

# THE PERCEPTIONS AND NATURE OF SERVICE DELIVERY INNOVATION AMONG GOVERNMENT EMPLOYEES: AN EXPLORATORY STUDY

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## Abstract

Innovation has become prominent within the leadership literature as an underlying and important aspect of service delivery. This study set out to determine the perceptions and nature of service delivery innovation among employees of a South African government department, using a sample of 289 participants. Statistical analysis was conducted to analyse the data which indicate that innovation is an important aspect of service delivery. This study suggests that to enhance service delivery employees should be encouraged to be innovative. The implications of the findings are discussed and recommendations for future research are made.

**Keywords:** Service Delivery, Government, Innovation

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## 1 Introduction

Service delivery innovation in the modern economy is critical because of the rapidly changing preferences and the emergence of multiple customer/clients segments with different tastes, values and patterns. Hence organisations use innovation because they seek to deliver services and products in a cost-effective fashion, deliver greater value to customers/clients, and improve service delivery methods to increase profitability and decrease costs. When products or services become more homogeneous or an original competitive advantage cannot be sustained, service innovation becomes an effective way for an organisation to accelerate its growth rate and profitability (Chen, Tsou & Huang, 2009).

Research on service delivery innovation has been conducted at length in the private sector rather than in the public sector organisations (Alam 2002, Baker & Shinkula 2007; Ordanini & Parasuraman 2011). Public service organisations like private sector organisations are also compelled to engage in service delivery innovation process because they are accountable to the public or citizens of a nation. Therefore, to achieve a competitive service position, government department as service organisations must deliver services and products in new and creative ways applying their specialised competences in the form of knowledge and skills to the public (Vargo & Lusch, 2004). It is therefore, the purpose of this study to explore the perceptions and nature of service delivery innovation in a public service organisation, namely government department in South Africa.

## 2 Literature review

### 2.1 Definition of service delivery innovation

Service delivery refers to the actual delivery of a service and products to the customer or clients (Lovelock & Wright, 2002). It is therefore concerned with the where, when, and how a service product is delivered to the customer and whether this is fair or unfair in nature. The service concept defines the “how” and the “what” of service design, and helps mediate between customer needs and an organisation’s strategic intent (Goldstein, Johnston, Duffy & Rao, 2002). According to Chen, Tsou and Huang (2009), innovation in service delivery orientation refers to an organisation’s openness to new ideas and propensity to change through adopting new technologies, resources, skills and administrative systems. Service delivery innovation is also described as an overall process of developing new service offerings in the organisation (Johnston & Clark, 2001). Innovation drivers are similar in product and service contexts, at most differing in relative importance between the two environments.

In the public sector, service components are often not physical entities, but rather are a combination of processes, people skills, and materials that must be appropriately integrated to result in the ‘planned’ or ‘designed’ service. Goldstein *et al* (2002) argued that service innovation has also been defined in a number of ways from a narrow view of being concerned with the “idea generation” portion of the new service delivery process to the whole process

of service development. It is therefore critical to clearly define the service concept before and during the innovation, design and development of services. Baker and Sinkula (2007) also highlighted that a broader framework of service delivery innovation involves simultaneous examination of multiple innovation antecedents and consequences in the service concept. Hence, the service concept then serves as a driver of the many decisions made during the innovation and design of service delivery systems and service encounters.

## 2.2 Value of service delivery innovation in public service organisation

Service delivery innovation is critical for organisational success. Service organisations design new service offerings from either the customer's viewpoint or the organisation's delivery viewpoint (Goldstein *et al.*, 2002). Innovation is mainly reactive and proactive in nature.

Reactive service delivery innovation is aimed at addressing perceived irregularities, insufficiencies and inefficiencies identified by internal or external stakeholders of an organisation. This type of service delivery innovation, is problem oriented and would adopt a problems solving approach. According to Sijbom *et al.* (2015) service delivery innovation that is reactive is triggered by problems observed by employees and managers who will highlight problematic practices and routines that they are responsible to oversee. One reason for perceived service delivery problems is the mismatch between what the organisation intends to provide (its strategic intent) and what its customers/clients may require or expect (customer/clients' needs) (Johnston & Clark, 2001). This suggests that reactive service delivery innovation is essentially in addressing existing

problems in the organisation identified by internal and external stakeholders.

Proactive service delivery innovation is important because it is aimed at enhancing organisational practices, procedures and process before problems occurs. The initiatives focus on continuous performance improvement in the organisation. Creative use of delivery modes is increasingly becoming a new source of differentiation and innovation for organisations today (Chen *et al.*, 2009). According to Goldstein *et al.* (2002); to ensure that the service package and service encounter fit the needs of the customer and the service organisation itself, organisations must focus on proactive measures to design and delivery their service concept.

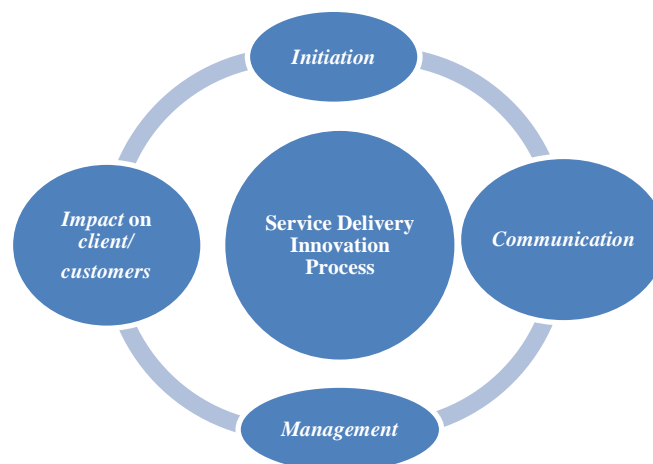
In addition to the above, service delivery innovation is valuable in organisations because it improves or enhances the following (Goldstein *et al.*, 2002; Johnston & Clark, 2001):

- *Service operation*: The way in which the service is delivered.
- *Service experience*: The customer's direct experience of the service.
- *Service outcome*: The benefits and results of the service for the customer or clients.
- *Value of the service*: The benefits the customer perceives as inherent in the service weighed against the cost of the service.

## 2.3 Dimensions of service delivery innovation

The process of service delivery innovation includes the initiation, communication, management and impact on clients/customers. This process is cyclical in nature.

Figure 1. Service delivering innovation process



*Initiation* of service delivery innovation is the first dimension and step of the process, it involves creating a culture of continuous service improvement in the organisation. An innovation orientation

organisation leads to breakthrough innovation because of its focus on creativity, and it becomes an essential factor in creating more extra (new) and convenient (renew) service delivery channels (Chen *et al.*, 2009).

This stage involves both internal and external stakeholders. According to Ordanini and Parasuram (2011) engaging outside stakeholders helps to increase innovation radicalness, which is hindered when only internal sources are involved. Feedback and inputs from employees, managers, business partners and customers/clients are encouraged to initiate innovation. In service delivery innovation processes both internal and external stakeholders act more as knowledge providers, hence stakeholders' collaboration is important. Alam (2002) describe collaboration with all stakeholders in the initiation stage as the process of gaining information and feedback on specific issues or an extensive consultation with stakeholders by means of interviews, focus group and team discussion. This helps to identify stakeholder requirements, facilitates innovation implementation, and prevents process-efficiency considerations from superseding the needs of all stakeholders.

*Communication* of service delivery innovation is the second dimension and step of the process. It is aimed at creating a clear and shared understanding of the nature of the new service to be provided, i.e. the service concept, how can managers/employees expect to design, implement and assess the success of the proposed new service. The information is communicated to secure buy-in with internal and external stakeholders as well as to show management commitment of the proposed innovations (Umashaker *et al*, 2011). Francis and Bessant (2005) argued that at this stage all stakeholders are informed through print and electronic communication systems of the organisation about the generation, acceptance, and implementation of new processes, products, or services for the first time within an organisational setting. It is through detailed communication and awareness that all stakeholders will engage actively in the process (Jansen 2005; Alam 2002).

*Management* of service delivery innovation is the third dimension and step of this process. This dimension focuses on leadership facilitation and support of service delivery innovation. Capacity to innovate is a core element of managing the process because it involves knowledge development and deployment of competence in order to introduce some new process, product, or idea in the organisation (Chen *et al*, 2009). According to Chase and Bowen (1991) the management of the innovation of a service delivery process by leadership should encompass the roles of the people (service providers), technology, physical facilities, equipment, and the specific processes by which the service is created and delivered. The framework for the innovation of the service delivery process should be based on the degree of standardisation, transaction volume per time period, locus of profit control, type of operating personnel, type of customer contacts, quality control, orientation of facilities, and motivational characteristics for

management and operating personnel (Goldstein *et al*, 2002).

*Impact* of service delivery innovation on customers and clients is the fourth and last step of the process. Managers face challenges when innovating services as they endeavour to increase process efficiencies, decrease costs, and increase service employee satisfaction, while also attempting to increase customer/clients satisfaction (Umashankar, Srinivasan & Hindman, 2011). Customer satisfaction is also an important component of improving service delivery through innovation as it enhances performance (Sijbom *et al*, 2015; Johnston *et al*, 2000). A positive impact of service delivery innovation in organisations implies that the organisation is able to fulfil its mandate, meet the needs and expectations of its stakeholders. Financial performance of the organisation is also another impact of service delivery innovation; hence it is used as a measure of innovation success. The effects of service innovation phenomena have by and large been assessed through perceptual rather than actual measures of organisational performance (Ordanini & Parasuram, 2011).

### **3 Research design and methodology**

This section describes the research design, participants and sampling, measuring instrument and procedure as well as the statistical analysis of data.

#### **3.1 Research design**

In order to achieve the objective of the empirical study, a quantitative design using a cross-sectional survey was adopted because it enabled the researcher to collect data from a large population (Wellman, Kruger, & Mitchell, 2009).

#### **3.2 Participants**

The participants of this study were 289 employees of a South African government department. A simple random sampling approach was used in order to ensure that the sample would be representative of the population and unbiased (Terreblanche, Durrheim, & Painter, 2006). In terms of the sample size for this study, the researcher used the parameter that 200 to 500 participants are adequate for multivariate statistical analysis such as factor analysis (Avikaran, 1994).

#### **3.3 Measuring instrument and procedure**

The questionnaire consisted of two sections. Section A measured the participants' biographical details which included race, age, gender, tenure and job level.

Section B consisted of the Service Delivery Innovation Questionnaire which is a virtually self-administering survey and consists of 20 statements measuring the 4 dimensions of service delivery innovation namely initiation, communication,

management and impact on clients/customers. The statements of the questionnaire were configured using a five-point Likert scale ranging from 1, strongly disagree, to 5, strongly agree.

The ethical clearance to conduct the research in the organisation was granted by the management and the ethics committee of the department and research institution. An invitation to participate voluntarily in the study was sent to the employees. The questionnaire was completed during a group administration process facilitated by the researcher and it included a covering letter. The covering letter explained the purpose of the study and it explained ethical concerns such as anonymity, confidentiality, feedback and freedom of choice to participate in the study. The completed questionnaires were collected immediately by the researcher and were kept in a secure place.

### 3.4 Statistical analysis of data

Descriptive statistics data analyses were conducted in this study using the Statistical Package for Social Sciences. The descriptive statistics were used to analyse the biographic variables of the sample and the reliability of the questionnaire. In addition, the mean score ranking technique was conducted.

## 4 Results of the study

The findings of this study are presented firstly, focusing on the sample composition. Secondly, the reliability and descriptive statistics of the measuring instruments are discussed.

### 4.1 Sample composition

Table 1 presents the profile of the participants in this study. In terms of gender, 59.5% (n= 172) were female and 40.5% (n=117) were male. With regard to the different race groups of the participants, 78.9% (n=228) were African; 9.7% (n = 28) were white; 8% (n= 23) were coloured and 3.5% (n = 10) were Indian. Among the participants, approximately 22.1% (n = 64) were born between 1946 and 1964; 38.1% (n = 110) were born between 1965 and 1977 while 39.8% (n = 115) were born between 1978 and 2000. In terms of the participants' current position, 17% (n = 49) were in management positions; 46.3% (n = 134) occupied professional and specialist positions, while 36.7% (n = 106) were employed as general workers. In addition, 56.8% (n = 164) of the participants had been in the employ of the organisation from 1 to 5 years.

**Table 1.** Demographic profile of participants

Parameter	Frequency	Percentage (%)
<i>Gender</i>		
Male	117	40.5
Female	172	59.5
<i>Race</i>		
African	228	78.9
Coloured	23	8.0
Indian	10	3.5
White	28	9.7
<i>Age group</i>		
Born between 1978 and 2000	115	39.8
Born between 1965 and 1977	110	38.1
Born between 1946 and 1964	64	22.1
<i>Years of service</i>		
1 - 5 years	164	56.8
6 – 10 years	63	21.8
11 – 15 years	41	14.2
Over 16 years	21	7.2
<i>Current position</i>		
Management	49	17
Professional and specialist	134	46.3
General workers	106	36.7

### 4.2 Validity and reliability

In terms of the content and face validity of the instrument, the researcher asked a panel of five experts in employee and organisational performance to review the survey items in order to determine whether the content was suitable for measuring the intended constructs. In addition, a pilot study was conducted with a convenience sample of 30

participants as a pre-test of the instrument. The feedback from the panel of experts and pilot study was used to make changes to the instrument items, which included rewording and rephrasing items as well as deleting and adding items. With regard to the construct validity, the reliabilities of the factors were used to assess the construct validity and it was measured using Cronbach's alpha co-efficient.

**Table 2.** Number of items and reliabilities of the service delivery innovation dimensions

Factors/Dimensions	Number of items	Reliability
Initiating service delivery innovation	5	0.81
Communication of service delivery innovation changes	5	0.74
Management of service delivery innovation	5	0.70
Impact of service delivery innovation on customers/clients	5	0.72
<b>Overall</b>	<b>20</b>	<b>0.74</b>

The Cronbach's alpha coefficients for the four service delivery innovation factors or dimensions are presented in Table 2 above. The results of the coefficients are considered to be satisfactory because they were significantly greater than the recommended 0.70 (Terreblanche *et al.*, 2006).

They varied from 0.81 (Initiating service delivery innovation), 0.74 (Communication of service delivery innovation changes), 0.70 (Management of service delivery innovation) to 0.72 (Impact of service delivery innovation on customers/clients). The overall reliability of 0.74 indicates that the measure has good internal consistencies and is a valid measure of service delivery innovation.

#### 4.3 Means and standard deviations for service delivery innovation

Table 3 presents the mean scores of the survey used in this study. The summated means for the four service

delivery innovation dimensions indicate that the management of service delivery innovation dimension was ranked highest ( $m=4.31$ ); followed by communication of service delivery innovation changes dimensions ( $m= 3.42$ ); initiating service delivery innovation dimension ( $m=3.22$ ) and the impact of service delivery innovation on customers/clients dimensions ( $m= 3.01$ ). This ranking of the means score results indicates that the employees in this organisation have a positive perception of all the four dimensions of service delivery innovation. The fact that the mean scores for all the four dimensions and the overall mean were between the "agree" and "strongly agree" ratings on the Likert scale reflect that these employees seem to have satisfactory or positive perceptions of service delivery innovation in their organisation.

**Table 3.** Means scores, standard deviations and rank order of service delivery innovation dimensions

Factor/Dimensions	Mean score	Standard deviation	Position in rank order
Initiating service delivery innovation	3.22	0.807	3
Communication of service delivery innovation changes	3.42	0.822	2
Management of service delivery innovation	4.31	0.913	1
Impact of service delivery innovation on customers/clients	3.01	0.781	4
<b>Overall mean score</b>			<b>3.81</b>

## 5 Discussion of results

The main purpose of this study was achieved which was namely; to determine the perceptions and nature of service delivery innovation among employees of a South African government department. Overall the results of this study indicate that employees in this government department seem to have a positive perception of service delivery innovation in their organisation. According to Sijbom *et al* (2015); this is critical in today's complex and highly competitive environment because organisations need to be continuously innovative in order survive and prosper.

The positive perception regarding initiating service delivery innovation in the organisation implies that employees are encouraged to propose initiatives that can improve and enhance service delivery in the organisation. Shalley, Zhou and Oldham (2004) argued that when employees are allowed to be innovative they are able to produce novel, potential useful ideas about organisational practices, products,

practices, services or procedures. Engaging all internal and external stakeholders creates a culture of innovation and provides the organisation with valuable feedback and inputs for initiating innovation from stakeholders (Chase & Bowen, 1991; Lovelock & Wright, 2002).

Leaders can influence the communication and management of innovative service delivery because of their power over the allocation and distribution resources and support. They fulfil a key role in managing bottom up creativity or innovation, since leaders determine which initiatives are able to succeed (Janssen, 2005; Edvardsson & Olson, 1996). The respondents of this study's positive perception of the communication, implementation and management of service delivery innovation indicate management support and commitment to innovation through the allocation of human and financial resources. Several and a wide variety of decisions required to design, implement and deliver an innovative service. Hence management and leadership that is service oriented is

important at several levels in the organisation; from the strategic level to the operational and service encounter levels (Goldstein *et al*, 2002; Chase & Bowen, 1991).

The impact of service delivery innovation on clients or customers is critical because it involves understanding the needs of customers or clients in the target market and aligning this with the organisation's strategy and competitive intentions (Edvardsson & Olsson, 1996; Chen *et al*, 2009). Results of this study suggest that employees in this organisation perceive the impact of service delivery innovation to be positive to their clients and customers who are members of the public or citizens. This implies that service delivery innovation in this context encourages the department to understand, satisfy public/citizens' needs and to fulfil its mandate. According to Johnston and Clark (2001) organisations are able to make a positive impact of service delivery innovation when they can provide a detailed description of the customer/clients' needs to be satisfied, how they are to be satisfied, what is to be done for the customer, and how this is to be achieved through innovation.

## 6 Conclusion, limitations, contributions for future research and management practice

The purpose of this study was to investigate the perceptions and nature of service delivery innovation among government department employees. This aim was achieved using the exploratory study, which indicates that the sample representatives of employees in this organisation have a positive perception of their organisation's service delivery innovation process involving initiation, communication, management and impact on customers and clients. This study adds to the existing knowledge on service delivery innovation process in a public service organisation.

In terms of the limitations, this study was conducted in one province rather than in all nine provinces where the department has offices. This geographic limitation implies that the study was restricted to a single geographic context. The second limitation is based on the fact that a cross-sectional survey was used rather than a longitudinal survey which might yield different results. Future research could focus on longitudinal studies to explain service delivery innovation in public service or government department. In addition, future studies could investigate perceptions of organisational justice across the different government departments in all provinces.

The findings of this study have a number of implications for management in public or government department. Managers and employee in government departments are constantly involved in the development and implementation of service delivery innovation processes, standards and frameworks that are supposed to address the dimensions highlighted in this study.

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