Hospitality Industry On The Rapid Overcome Of The Global Economic Crisis. *Effective Economy*, 5.
- Tajeddini, K., Altinay, L., & Ratten, V. (2017). Service innovativeness and the structuring of organizations: The moderating roles of learning orientation and inter-functional coordination. *International Journal of Hospitality Management*, 65, 100-114.
- Tomić, R. A., Milojica, V., & Roblek, V. (2023). Role of Hotel Management Crisis in Covid-19 and Post-Covid-19 Period: A Case Study of Opatija Riviera Micro-Region in Croatia. *Organizacija*, 56(4), 324-341.
- Tweneboah-Koduah, E. Y., Anning-Dorson, T., & Nyamekye, M. B. (2018). Impact of customization and innovation on hospitality firms' performance. *Journal of Hospitality Marketing & Management*, 29(1), 106-120.
- Uula, M. M. (2023). Business Innovation in Indonesia: A Systematic Review [Review of Business Innovation in Indonesia: A Systematic Review]. *Business and Sustainability*, 1(1).
- Wang, G., Tilaki, M. J. M., & Rahim, A. A. (2025). Exploring Spatial Dynamics: Analyzing Hotels'Recovery Performance Amid the COVID-19 Crisis. *Applied Spatial Analysis and Policy*, 18(67).
- Yang, Y., Li, H., & Roehl, W. S. (2024). COVID-19 pandemic and hotel property performance. *International Journal of Contemporary Hospitality Management*, 36(1), 71-90.