

How Service Companies Can Improve Performance through Service Innovations

ADEYEMI Kolawole
City University, Cambodia

Abstract

New service ideas and delivery designs are usually not protected by copyright or patent, therefore continuous, well-managed innovation is the only viable option to meeting the ever increasing demand for innovative services that provides comfort and better satisfaction to the customer. This will provide opportunities to not only secure more customers, but also secure staff competences that is in high demand, technological modifications such as Internet-based service delivery choices, increased operational efficiency characterized with faster response time and discovering emerging customer needs in prospective market segments. The adoption of an innovation model will help organisations create a structure that provides a sense of urgency on relevant innovative ideas and improve efficiency and effectiveness of the service innovation process. This will in turn be reviewed periodically for process improvement as it relates to the market and environment.

Keywords: Services; service innovation; demand; service performance; innovation process; innovation risk.

Date of Submission: 05-02-2021

Date of Acceptance: 19-02-2021

I. INTRODUCTION

1.1 The Concept of Service

The service concept is a term that is generally acknowledged by scholars that have provided different definitions in the service literature. According to Heskett (1986) service concept is the manner in which an organization would prefer to have its services perceived by its customers, employees, shareholders and lenders, which is otherwise understood as the business proposal from the organisation to the customer. Collier (1994) also describes it as a package which consist of benefits to the customer, and are basically the organisations value proposal to the customer.

Edvardsson and Olsson (1996) defined service concept as the “detailed description of what is to be done for the customer (what needs and wishes are to be satisfied) and how this is to be achieved”. They further expatiated that the service concept is important in the design and development of services which involves understanding customers’ needs in the particular market segment and incorporating it into the organization’s competitive strategy. Lovelock et al. (1999) differentiated the concept of service marketing from service operations concept. He defined “service marketing concept” as the benefits enjoyed by the customer and “service operations concept” as the know-how or details of how the service will be conveyed to the customer. Similarly, Edvardsson et al. (2000) corroborated that the service concept is an explicit description of the customer needs to be fulfilled, and how they are to be achieved.

To summarize the service concept, Goldstein et al. (2002) referenced Clark et al. (2000), and Johnston and Clark (2001) who outlined the definition of the service concept as:

1. Service Operation: the way in which the service is delivered;
2. Service Experience: the customer’s direct experience of the service;
3. Service Outcome: the benefits of the service for customer satisfaction
4. Value of The Service: the benefits the customer perceives as inherent in the service weighed against the cost of the service.

1.2 Nature of Services

Service is any intangible product, which is essentially a transaction and is transferred from the buyer to the seller in exchange for some consideration (or no consideration). Some of the characteristics of a service are that it is intangible, inconsistent, inseparable, and cannot be stored.

- **Intangibility:** A service is not a physical product that you can touch or see. A service can be experienced by the buyer or the receiver. Also, you cannot judge the quality of the service before consumption.
- **Inconsistency:** There exist no perfect standard of service. However, if the service provider is the same, the service quality may differ over time.

- **Inseparability:** A unique feature of services is that it is not possible to separate the service and service provider. Unlike products, the production and consumption of services cannot be even separated by storage.
- **Storage:** The manufacturing and consumption of services are separable because services cannot be stored. As a result of intangible transactions, there cannot be an inventory of services.

1.3 Types of Services

There are basically three types of services in the economy; personal service, social services and business service. These service types are all linked to ground transport to satisfy customer needs.

1.3.1 Business Services

Business services are services that support the daily running and activity of a business but it does not involve commodities. For example IT services. In this modern time, most businesses will require technological system. IT support providers offer services to businesses in exchange for consideration.

There are other various services that any business enterprise may require for the proper functioning and management of its operations. Examples of such services are warehousing, communication, Banking, insurance, communication etc.

1.3.2 Personal or Customized Services

Personal services are commercial activities that are provided to individuals according to their individualistic needs. The service here is extremely personalised to the customer. So there can be no uniformity in the services. The service provider will modify his service in line with the customized needs of each customer.

Some examples of personal services are transport, catering, hotel and accommodation, medicine, any kind of artistic endeavour (like painting, sculpting etc). As you will notice all these services fulfil personal needs of the customers.

1.3.3 Social Services

Social services are essential public services. They are provided by the government or other non-profit organisations. The aim of social services is to achieve social equality in the society by offering the poor, aged or rural sections with the help they require. This type of service is not aimed to make profit but to achieve a social cause. Social services include services in the sector of transport, education, sanitation, medical facilities, housing etc.

1.4 How is a Service Produced?

According to Gadrey et al. (1995), producing a service involves organizing a solution to a problem that does not majorly requires supplying goods. It requires a combination of human, technological and organizational capabilities and competencies at the fingertips of the client and to provide a solution with varying degrees of accuracy.

The production of a service that meets the general or specific needs of clients must be orientated, directed, processed and completed through a system of professionals (people), equipment (technology) and well organized management structure. This will ensure the implementation and sustainability of a total quality management process that puts in mind the related benefit or value to the customer right from its conceptualization to the time the client receives the service or enjoys the solution.

1.5 The Concept of Innovation

The concept of innovation has become highly important due to invent of new technologies, increased competition and ever increasing demands for customized goods/services from customers (Tidd and Bessant, 2009). Although there are limited and divergent views on the concept of innovation, we will look at some concept identified by wikipedia.com and scholars in previous and recent literature.

According to Merriam Webster dictionary, (2020), innovation in its modern meaning is a new idea, creative thoughts, new imaginations in form of device or method or the introduction of something new. Innovation is often also viewed as the application of better solutions that meet new requirements, unarticulated needs, or existing market needs. Such innovation takes place through the provision of more-effective products, processes, services, technologies, or business models that are made available to markets, governments and society.

Franklin P. (2009) also described innovation as something original and more effective and, as a consequence, new, that "breaks into" the market or society. Although Bhasin K. (2012) mentioned that innovation is not the same as, but is related to invention. Forbes Magazine (2020) conceptualized innovation as more precise to involve the practical implementation of an invention (i.e. new / improved ability) to make a meaningful impression in the market or society.

Between 2014 and 2020, Eric Shaver carried out a survey of literature on innovation and found over 60 definitions, some of which are presented below;

No.	Definition	Source
1	“Innovation is the multi-stage process whereby organizations transform ideas into new/improved products, service or processes, in order to advance, compete and differentiate themselves successfully in their marketplace.”	(Baregheh, Rowley, & Sambrook, 2009).
2	“Innovation represents the core renewal process in any organization. Unless it changes what it offers the world (product/service innovation) and the ways in which it creates and delivers those offerings (process innovation) it risks its survival and growth prospects.”	(Bessant, Lamming, Noke, & Phillips, 2005).
3	“...the development and intentional introduction of new and useful ideas by individuals, teams, and organizations...”	(Bledow, et al., 2009).
4	“...the creation of a new product-market-technology-organization-combination.”	(Boer & During, 2001).
5	“...innovation is the process that turns an idea into value for the customer and results in sustainable profit for the enterprise.”	(Carlson & Wilmot, 2006)
6	“...production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and enlargement of products, services, and markets; development of new methods of production; and establishment of new management systems. It is both a process and an outcome.”	(Crossan & Apaydin, 2010)
7	“...adoption of an internally generated or purchased device, system, policy, program, process, product, or service that is new to the adopting organization.”	(Damanpour, 1991).
8	“...the search for, and the discovery, experimentation, development, imitation, and adoption of new products, new production processes and new organisational set-ups.”	(Dosi, 1988).
9	“...a product, process or service new to the firm, not only new to the world or marketplace.”	(Hobday, 2005)
10	“A new idea, method, or device. The act of creating a new product or process, which includes invention and the work required to bring an idea or concept to final form.”	(Kahn, 2012).
11	“...is the sequence of activities by which a new element is introduced into a social unit, with the intention of benefiting the unit, some part of it, or the wider society. The element need not be entirely novel or unfamiliar to members of the unit, but it must involve some discernible change or challenge to the status quo.”	(King, 1992).
12	“...a viable offering that is new to a specific context and time, creating user and provider value.”	(Kumar, 2013).
13	“...innovation is the conversion of a new idea into revenues and profits.”	(Lafley & Charan, 2008)
14	“...any novel product, service, or production process that departs significantly from prior product, service, or production process architectures.”	(McKinley, Latham, & Braun, 2014)
15	“The act or process of introducing new ideas, devices, or methods”	Merriam-Webster
16	“...the function of an interaction among the motivation to innovate, the strength of obstacles against innovation, and the availability of resources for overcoming such obstacles.”	(Mohr, 1969)
17	“...any policy, structure, method or process, product or market opportunity that the manager of the innovating unit perceived to be new.”	(Nohri & Gulati, 1996)
18	“Innovation is the process of making changes, large and small, radical and incremental, to products, processes, and services that results in the introduction of something new for the organization that adds value to customers and contributes to the knowledge store of the organization.”	(O’Sullivan & Dooley, 2009)

19	“Innovation = Creativity + Exploitation”	(O’Sullivan & Dooley, 2009)
20	“...is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations.”	(OECD, 2005)
21	“...directed creativity implemented.”	(Plsek, 2014)
22	“...a change that breaks trade-offs.”	(Raynor, 2011)
23	“Innovation = Invention + Exploitation”	(Roberts, 1988)
24	“...an idea, practice, or object that is perceived as new by an individual or another unit of adoption.”	(Rogers, 2003)
25	“The commercialization of any new product, process, or idea, or the modification and recombination of existing ones.”	(Rothaermel, 2013)
26	“...the practical implementation of an idea into a new device or process.”	(Schilling, 2013)
	“...the act of generating more value for the customer and the business by fulfilling a job to be done better than anyone else.”	(Silverstein et al 2009)
27	“...innovation is a process of turning opportunity into new ideas and of putting these into widely used practice.”	(Tidd & Bessant, 2009)
28	“Innovation = theoretical conception + technical invention + commercial exploitation”	(Trott, 2012)
29	“Innovation is the management of all the activities involved in the process of idea generation, technology development, manufacturing and marketing of a new (or improved) product or manufacturing process or equipment.”	(Trott, 2012)
30	“...an invention which has reached market introduction in the case of a new product, or first used in a production process, in the case of a process innovation.”	(Utterback, 1971)
31	“...the process of developing and implementing a new idea.”	(Van de Ven, et al., 1999)
32	“...the intentional introduction and application within a role, group or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group, the organization or wider society.”	(West & Farr, 1990)
33	“...any idea, practice, or material artefact perceived to be new by the relevant unit of adoption.”	(Zaltman, Duncan, & Holbek, 1973)

Table 1: Some definitions of innovation, Eric (2020).

Two main dimensions of innovation were degree of novelty (patent) (i.e. whether an innovation is new to the firm, new to the market, new to the industry, or new to the world) and kind of innovation (i.e. whether it is processor product-service system innovation) (Edison et al, 2014). In recent times, researchers of workplaces have also differentiated innovation to be separate from creativity or invention, by providing an updated definition of these two related but distinct concepts: Workplace creativity involves the cognitive and behavioural processes applied when trying to generate original ideas. Workplace innovation involves the processes adopted when trying to apply new ideas. Specifically, innovation involves some combination of problem/opportunity identification, the introduction, adoption or modification of new ideas germane to organizational needs, the promotion of these ideas, and the practical implementation of these ideas (Huges et al, 2018).

II. SERVICE INNOVATION

Over the years, innovation is being regarded as a technological phenomenon, showing a technological shift in industry or shift in combination of new product or process to facilitate economic growth and development. In the manufacturing industry, innovation has been the frontier of literature and attention has mostly been on product innovation. Nevertheless, innovation has other applications i.e. commercial applications, organization structure and new input sources thereby making innovation not limited to manufacturing companies but also to service organizations (Bessant and Tidd, 2007; Klink and Visser, 2004).

Pim and Rob (1999) developed on earlier work in the European Commission sponsored ‘SI4S’ programme (Services Innovation, Innovation for Services) and conceptualized a framework for service innovation and service innovation partners which will be presented in this section. They noted that the analysis

of services and services innovation has improved quite remarkably the last decade. Although the devotion given to services by researchers increased from the 1970s, they were long behind in terms of technological innovation. In 1984 Pavitt introduced his sectorial classification of technological change labelled the services industries as mainly supplier ruled industries.

Pim and Rob also mentioned that the important theoretical contributions of Barras (1986, 1990) portray most service sectors as supplier-ruled, and as receiving an impetus from manufacturing to embark on subsequent stages of innovation processes.

They however, discovered the field of services innovation studies has significantly progressed, with two results of significance here. Firstly, it has been recognised that many services that deliver substantial contribution to innovation processes are not merely passive recipients of others' innovations.

Secondly, the concentration on technological innovation has been in a way controlled by recognition of the significance of non-technological components and approaches to service innovation. This resulted in a better understanding of the uniqueness of services (Miles, 1993), service management (Norman, 1991; Quinn, 1992), the importance of interaction with clients and of clients' competences (Kline & Rosenberg, 1986), the importance of realigning of existing elements in new services (Henderson & Clark, 1990; Foray, 1993). Gallouj et al. (1997) discovered a total of six innovation models that can be utilized for explaining services innovation. They distinguish between improvement innovation, radical innovation, re-combinative innovation, incremental innovation, ad hoc innovation, and formalisation innovation.

2.1 Service Innovation Patterns

In this section, Pim and Rob (1999) elaborates on the different patterns of service innovation. Just as we have extreme variations of service innovation, so is the diversification of service firms' function in innovation processes is quite diverse. The perception of supplier dominated innovation in services is the general view and that is why service firms depend on their suppliers for innovative inputs. However, the contribution of service firms to innovation is has a broader concept specifically if we include the non-technological part of service innovation. Some services are even playing a major role in the innovation procedures of their clients in the areas of research and development, design & engineering services and some information technology services.

Furthermore, some traditional business processes with a service behaviour are part of production firms and therefore scarcely understood as service activities or gradually grow into separate business. A typology of seven innovation patterns, where service firms play a diverse roles, is presented below. The different patterns exhibit a different mix of relationships between three role categories in a fundamental value system:

- Suppliers of inputs (human resources, capital and equipment),
- The service firms, and
- The clients of the service product (innovative service or manufacturing firm in the case of midway products, or final consumers)

From the four dimensions, the client or final consumer gradually exerts influence on the innovation process. Pattern five represents a different situation because all actors in the value system donate or contribute to a specific innovation or are compelled to accommodate it. The various patterns are shown in figure 2.

2.1.1 Supplier Dominated Innovation.

This area represents the way service innovations are mostly perceived or processed. These innovations especially technological innovations derived from hardware industries from an external supplier are designed and implemented by service industry users, who satisfy the needs of their clients. A few examples of this pattern are represented below:

- The introduction of microwave oven has tremendously improved the possibilities of food preparation in cafes, restaurants and even offices.
- Mobile phones and cash registers have been collapsed into many small firms that use some level of technology.

There are various other examples with an obvious technology drive. This pattern typically provides less room for user industries to change the real product supplied by the supplier. The adopting organisation usually has to bring about some organisational changes that will enable them adapt its organisation, train its employees and offer more efficient and higher quality services.

2.1.2 Innovation in Services.

In this pattern, the actual innovation and implementation take place in the service firm itself. Such innovations can be both technological and non-technological, in many cases in combination. Examples of this pattern is a new product, or product bundle, or a new delivery system that is thought up in the service firm itself (e.g. by a new business team), and implemented throughout the organisation, possibly with 'innovation support' from

outside.

2.1.3 Client-led Innovation.

This pattern represents more a variety of other patterns than a category in its own right. In this case the service firm is responding to needs clearly articulated by its clients. While in a sense every successful innovation is a reaction to a perceived market need, be it in a latent or more articulated way, for some service innovations this is more clear-cut than for others. Some examples:

- Offering door-to-door public transport services aimed at the business traveler can be considered a clear answer to the often heard complaints that they ‘would like to use public transport (the train) more often, but that pre and post train transport is too time consuming’.
- The introduction of green banking products is a clear response to a growing number of individuals that want to invest their (saved) money in a ‘societal responsible’ way.
- The possibility of subscribing to a ‘selection of organically grown vegetables of the season every week’ is demand-led as well. In these cases the demands are expressed by segments of mass markets. In many other cases the influence may come from a single client, which is often the case in business services.
- For instance, a client may propose that a training firm starts backing up its face-to-face sessions with computer-based aids.

2.1.4 Innovation through Services.

This is one of the more complicated patterns. In this pattern, service firms change the actual innovation process that occurs within the client firm by providing inputs. The intermediate services provider may provide information resources that support the innovation process in various ways, some of which are outlined below;

- A professional project manager with the necessary skills is provided to implement an innovation.
- An innovative tailor-made software package is required.
- Training or manuals regarding product selection and implementation.
- Providing advice on how the innovation process can be conducted, or providing support tools that will facilitate creativity among various teams in the client organisation.

Different departments of support teams cooperate in the process of providing these kind of knowledge intensive business services. An engineering consulting firm may support an oil and gas organisation that is planning to drill and explore in a restricted or licensed area, and has to source for new operational methods to meet the legal environment protection rules. The engineers can help with revising existing practice, proposing new operations, designing new methods, heading the drilling operations, and training the operators of the client firm. Despite these inputs, substantial part of the innovation takes place at the client’s site with its personnel of the client (Hoffman et al., 1998). In this situation, the engineering firm promotes the innovation process at the client firm. However, the exact function of the intermediate service provider and the level of interaction between service provider and client firm may vary tremendously (Bilderbeek et al., 1997).

2.1.5 Paradigmatic Innovations.

This pattern requires complicated and pervasive innovations influencing all players in the value chain profoundly. The Freeman’s terminology labelled paradigmatic innovations as technological revolutions or new technology systems when they are driven by fundamentally new technologies. They may also be driven by regulations, resource constraints, and other similar factors. These may require innovation to in all related elements of the value chain/system. This type of innovation requires new facilities, new professionalism and change on the part of intermediate and final users. For example:

- If in a very densely populated area the decision to switch to underground transport was taken as regular transport of goods is no longer possible and, parties along the value chain would have to design and implement innovative practices. Manufacturers of transport facilities would have to design and produce completely new transport equipment, transport companies would have to change their service patterns, retrain their employees, market their product in new ways, users would have to adapt their behaviour and use of transport facilities.
- Likewise, the migration from public TV channels to multi-channel pay-per-view packages require more innovation from providers and change of behaviour from consumers.
- The large-scale innovation of multi-functional chip cards is another relevant example of a paradigmatic innovation.

Pim and Rob (1999) added that further innovation patterns could easily be identified by taking into account additional variables. One such variables might be the government’s role as a trigger for innovation. This role can be useful as certain types of innovation may be promoted by research and development funding, procurement decisions, or with the support of new regulations such as fostering environmental innovation. Another variable may be the extent to which end-users are provided with the opportunity or compelled to co-produce specific services.

INNOVATION PATTERN	ROLE SUPPLIER	ROLE SERVICE FIRM	ROLE CLIENT FIRM (serv/manuf.)	EXAMPLE
SUPPLIER DOMINATED INNOVATION				Introduction of interactive TV equipment, ICT goods, magnetrons, medical robots
INNOVATION IN SERVICES				Introduction of new shop formula, new pension and saving schemes
CLIENT-LED INNOVATION				Green banking services, door-to-door transport,
INNOVATION THROUGH SERVICES				Engineering firms helping oil/gas firms in designing new oil rigs, etc.
PARADIGMATIC INNOVATIONS				Multifunctional chipcards, sub soil transport services
LEGENDA INPUTS FOR SERVICE PRODUCT LOCUS INNOVATION ACTIVITY SUPPLIER DOMINATION (PUSH) USER DOMINATION (PULL) IMPLEMENTATION NEW SERVICE PRODUCT/ORGANISATION USER OF INNOVATIVE SERVICE PRODUCT				

Figure 1: Patterns of Service Innovation. Pim and Rob (1999).

According to Pim and Rob (1999), the above typology clearly indicated how different the roles of service firms in the innovation process. Secondly, the way service providers and client firms interact may be considered central to the process of service innovation. Both factors have to be taken into account in developing a system of indicators for service innovation.

They however noted that many variations on these innovation patterns can be found in practice. For example, innovation sometimes takes place in a single service functions irrespective of whether it is a service or manufacturing firm that might or might not be outsourced to specialized service firms. The two scenarios presented below could also be viewed as additional patterns of service innovation.

2.1.6 Innovation in a Firm’s Internalized Service Function. This pattern of innovation is very common. All firms are obviously involved in a series of service activities which sometimes involves innovation. A capital goods manufacturer may be recognized not only for the quality of its products it produces, but also for its innovative leasing program, its well-organized dealer organisation, its custom-made training sessions, or its after sales service system. Generally, this category of innovation is widely ignored in innovation studies. Pim and Rob (1999) suspects that conventional innovation surveys seem to miss a lot of innovation in areas such as after-sales and marketing. Increasingly, manufacturing firms realize that the innovations offered around the actual product can determine the decision to staying competitive or not. Frequently, the value-added realized from these services is much greater than the value enjoyed on the capital goods.

2.1.7 Innovation in an Outsourced Service Function. Catering, cleaning, facilities management, etc. are common examples of outsourced service functions, although the outsourcing of other strategic functions such as research and development, temporary sales, management and similar services, and contract services is becoming rapidly being adopted. Generally, more specialized service firms take over these functions. In many outsourcing linkages, activities are mostly precisely specified but cost competition may be intense. In such cases, innovation is less likely to happen, but in other cases, there is sufficient level of specialization and opportunity for economies of scale to provide incentives for innovative solutions. Organizations increasingly hire temporary labour, and the difficult task of managing these temporary workers and the associated paperwork can be outsourced to a temporary employment or recruitment agency. Subsequently, such agencies increasingly discover which human resources are required by that specific client firm, and may even suggest to completely manage the human resources management department. This may include training existing personnel, hiring additional personnel, or helping disengaged staff secure another job.

III. THE INNOVATION PROCESS

Martin (2019) in his article titled “The Innovation Process: Definition, Models, Tips” discussed the importance and process of innovation, the risks associated with it, models of innovation and how to carry out a successful innovation process. These will be discussed in the following sections.

3.1 Risks of the Innovation Process

Martin (2019) noted that the innovation process been appreciated for its many benefits that have defined the corporate and social cultural environments since the industrialization era. In any case, it does not lack its set of problems and risk as discussed below.

3.1.1 Technological Failure of Innovation

The greatest risk an organisation takes in the innovation process is to determine whether or not the new idea will work as soon as it is launched in the market or whether it remains a white elephant. A way of managing this risk is for the company to carry out trials on a small scale to test its effectiveness. As soon as this is achieved and observations made on, the necessary changes may be made accordingly to prevent any risk of huge losses once the product is mass produced.

3.1.2 Financial Strain

Frequently, the innovation process faces the problem of draining out the company resources as returns are normally long-term as opposed to immediate gains. This may eventually lead to the discontinuation of the product or idea once it is believed to be non-profitable. However, what should be also be considered is the projected returns and consider whether or not the innovation is at par with its long-term goals.

3.1.3 Market Failure

It is imperative for **innovations** which involve the deployment of new products or technology to meet the product the needs, tastes and preferences of the consumers. Otherwise, this would lead to low demand and making the innovation not commercially viable. To prevent this, companies should undertake extensive and in-depth market research before committing resources to its design, development and production.

3.1.4 Redundancy

Due to the trends in the market which are constantly changing with the emergence of many innovations, it is possible that a profitable innovation today may become redundant or not so profitable in the near future. To avoid this, it is important to conduct constant research on how to improve the existing systems and a special observance of global trends and the factors influencing them.

3.1.5 Lack of Capacity for Implementation

This is a major challenge for start-ups who lack the financial and structural capacity to roll out the innovation. This therefore exposes them to the risk of remaining a pipe dream. A solution is to look for partners who will assist in in a particular area to overcome the challenge. More importantly is that the partner also has a buy-in to the vision of the innovation to avoid conflicting interests in future.

3.1.6 Organizational Risks

This kind of risk are usually found in the structure and running of the business once the innovation is introduced. For example, the company may focus all resources and time towards innovation at the expense of its day to day activities. Proper planning and sharing of resources has to be ensured by the top management to ensure this does not happen.

3.1.7 Unprecedented Risks

These are risks that may involve changes in policies or political instability whose multiplier effect spills over obstructing the effectiveness of the innovation. It is crucial for the business to have a contingency plan to cushion it against such unseen events.

3.2 Different Understanding on Innovation and Their Consequences on the Innovation Process

According to Martin (2019), if the innovation process is viewed as a process where only specialists participate, then there will be very little involvement from all the employees. Some employees will keep off since they do not feel like they are specialists.

3.2.1 Small companies perceive innovation as a process majorly for the big companies.

This is due to the fact that they perceive the innovation process as a complex process which they lack the capacity to handle. On the contrary, innovation can involve small and big changes that can allow small businesses miss out on market opportunities which they could have enjoyed if they have embraced the innovation process. For instance, a small business that produces books can add a section for dates at the top of every page. It will not cost much but will attract more customers.

3.2.2 Innovations that are generally targeted miss out on opportunities for new customers.

For instance, supermarkets could reward their customers with the highest loyalty points towards the end of the year. This kind of incentive might not attract more customers if it is only concentrated on customers who previously acquired loyalty cards sometime before the service was introduced. Customers who subsequently acquire the cards might not feel valued. Consequently, they might also not feel convinced to acquire the cards.

3.2.3 Another misconception is perceiving the innovation process as a straight or linear process.

A linear process depends on either the market or technology trends as sources of innovation. As a result, a lot of resources are utilized on research and development and ignoring other sources of innovations such the customer, suppliers, public, and employees. The innovation is therefore will not represent the actual needs of the customers.

3.2.4 Companies perceive innovations as breakthroughs and fail to plan about incremental innovation.

An example is the process that brought about the electric light using the Edison design. The design of the bulb was not altered for about 16 years after it was innovated. As soon as a product and process improvement occurred, the price of the bulb was reduced by about 80%.

3.2.5 Frequently, the innovation process is perceived as an independent process separate from other processes in the organization.

This misconception does not hold water because all processes in an organization work to support each other. Moreover, some organizations perceive the process of innovation distinctly from the product being produced. This is not right as the process and product relate to each other. Innovation involves some key participants and a set rules or structure. Both constitute the rules of the game as they can influence the conditions and space of the innovation.

IV. IMPROVING PERFORMANCE THROUGH SERVICE INNOVATIONS

Martin (2019) identified how innovative oriented companies enjoy the benefits of service innovations that provide solutions to current and future problems, thereby making the competitive in the industry.

4.1.1 Experience

Innovative companies gain from the experience of innovating a product or service. Because they understand the process very well, they do not have to always go through series of trial and errors. The fact that they have repeated the process a number of times sets them apart from their competitors who do not have an innovative culture.

4.1.2 Creativity

Innovative employees are attracted by innovative companies. As the company maintains an innovative standard, the employees will know that they are responsible for innovations and implementation of new products or services. Moreover, every stage of the innovation process is branded with a large number of experienced employees who ensure that the process goes on smoothly without disruptions.

The experienced employees ensure that the conceptualization, design and implementation of the idea is completed and desirable to their customers.

4.1.3 Leadership

In fact, innovative companies are most industry leaders because they are always ahead of their competitors in the market. Even if their competitors try to do a me-too product or service, they can't do it successfully. This is due to the fact that they only copy what the industry leaders innovate.

4.1.4 Solving Problems

Generally, ideas are mostly derived from efforts to solve existing problems. Therefore, when you boost innovation, you are creating opportunities for solutions to problems both within and outside your company. You might realize that your customers do not have an avenue to share their opinions, complaints, and compliments if your business provides services as the only contact available could be the physical office. To solve the problem, a virtual office could be operated where customers' needs can be attended to within a short time. As a result, the customers will be happy sales will subsequently go higher.

4.1.5 Adapting to Change

This is more obvious in the technological space where there are fast changes shaping the business environment. Knowing that change is inevitable and innovation is not only helps to keep your business afloat, but also ensure that it remains relevant and profitable. With the rise in mobile phones and other communication gadgets, traditional telephone had to look for ways to remain relevant. Same is the case with businesses, when they create an innovation culture, it helps them remain relevant at all times.

4.1.6 Leveraging on Globalization

As markets all over the world are becoming more connected, better opportunities are emerging in these new markets with new needs and challenges. For example, India and China are forecasted to be the leading markets, and Africa is predicted to be the next focus. Therefore, if organisations want to tap into this market share, innovation is crucial to enable them capitalize on emerging opportunities.

4.1.7 Facing up the Competition

The corporate world is has always been so competitive, and with many new companies emerging, the leading position in the market is no longer a right of a few. To establish or retain a company's cutting edge, such

organisation can compete strategically by having a flexible business that is able to make strategic and innovative progress above the rest.

4.1.8 Evolving Workplace Dynamics

The demographics in the work place are constantly changing. With the new generation that has entered the market place; new trends are also coming up. Innovation is therefore critical to ensure the smooth running of the company.

4.1.9 Customers' Changing Tastes and Preferences

In recent times, customer now have a great variety of products and services available to him and is well informed of his choices than before. Organisations must therefore be kept informed with these evolving tastes and also create new ways of satisfying the customer.

V. RECOMMENDATIONS

5.1 Adopting an Innovation Model

The Author is of the view with Martin (2019) that an innovation model will help organisations take service innovation seriously and be able to face the challenges that come with it. It gives the organisation a strategy of how to approach every hurdle through the innovation process.

The innovation process can seem complicated and unachievable without a model. However, when a model is designed and adopted in the innovation process, it simplifies the process. Benefits of having an innovation model include;

5.1.1 Creates urgency

Innovations are usually not urgent as they are perceived as something to be implemented in the long term. It could take a whole year planning on an innovation and there might be no progress by the end of the year. This is due to the fact that other issues arise along the line and then the implementation of the innovation gets postponed. In the beginning, a lot of time is not required to plan for the innovation. What is important is to have a structure that will help manage the process of innovation in order to achieve desired results.

5.1.2 Increases efficiency and effectiveness

All market leaders embrace innovation as their most important culture due to the fact that innovation can be a one off or a continuous process. By relying on a structured innovation process, increase in efficiency and the outcomes of innovation are more likely to be adopted in the market. This separates the innovative company from other companies who do not take innovations seriously.

5.1.3 Increases performance

The innovation process follows a gradual step model, thereby giving the company an opportunity to improve on weak areas. For instance, the company may be good at implementing ideas but poor at analysis, then there is need to improve on analytical skills. Therefore, the model allows organisations to effectively apply all aspects of the process which invariably results to the innovation process yielding positive outcome.

5.1.4 Incentives and rewards

A team of professionals is important to carry out a successful innovation process because not all ideas proposed will be successful and some will fail woefully. In any case, others will be successful and employees participating in the innovation process needs to be appreciated for their efforts. Moreover, they also need to learn lessons from failed processes. Therefore, a structure identifies failures and the problems that lead to the failure. This makes it easy to reward participants who perform exceptionally. The lessons learnt will serve as motivation tools for an innovation culture.

REFERENCES

- [1]. Barras, R. (1986), "Towards a theory of innovation in services", in: *Research Policy* 15, 161-173.
- [2]. Bhasin, Kim (2 April 2012). "This Is The Difference Between 'Invention' And 'Innovation'". *Business Insider*.
- [3]. Bilderbeek, Rob & Pim den Hertog (1997), The interactiveness and innovative role of technology-based knowledge-intensive business services (T-KIBS). TSER-SI4S- project, TNO-SI4S report no. 3, Apeldoorn.
- [4]. Clark G., Johnston R., Shulver M., (2000). Exploiting the service concept for service design and development. In: Fitzsimmons, J., Fitzsimmons, M. (Eds.), *New Service Design*. Sage, Thousand Oaks, CA, pp. 71-91.
- [5]. Collier, D.A., (1994). *The Service/Quality Solution: Using Service Management to Gain Competitive Advantage*. Irwin, New York.
- [6]. Edison, H., Ali, N.B., & Torkar, R. (2014). Towards innovation measurement in the software industry. *Journal of Systems and Software* 86(5), 1390-407.
- [7]. Edvardsson, B., Olsson, J., (1996). Key concepts for new service development. *The Service Industries Journal* 16, 140-164.

- [8]. Eric S., (2020). The Many Definitions of Innovation. <https://www.ericshaver.com/the-many-definitions-of-innovation/>. Accessed: June 4, 2020.
- [9]. Franklin, Perú (2009). "Questioning two myths in innovation literature". *The Journal of High Technology Management Research*. 20: 40–51. doi:10.1016/j.hitech.2009.02.002. Accessed: February 17, 2020
- [10]. Gadrey J., Gallouj F., Weinstein O. (1995). New modes of innovation: how services benefit industry, *International Journal of Service Industry Management*, volume 6, n° 3, p. 5- 6.
- [11]. Gallouj, F. & O. Weinstein (1997), Innovation in services, in *Research Policy*, 26, pp. 537-556.
- [12]. Gawer, A., 2009. *Platforms, Markets and Innovation*. Edward Elgar, Northampton, MA.
- [13]. Goldstein S. M., Johnston R., Duffy J., Rao J. (2002). The service concept: the missing link in service design research? *Journal of Operations Management*, 20, p. 121-134.
- [14]. Henderson, R.M. & Clark, K.B. (1990), "Architectural innovation: the reconfiguring of existing product technologies and the failure of established firms", in: *Administrative Science Quarterly*, 35 (1), 9-30.
- [15]. Heskett, J.L., (1986). *Managing in the Service Economy*. Harvard Business School Press, Boston, MA.
- [16]. Hofmann, Y, P. den Hertog & Rob Bilderbeek (1998), The intermediary role of engineering firms in innovation processes in offshore industry. A cluster study, TNO-SI4S report no. 5, Apeldoorn.
- [17]. Hughes, D. J.; Lee, A.; Tian, A. W.; Newman, A.; Legood, A. (2018). "Leadership, creativity, and innovation: A critical review and practical recommendations" (PDF). *The Leadership Quarterly*. 29 (5): 549– 569. doi:10.1016/j.leaqua.2018.03.001. hdl:10871/32289. Accessed: February 6, 2020.
- [18]. Kline, S.J. & N. Rosenberg (1986), "An overview of innovation", in: Landau, R. & N. Rosenberg (eds), *The positive sum strategy: harnessing technology for economic growth*, the National Academy Press, Washington D.C.
- [19]. Klink, A.V. and Visser, E.J., 2004. Innovation in Dutch horticulture: Fresh Ideas in Fresh Logistics. *Tijdschrift voor economische en sociale geografie (Journal of Economics and Social Geography)*, 95(3), 340-346.
- [20]. Martin L., (2019). The Innovation Process: Definition, Models, Tips, Cleverism. <https://www.cleverism.com/innovation-process-definition-models-tips/>. Accessed: February 16, 2020.
- [21]. Miles, I. (1993), "Services in the new industrial economy", in: *Futures*, 25 (6), 653-672.
- [22]. Normann, R. (1991), *Service management. Strategy and leadership in Service Business* (2nd edition), John Wiley, London.
- [23]. O'Sullivan, D., & Dooley, L. (2009). *Applying innovation*. Thousand Oakes, CA: SAGE Publications.
- [24]. Pim den H., Rob B., (1999). *Conceptualising Service Innovation and Service Innovation Patterns*. Thematic essay1 within the framework of the Research Programme Strategic Information Provision on Innovation and Services (SIID) for the Ministry of Economic Affairs, Directorate for General Technology Policy.
- [25]. Quinn, J.B. (1992), *Intelligent Enterprise: a knowledge and service based paradigm for industry*. New York.
- [26]. Tidd, J. & Bessant, J. (2009). *Managing innovation: Integrating technological, market and organizational change*. (4th Ed). Hoboken, NJ: John Wiley & Sons.
- [27]. "Innovation". Merriam-webster.com. Merriam-Webster. Accessed March 26 2019.
- [28]. "New Trends in Innovation Management". *Forbesindia.com*. Forbes India Magazine. Retrieved 14 March 2016.