How to Enhance Customer Involvement in Service Innovation within Service Industry

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The purpose of this study is to provide a framework to develop the linkage between employee service innovation behavior and customer involvement in service innovation based on social exchange theory. This empirical study utilizes regression analysis to test the proposed mediating model. The findings indicate that the employee service innovation behavior leads to a quality customer-employee relationship which in turn encourages consumers to involve in service innovation.

Keywords: Employee Service Innovation Behavior, Relationship Quality, Customer Involvement in Service Innovation

Introduction
Service employees’ innovation performance includes the extent of new ideas generated and novel behaviors exhibited¹. Customer involving in service innovation is a growing priority for market research and has been recognized as the new frontier of competitive advantage. According to social exchange theory², employee innovative behavior may be transmitted to the customer through a quality customer-employee relationship. Thus, the purpose of this study is to investigate whether or not customer-employee relationship quality plays the mediating role between employee service innovation behavior and customer involvement in service innovation.

Conceptual Model and Hypothesis Development
The mediating role of customer-employee relationship quality between employee service innovation behavior and customer involvement in service innovation Individual innovative behaviors are related with the development of novel ideas regarding organizational processes and procedures as well as products and services. Employee service innovation behavior can be used as an organizational management source for accumulating new ideas and knowledge; such is applied in order to address identified problems without any prior special treatment in hospitality organizations⁴. Researchers⁴ proposed a commonly accepted approach which suggested that relationship quality was a higher order construct composed of two dimensions: trust and satisfaction. A high relationship quality means that the customer is able to rely on the service provider’s integrity; they have confidence in the service provider’s future performance because the level of past performance has been consistently satisfactory. Consumer involvement in service innovation refers to when customers interact with employees to co-create enhanced service(s) which can result in increased enterprise performance. Trust promotes consumer comfort in sharing personal information, making purchases, and acting upon online vendor advice – behaviors which are essential to the widespread adoption of e-commerce⁵. Satisfied customers think that the firm’s products and services are worth their feedback and feel that the firm is interested in their comments and guidance⁶. When customers experience satisfaction with a service firm, they exhibit more affective responses, which increase the likelihood of willingness to interact with a firm, provide information and suggestions, and participate in the service process⁷. Based on social exchange theory, researcher⁵ noted “The establishment of exchange relations involves making investments that constitute commitment to the other party. Since social exchange requires trusting others to reciprocate, the initial problem is to prove oneself trustworthy” (p.98).

Customer-employee relationships involve reciprocity, where both customers and employees benefit from each other and feel obliged to exchange deeds with the other party. According to social exchange theory⁴, employee innovative behavior may be transmitted to the customer through a quality customer-employee relationship.
## Methods

### Sample and procedure

Survey data is gathered from the International Travel Fair in Southern Taiwan. Trained fieldworkers intercept participants at the fair via survey near the exit. Each fieldworker randomly selected the first group of people he or she encountered. One of the individuals in the group is approached and asked to fill out the survey. If he or she refuses, the fieldworker randomly intercepts the next group and repeats the procedure until willing survey participants are found. Participants are asked to rate the travel agent’s service innovation behavior, the relationship quality with the travel agent, and the attitude of customer involvement in service innovation, and control variables (i.e., gender, education, age). In order to ensure that respondents’ memories are fresh and clear, participants are asked to focus on their last exit. Each fieldworker randomly selected the first individual in the group is approached and asked to fill out the survey. If he or she refuses, the fieldworker randomly intercepts the next group and repeats the procedure until willing survey participants are found. Participants are asked to rate the travel agent’s service innovation behavior, the relationship quality with the travel agent, and the attitude of customer involvement in service innovation, and control variables (i.e., gender, education, age). In order to ensure that respondents’ memories are fresh and clear, participants are asked to focus on their last encounter with the travel agent at the International Travel Fair. A total of 291 valid questionnaires are collected. There are 48% males and 52% females with a mean age of 33.7 years.

### Measurement instruments

Participants indicate the degree of their agreement with the survey items by using a 7-point Likert-type scale with anchors of 1: strongly disagree and 7: strongly agree. Employee service innovation behavior is measured by a 6-item scale developed by prior research. Relationship quality including two dimensions, trust (nine items) and satisfaction (four items), is developed by prior research. Customer involvement in service innovation is measured by a 3-item scale developed by prior research.

## Results and Discussion

### Tests of mediation hypothesis

Regression results for mediation are presented in Table 1. All tests providing p-values are two-tailed tests in the current study. Travel agent service innovation behavior is positively associated with customer trust and customer satisfaction, as indicated by significant unstandardized regression coefficient ($B = 0.69, t = 17.81, p < .001$) and ($B = 0.66, t = 18.43, p < .001$). Customer trust and customer satisfaction are positively associated with customer involvement in service innovation, as indicated by significant unstandardized regression coefficient ($B = 0.46, t = 3.58, p < .001$) and ($B = 0.17, t = 3.77, p < .001$). The bootstrapping results demonstrate that the mediation effect, an indirect effect of $X$ on $Y$ through $M$, can be quantified as the product of $a$ and $b$ (i.e., $ab$).

### Table 1 — Regression results for mediation

<table>
<thead>
<tr>
<th>Variable</th>
<th>$B$</th>
<th>$SE$</th>
<th>$t$</th>
<th>$p$</th>
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</thead>
<tbody>
<tr>
<td>Regressed on customer trust</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
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<td>0.22</td>
<td>8.24</td>
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<tr>
<td>Gender</td>
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<td>0.15</td>
<td>1.16</td>
<td>.245</td>
</tr>
<tr>
<td>Education</td>
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<td>0.03</td>
<td>1.15</td>
<td>.249</td>
</tr>
<tr>
<td>Age</td>
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<td>0.04</td>
<td>-0.85</td>
<td>.395</td>
</tr>
<tr>
<td>Employee innovative behavior</td>
<td>0.69</td>
<td>0.04</td>
<td>17.81</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Regressed on customer satisfaction</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
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<td>0.21</td>
<td>9.69</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Gender</td>
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<td>.93</td>
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<tr>
<td>Education</td>
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<td>.055</td>
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<tr>
<td>Age</td>
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<td>0.04</td>
<td>-2.14</td>
<td>.033</td>
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<tr>
<td>Employee innovative behavior</td>
<td>0.67</td>
<td>0.04</td>
<td>18.43</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

(Contd.)
effects (indirect effect through customer trust= 0.32, and indirect effect through customer satisfaction=0.17) are significantly different from zero, with 95% bootstrap confidence interval (CI) not containing zero (95% CI [0.19, 0.44], and 95% CI [0.07, 0.28]). Thus, H1a and H1b are supported.

Conclusion

Literature suggests that customer involvement in service innovation can increase new service development success. Customer involvement in service innovation provides benefits for firms through the co-creation of value. For example, value co-creation (e.g., meet customer need and help customers to get more value) is critical for enhancing firm value, and it also provides competitive advantages. Given the importance of customer involvement in service innovation, this research will contribute to enhancing the attitude of customer involvement in service innovation during service employee interactions. This research showed that travel agents may demonstrate innovative behavior in order to establish customer-employee relationship quality; such, in turn, will reinforce the attitude of customer involvement in service innovation. The findings of the current study may provide suggestions for employers seeking to enhance the attitude of customer involvement in service innovation, strategies for selecting quality travel agents, and directions for training travel agents. Selection methods that assess an employee innovative behavior can be used to identify whether candidates possess innovative behavior and select employees accordingly; managers need to utilize human resource practices that reward and stimulate travel agents to learn and improve their innovative behavior.

Reference