A Systematic Review of Service Innovation in the Service Sector

Anybe I.D1 & Zubaibu U.M2

1&2Department of Entrepreneurship and Business Studies, Federal University of Technology Minna, Niger State (NIGERIA)

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Abstract: Service innovation offers service firms an opportunity to strategically renew their brands in a continuum that fosters increased interactions between the firm, its customers and other stakeholders. Essentially, the many benefits service innovation concept offers businesses, makes it quite germane for businesses seeking to compete favourably in a fast paced technologically and knowledge based economy we live in. This study therefore conducts a systematic review on Service Innovation in the Service Sector (SISS) with a view to develop a quantitative summary of the field and provide a guide for future researchers. The Systematic Quantitative Assessment Technique (SQAT) developed by Australian researchers Catherine Pickering and Jason Anthony Bryn in 2013, was used to identify and review 94 peer-reviewed service innovation articles within 2008-2017 from six high quality academic databases. The findings of this study is a new study in SISS research with the primary focus of SISS articles on seven themes. 12 out of the 94 papers were found to have taken place in the UK, with China and Taiwan sharing 9 papers each and 8 papers only in Malaysia. All the 94 SISS articles adopted a single research method with 28 papers adopting the use of questionnaire. Also, the study revealed no literatures on SISS exists in Nigeria. Directions for future research were suggested and appropriate conclusions drawn. The findings of this study would look to guide policy planners and researchers alike on the course of current SISS research. This will in turn inform their choice aspects of SISS literatures seeking urgent research. This study is a new addition to existing literature and a novel quantitative summary in the area of service innovation within the service context.

Keywords: Service innovation, SQAT, Service firms, Creativity.
1. Introduction

The service industry is made up of many firms whose sole purpose is that of delivering high-end quality and affordable services to the consumer market (Chron, 2018). Service, known as an intangible good offers users and customers the needed experiences which makes the service delivery itself an intriguing process (Ding & Keh, 2017; Vickers et al., 2017). The extent to which a firm would adopt or deploy a given service, is dependent on how it designs it, in order to position the firm for a broad range of disruptions that would enhance its competitive standing (Patrício et al., 2018; Thambusamy & Palvia, 2018). Hence, the need to combine the needed processes that will allow businesses, firms and start-ups to apply creativity in transforming available resources into new services to strengthen their value proposition, makes service innovation unavoidable and ultimately choicest option for businesses to be sustainable (Witell, et al., 2017; de Jong, 2017; Holgersson, et al., 2017; Secomandi & Snelders, 2018).

Service innovation has been defined as a new service practice or service solution with several dimensions; ranging from innovation in services known as service products; innovation in service processes and innovation in service organizations (Damanpour et al., 2009; Den Hertog et al., 2010). Most times, it is described in terms of how a firm attends to a customer or how it organizes a new idea to addressing a problem or challenge (Bitner et al., 2008; Edvardsson & Tronvoll, 2013; Lusch & Nambisan, 2015). Typically, service innovation systems comprises of a broad range of activities between individuals; organizations; customers; that will put together systems for information sharing across and within their network (Bitner, et al., 2008; Chesborough, 2011). This collaborative nature, can foster a unique combination of the previous dimensions or explore the needed one to transform businesses (Edvardsson & Tronvoll, 2013; Lusch & Nambisan, 2015). However, service firms innovate by adopting all or a combination of the levels that would eventually re-model their businesses, as part of effort directed towards strengthening firm’s corporate strategy (Chesborough, 2011).

Service innovation offers service firms numerous benefits; providing control for several service improvements (Presbitero et al., 2017), generating sustainable technologies and solutions that will make firms more competitive (Dörner et al., 2011; Tsou & Chen, 2012; Carroll & Carroll, 2016), enhancing firms’ growth strategies that will maintain good relationships with target groups or market (Dwyer & Edwards, 2009), positioning firms’ for better performance (Cheng & Krumwiede, 2010; Salunke et al., 2013; Gong & Janssen, 2015; Szczygielski et al., 2017) and evolving services that will increase customer participation in co-creating value (Candi & Saemundsson, 2008; Rayna & Striukova, 2009; Hanseth & Bygstad, 2015).

However, despite its many benefits and the wealth of scholarship in the field, there is a need to conduct further research owing to the dynamic nature of the market and upsurge in technological advancements (for instance, Block chain and the use of cryptocurrencies that ensures a more democratic, secure, efficient and transparent way of performing transactions using a decentralized consensus of systems). Hence, the urgent need to conduct a systematic quantitative assessment of service firms particularly those that utilize more knowledge powers and
systems in their service delivery. This paper aims at providing a quantitative summary of literatures on service innovation in the service sector by systematically reviewing scholarships as well as providing suggestions and recommendations for future studies whilst identifying research gaps that offer opportunities for future studies.

In this review, Systematic Quantitative Assessment Techniques (SQAT) developed by Byne and Pickering (2013) was adopted to focus on two objectives. First, it aimed to categorize key characteristics of SISS research (i.e. the number of journal articles published, the time and geographic distribution of these articles, the type of articles [conceptual vs. empirical], the research themes explored by these articles, the research methods adopted, and the journal publishers used). Second, it endeavoured to provide directions for future SISS research whilst drawing insights from the characteristics explored which will be valuable to existing service firms, researchers as well as providing a starting point for new researchers who are considering delving into the issue of SISS research. The rest of this review proceeds as follows: The next section is the methodology section, which discusses the method and procedures utilized in conducting this study. This is followed by findings and discussions with highlights on directions for future research based on these findings. Finally, the conclusion is provided with the limitations and additional suggestions for future research based on these limitations.

2. Methodology

This study adopts a systematic quantitative literature review approach on Service Innovation in the Service Sector (SISS) research using the “Systematic Quantitative Assessment Technique” (SQAT) developed by Pickering and Bryne (2013). The SQAT is used to assess only original peer-reviewed English journal publications in determining their inclusion or exclusion criterion (Pickering and Bryne, 2013). SQAT allows researchers, to thoroughly analyse existing academic literature to produce a structured quantitative summary of the field (Pickering and Bryne, 2014). The method explores the geographical spread of the literature, the research methods employed, the type of literature and their individual major focus (Pickering and Bryne, 2014). The researcher found SQAT to be well structured, comprehensive, and easily replicated. Also it illuminates the most critical subjects and variables for future research which are all important components of a systematic review.

To categorize the articles and to provide structure for the review, SQAT recommends a classification framework consisting of five dimensions. Each dimension and how it is applied in this study is described. Within this framework, a total of ninety-four peer-reviewed English SISS articles were compared across the dimensions outlined in Table 1.
Table 1: Description and Application of SQAT

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Application in current study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Define topic</td>
<td>Service Innovation in the Service Sector</td>
</tr>
</tbody>
</table>
| 2. Formulate research questions | Five research questions:  
1. In which countries were these articles written?  
2. What kind of SISS articles were published? (Conceptual vs. Empirical)  
3. Which Journal publishers were adopted by the articles?  
4. What are the specific themes these papers explored?  
5. What research methods were utilized to conduct the research? |
| 3. Identify key words       | “Service Innovation” and “Service Sector” |
| 4. Identify and search databases |  
1. 6 databases utilized: Elsevier; Springer; Wiley; Taylor and Francis; Emerald; Sage  
2. “All in title” search using “Service Innovation” + “Service Sector” from Google scholar advanced search |
| 5. Read and assess publications |  
1. Abstracts of only original peer-reviewed English journal publications found to be dealing with “Service Innovation in the Service Sector” were read.  
2. Literature reviews book chapters and conference proceedings were not included; only peer-reviewed conceptual and empirical papers were assessed. |

3. Findings and Results

3.1 Themes discussing Service Innovation in the Service Sector

In this review, 7 themes was used in categorizing the central discussions of the 94 journal articles reviewed. Amongst the themes are enhancing service offering (23%), knowledge management (11%), innovation management (20%), Innovation in tourism (15%), Model of SI (1%), Sustainable health practices (13%) and value added services (17%). All the themes were discussed and areas for future research was suggested (see figure 1)
3.2 Research Methods of articles on Service Innovation in the Service Sector

The SISS articles reviewed adopted different methods in analyzing the various information collected for explaining SISS literatures. (See figure 2 below)

The research method mostly used by the articles reviewed was questionnaires (30%). This involved the distribution of questionnaires to employees and employers alike at organizations which would then be collated to form a basis for analysis in order that appropriate conclusions be drawn from the investigation (Hsieh & Hsieh 2015; Suikkird & Shirahada, 2015; Sarmah et al., 2017; Taghizadeh et al., 2017; Maldonado-Guzman et al., 2017). The second most used method was case study (24.5%) which involved the use of cases to investigate or understand a trend or concept within an organizational context (Grace et al., 2009; Xiaobin & Jing, 2009; Aromaa & Erikson, 2014; Bjork, 2014; Lee et al., 2014).
The third most used method was survey (21.3%) which used methods other than interviews and questionnaires but were reported as surveys (Cho et al., 2011; Cho et al., 2012; Choi, 2016; Cowley, 2017; Desyllas et al., 2017).

The fourth most used method was interviews (15.64%) which typically solicited for responses to one-on-one conversations with specific questions from an interviewer (Vasileiou et al., 2012; Horng et al., 2017; Vickers et al., 2017; Wang et al., 2017).

Fifthly, were methods utilizing theoretical analysis (7.5%) in their approach towards using various theories and frameworks to clarify issues pertaining to SISS literatures (Crevani et al., 2011; Gooloba & Ahlan, 2013; Zulkeplia et al., 2015; Tan et al., 2015; Pikkemaat 2016).

Lastly, only two papers adopted the use of content analysis (1.06%). Content analysis would typically require the researchers to critically examine contents that could be used to explain SISS field (Thomas et al., 2016; Martin-Rios & Pasamar, 2017).

3.3 Nature of articles on Service Innovation in the Service Sector

The articles assessed in this study were divided into two main research categories: Conceptual and empirical. The conceptual articles consisted of papers that adopted a theoretical approach of research, that is, they did not conduct practical experiments, analyzing only existing knowledge on SISS. The empirical articles on the other hand, consisted of papers that adopted a practical and experimental approach of research, collecting data, analyzing the data collected and then drawing appropriate conclusions (Conceptual and Empirical: Which is Better, 2016). This classification is presented in the figure below.
3.4 Distribution of Journal Top 4 Journal Publishers of Service Innovation Literatures

The Figure below, shows the journal publishers with the most papers in the field of service innovation.

<table>
<thead>
<tr>
<th>JOURNAL PUBLISHERS</th>
<th>NUMBER OF PAPERS</th>
<th>RANKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contemporary Hospitality Management</td>
<td>5</td>
<td>1&lt;sup&gt;ST&lt;/sup&gt;</td>
</tr>
<tr>
<td>Service Business</td>
<td>4</td>
<td>2&lt;sup&gt;ND&lt;/sup&gt;</td>
</tr>
<tr>
<td>Procedia Social and Behavioural Sciences</td>
<td>4</td>
<td>2&lt;sup&gt;ND&lt;/sup&gt;</td>
</tr>
<tr>
<td>Journal of Business Research</td>
<td>3</td>
<td>3&lt;sup&gt;RD&lt;/sup&gt;</td>
</tr>
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The evidence above, shows that International Journal of Contemporary Hospitality Management is the most preferred publisher for Service innovation literatures. Closely following behind, are Service Business and Procedia Social and Behavioural Sciences Journal sharing 4 papers each. And lastly, is the Journal of Business Research with only 3 papers. Other journal sites or publishers have publications ranging from one or two and were not ranked in our analysis for ease of interpretation.

3.4 Research countries of Service Innovation in the Service Sector Literatures

Country-wise, the top four ranked countries from the 94 papers reviewed have been duly represented as below (see figure 4).
From the 94 peer-reviewed journal articles adopted in this study, a representative fraction of the top ranked countries have been computed; United Kingdom has a whooping sum of 12 articles which makes it the most ranked. This is closely trailed by China and Taiwan with a total of 9 papers respectively. Although lowly ranked in as depicted in the figure above, Malaysia has 8 articles credited to it.

3.5 Research continents of SISS Articles

Figure 5, shows the distribution of SISS articles according to continents. (See figure 5 below)

![Fig. 5: Research continents](image)

From the articles reviewed in this section, Asia is seen as the most ranked continent in terms of service innovation literatures particularly in the service sector with 55 articles credited to the continent. This is closely trailed by Europe with a staggering 52 articles. However, North America and Australasia have 5 papers apiece with South America and Africa sharing a similar faith but with a paper each.

4. Discussion of Result

From the themes adopted in this study, 22 papers focused on enhancing service offerings for service innovation in the service sector, representing 23% of the total number of papers assessed in this study. These papers highlighted how active customer participation in service innovation processes will reduce the perceived risk of mistrust and foster customer satisfaction (Agarwal & Selen, 2011; Zhigong et al., 2015; Ganesan & Sridhar 2016), how the competitiveness of a firms is enhanced (Ordanini & Rubera, 2010; Cho et al., 2012; Harmon & Demirkan, 2012; Tseng et al., 2015; Wang et al., 2017), with the use of diverse channels to increase the value propositions of brands (Weber et al., 2011; Rayna & Striukova, 2009; Cho et al., 2011; Atashfaraz et al., 2016; Jalil, 2016; Winand & Anagnostopoulos, 2017). This group of papers further emphasized the potentials of effective internal marketing in service organizations (Chen 2011; Choi 2016), and how maintaining an entrepreneurial climate that fosters creative disruptions capable of bringing about positive change would help organizations overcome barriers to innovation (Blindenbach-Driessen & Ende, 2014; Maldonado-Guzman et al., 2017).

Following closely behind, 19 articles (20%) dealt with how organizations can better manage innovation with a continuous effort towards exploiting the
potentials of employees, fostering creativity, encouraging everyday innovativeness through formalization of innovation processes for greater efficiency (Den-Hertog et al., 2010; Crevani et al., 2011; Sengupta & Chekitan, 2011; Busse & Wallenburg, 2011; D’Alvano & Hidalgo 2012; Kapoor et al., 2015; Martin-Rios & Pasamar, 2017). Furthermore, the papers gave insights on how a firm’s strategy, process, technological tools and system could be deployed in an effort to enhance innovation management (Aspara et al., 2017; Presbitero et al., 2017; Taghizadeh et al., 2014).

16 articles (17%) then discussed how value is added to services to refine the value they offer. These papers noted the various forms in which service organizations create value, the processes involved and the use of radical or incremental innovation to better attend to customer needs or break into new markets (Mircea & Andreescu, 2012; Aromaa & Erikson, 2014; Hsieh & Hsieh, 2015; Sebhatu et al., 2016; Chen et al., 2017). Also, they described how various aspects of innovation in terms of managerial competence and the synergy of co-creation in what is described as collaboration between businesses, customers or even across organizations can be used to create value for businesses (Tether & Tajar, 2008; Mention, 2011; Gooloba & Ahlan 2013; Isa et al., 2015; Hong et al., 2016; Sarmah et al., 2017).

Next, 14 articles (15%) focused on how innovation works and how it is been deployed in tourism, how a firm’s market oriented strategy would be the service experience needed for a proactive role in the market (Grace et al., 2009; Jiménez-Zarco et al., 2011; Camarero & Garrido, 2012; Bjork, 2014), they further stressed the importance of competitive aggressiveness as an effort towards responding to formal and informal patterns that of the arena (Peng & Lai, 2014; Pikkemaat, 2016).

Furthermore, 12 articles (13%) stressed how to achieve sustainable healthcare practices using service innovation. Typically, these category of articles discussed how service sustainable healthcare service using innovative means would enhance the quality of service offered to aged persons (Stewart et al., 2012; Chen et al., 2015), how the presence of emergency nurses would enhance service capability and expose areas that were hitherto neglected; poor organizational support and excessive restrictions (Fox et al., 2017), they further emphasized how contemporary practices tailored towards sustainability is re-shaping the healthcare industry (Obon et al., 2011; Pässilä et al., 2013; Abendstern et al., 2014; Gardner et al., 2014; Wass et al., 2015; Khaksar et al., 2017), by identifying the benefits of emergency management systems that offers an integrated information and technological communication that would enhance service delivery through robust services that are timely and well-coordinated (Vasileiou et al., 2012; Sukkird & Shirahada, 2015).

Closely trailing the previous theme discussed is the ‘knowledge management’ representing 10 (11%) articles that discussed extensively on how knowledge management fosters service innovation in the service sector by way of capturing value in the mark
place (Carmona-Lavado et al., 2013; Šebestová & Nowáková, 2015; Desyllas et al., 2017; Islam et al., 2017); how various management approaches are directed towards managing knowledge forms in service firms (Hu et al., 2009; Scupola & Nicolajsen, 2010; Islam et al., 2015); how novel approaches to managing knowledge sources in the libraries would enhance virtual learning and the competitiveness of firms through a collaborative approach that would permit information sharing and organizational innovation (Xiaobin & Jing, 2009; Fischer, 2011; Kang & Kang, 2014; Nguyen et al., 2016).

Lastly, is the model of service innovation, 1% (1). The article modelled service innovation by using simulations to provide better understanding of how the concept works (Albeshr et al., 2016). Only 1 article from the 94 journals reviewed provided a practical guide as to how service innovation would be deployed using the airline industry to hypothesize the different components need for a robust service delivery.

From the evidence in Figure 3, it is observed that most of the articles assessed (66%) were empirical in nature. The research paper in this category provided practical conclusions on issues pertaining to innovation management and how firms can enhance their service offerings (Agarwal & Selen, 2011; Steinicke et al., 2012; Wang & Tsai, 2014; Kiumarsi et al., 2015; Zhao et al., 2017), innovation in tourism (Corte et al., 2009; Grace et al., 2009; Bjork 2014; Isa et al., 2015; Zehrer 2016), knowledge management (Xiaobin & Jing 2009; Scupola & Nicolajsen, 2010; Islam et al., 2015), value added services (Aromaa & Erikson, 2014; Chen et al., 2017; Sarmah et al., 2017), and sustainable health practices (Chen et al., 2015; Fox et al., 2017; Khaksar et al., 2017).

Contrary to this, only 34% of the articles were conceptual in nature, through the use of theoretical analysis on how service innovation can better be explored (Crevani et al., 2011; Gooloba & Ahlan, 2013; Tan et al., 2016).

By critically examining the UK, it is suggestive that service firms are more concentrated there. According to a report by the European Banking Federation (EBF) in 2016, the UK was ranked the fourth largest banking sector in the world and the largest in Europe.

While this could be a significant reason for its high ranking, it is also suggestive that the concentration of other service companies like Fintech could be the reason for its high rating.

In the 2016 report of the International Monetary Fund (IMF) and the CIA World Factbook, where it ranked countries with the most services, China was ranked 2nd as the most largest service industry worth over $5.7 billion and only second to the USA. This gives credence to the fact that, china is seen as a provider of service globally, considering it has cheap labour, which in turn reduces the cost of rendering services.

From the evidence represented earlier, it shows that International Journal of Contemporary Hospitality Management is the most preferred publisher for Service innovation literatures. This shows that researchers looking to access high quality papers and journals with high impact factor, should look to the
5. Recommendations

It is observed that most of the articles reviewed were focused on enhancing service offerings and innovation management. While the interest on knowledge management, value added services, innovation in tourism, model of SI and sustainable healthcare practices is commendable, there is still need for scholars to research these areas in order to devise cutting-edge methods of deploying innovative solutions in this areas. This represents a research gap that future researchers should endeavour to fill as it would strengthen institutions and organizations alike on the efficiencies and benefits of deploying service innovations in aspects where the core operational or strategic activities of organizations rests.

From the analysis in figure 3.2, while it is very commendable that primary sources of data are handy in conducting analysis, it is equally important to note that, they come with a lot of bias. Hence, future researches should use a blend of the methods adopted in this study or focus more on secondary data source in conducting a more accurate and robust research.

More so, the disproportionate representation of the article types speaks more on the practicality of service innovation systems. It is expected that this tilt would provide the needed evidences required to improve literatures on service delivery.

However, the findings of this study would look to guide policy planners and researchers alike on the course of current SISS research. This will in turn inform their choice aspects of SISS literatures seeking urgent research.

From the 94 papers reviewed in this study, whilst Africa has one published article, it is important to note that none of the studies was conducted in Nigeria. Future studies, should consider the Nigerian context.

6. Conclusions

In this study, 94 peer-reviewed journal articles discussing Service Innovation in the Service Sector were systematically reviewed along five research categorizations: geographical distribution, article types adopted in the study, journal distribution, themes representing focal points of the studies, and research methodologies. The findings of this review were discussed and appropriate suggestions and recommendations for future research were deduced.

Despite the acknowledged significance of Service firms and the service sectors to the growth of businesses and that of economies globally, the number of researches on innovation management is far from been exhaustive. Therefore, it is important that more research be carried out on innovation management across and within organization in order that the positive disruptions of the processes would transform businesses.

The major limitation of this study include its restriction to peer-reviewed journal articles, only six databases, as well as the search combinations which included only “Service Innovation” and “Service Sector”. Furthermore, in spite of the fact that SQAT methodology requires that only high quality papers be reviewed, future researches can extend their searches to include other
databases, book chapters and conference proceedings. Also, the restriction on the search combination made it impossible to study all articles on service innovations in the service sector. Hence, it is pertinent to note that this study is less representative than it could have been, and the stated limitations add to the gaps that future research can address.

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