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Imperatives of service innovation and service quality for customer satisfaction:
Perspective on higher education

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Abstract

Innovation, which hitherto, was used as a term to exclusively explain development in new technologies in the manufacturing sector, has now found an increasing usage and application in the service sector.. The advent of globalisation, has led to demographic changes and changes in technology. Similarly, service innovation has become significant and pose challenges not only to profit-oriented businesses, but also to non-profit organisations like higher education institutions, thus, requiring a ‘disruptive’ approach to innovation in the sector, with a view of targeting new customer groups, as well as enhancing service quality excellence to ensure satisfaction. Often, innovation creates large pool of new customers, such as new students in the case of higher education institutions and fulfilling the new expectations of current customers. Therefore, this conceptual paper seek to look at issues connected to service innovation, its characteristics and implications within the context of higher education institutions, particularly technological universities, so that new value propositions can be developed and utilised for service quality enhancement, positioning and gaining competitive advantage in the higher education marketplace. Conclusions were made regarding the implication for service innovation in fostering customer satisfaction.

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1. Introduction

Innovation, which was used as a term to explain development and changes resulting to new technologies in the manufacturing sector, has now found an increasing usage and application in the service sector [1]. As a result of globalisation and the acceptance of knowledge as a driver of sustainable development, the concept of innovation has been recognised as an important tool for enhancing service quality in universities [2]. Scholars had earlier noted the need for service enhancement in higher education, through a process of service innovation, albeit disruptive technology [3]. The advent of globalization, has led to demographic changes and changes in technology [1]. Similarly, service innovation has become significant and pose challenges not only to profit-oriented businesses, but also to non-profit organizations like higher education institutions, thus, requiring a ‘disruptive’ approach to innovation in the sector, with a view of targeting new customer groups, as well as enhancing service quality excellence to ensure satisfaction [4,5,6]

1.1 *Why service innovation?*

It has been argued that the dynamism in the global economy demonstrates the growing significance of changing activities in the service sector, which has seen a rapid growth of recent, such that studies on service science has become paramount [1]. But the question to ask is what does service innovation entails? In its white paper, University of Cambridge define service innovation as a combination of technology innovation, business model innovation, social – organisational innovation and demand innovation with the objective of improving on existing service system, create new value propositions, i.e. offerings or create new service systems, i.e. radical innovation [1,5]. Most times, radical innovation creates large pool of new customers, such as new students in the case of higher education institutions. Also service innovation can result from novel combinations of existing service elements to satisfy both current and future customers.

Studies on the significance of service innovation have supported the assertion on service innovation as “new ways that service systems”, including higher education institutions, can adopt to improve on service delivery for enhanced satisfaction [1, 5, 7]. Hence, innovation involves a process of exploiting new ideas successfully in order to improve competitive position in the marketplace [18]. Also a study concludes that in many industries, including higher education industry, competition leads to service innovation, which in turn leads to customer satisfaction [8]. The service ecosystem comprising of many types of service systems: individuals, for-profit organisations, governments, higher education institutions are all interacting through value propositions to render services to numerous customers: individuals, students, and society [1,6]. As such, because of the interaction amongst the aforementioned actors in the servicescape, service innovation has become imperative in order to respond to the changing global expectations and needs in the higher education industry.

The need for service innovation can also be attributed to the growth in service activities across different industries. In this regard, it is affirmed that “the growth of service activity across industries is now widely recognised”- thus, leading to a shift in emphasis from improving on existing offers, to development of new offers that would attract new group of customers [1]. For instance, in the higher education industry, many conventional universities are now striving to bring into their customer net, those potential students who may not want to enrol in to the traditional class-based tutoring system,

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