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Does innovation capabilities affect the new service innovation success among Pakistani cellular companies?

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Abstract

Purpose – In today's Pakistan, the emergence of new forms of business in collaboration with the mobile service providers is bringing a big difference, not only in every walk of life but also in digital economy of the country. Therefore, the purpose of this paper is to explore what are the factors that determine the success rate of new innovative services in cultural context of mobile service providers of Pakistan.

Design/methodology/approach – Data have been collected from 397 employees of cellular firms of Pakistan by using the simple random sampling strategy. The gathered data were analyzed by using the regression-based process approach of Hayes and Preacher (2014).

Findings – The results indicated that innovation capabilities and service innovation have significant positive effect on the short-term, long-term and indirect success of the service innovation. It was also found that the service innovation mediates the relationship among the capabilities to innovate and service innovation success rate. The findings of this research work are beneficial for the practitioners of cellular firms of Pakistan.

Originality/value – The value of this research work is evident from the fact that this research work attempts to address some identified gaps of existing body of literature. This research work provides some key insights for practitioners and also discusses the new avenues for future researches.

Keyword Service innovation

Paper type Research paper

1. Introduction

Generally, it is argued that a firm can achieve service success over its rivals only if it offers more improved service value to customers (Cui and Wu, 2017). This improved service value

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could be provided either through offering more lowest price or accompanied with any promotional offer in relative to rival's product/service with enhanced quality and personalization. In other words, service success entails the more satisfied and happier customer than the rivals (Tavassoli *et al.*, 2014; Han and Park, 2017).

However, Robbins and O' Gorman (2015) have argued that the survival of organizations in today's globalized world with intense competitions cannot be guaranteed on new product or service offerings only. Organizations, now, are in dire need to focus on innovative processes that could gain market reputation and improve productivity (Ross, 2009; Robbins and O' Gorman, 2015). This poses a question that how organizations can innovate forever? Nonstop innovating endlessly is not an easy job for the organizations to do.

In the context to the posed question, Moore (2005) has argued that organizations can only strive for innovation continuously, if they continually update their capabilities to innovate. Creative methods of innovating can guarantee the improved superior services so as to prove more competitiveness (Kungu *et al.*, 2014). However, it depends on the cultural context and nature of sector/industry that the innovation is carried in slow pace (incremental innovation) or it may be carried in cataclysms manner (radical innovation). However, the researchers agree on a point that the organizations where continuously strives for innovation are more successful in comparison to those organizations which adopt minor changes and adjustments (Ross, 2009; Kungu *et al.*, 2014; Rangus and Slavec, 2017). Existing concept of blue ocean strategy advocates also that the high competition discourages the innovation capabilities of organization as the organizations shifted their foci and energies towards competitor's moves rather than customer demands. Similarly, the competition in over crowded market does not guarantee organizations with higher productivity (Kim and Mauborgne, 2004). Exploring the quests with new ways of doing things opens up the saturated market with the new ocean to quest (Kim and Mauborgne, 2004). Thus, the innovation creates the new market space and creating value in service for the customers.

The review of existing literature revealed that there exist a number of research studies on the area of innovation capabilities, but still there is a need to further validate the conception of innovation capabilities. This is particularly important when there is no agreement in existing literature on those factors that determine the innovative capabilities for the attainment and assurance of service innovation success (Zawislak *et al.*, 2012; Raghuvanshi and Garg, 2018). It is also pertinent to mention here that the existing literature does not pertain to the general consensus on the particular definition of the concept of innovation capabilities. This creates further need to clarify the concept of innovation capabilities by developing some comprehensive framework (Zawislak *et al.*, 2012; Breznik and D. Hisrich, 2014).

In developed countries, the service sector is considered to be the top-most economically contributing sectors that dominate the highest share of gross domestic products (Gallouj and Djellal, 2010a; Gallouj and Windrum, 2009). However, there is a distinction in conception of innovation in manufacturing versus service sector (Gallouj and Windrum, 2009). Generally, the conception of innovation in service sector is differentiated as service innovation and the manufacturing industries imply the concept of product innovation (Gallouj and Windrum, 2009). However, it is also argued that the service innovation also increasingly appears in manufacturing industries in the form of new services offered or product-service integrated bundles (Chae, 2012; Kindström *et al.*, 2013; Ulaga and Reinartz, 2011). Many other recent researches have also debated that the service innovation plays a crucial role in achieving the service success and firm productivity across different industries of service sector, as well as manufacturing sector (Barcet, 2010; Bryson, 2010; Kindström *et al.*, 2013; Liu and Hong, 2016).

The problem area of this research work lies at the scope of service success and the role of the innovation capabilities and service innovation in the attainment of service success. There is a need for further exploration of conception and empirical analysis on the service innovation (Ostrom *et al.*, 2010; Page and Schirr, 2008). It is also identified that less research has been conducted on the role of service innovation in societal improvements (Barrett *et al.*, 2015). Moreover, number of developing economies has not yet been benefited their populations with the improved services resulted by service innovation even in this digital era, and thus the area need to be explored for further empirical analysis (Sriviastava and Shainesh, 2015).

Recently, a research was conducted on the conception of service innovation in different service sectors and it was found that significant differences exists between different service sectors in conceptualizing, implementing and activities of service innovation. It is also essential to state that the conception of service innovation cannot be taken homogenous for all service sectors and varies from sector to sector depending upon the nature and market dynamics of particular service sector (Tether, 2003). This also serves as a gap in body of service innovation literature. It is also identified from the existing literature that the conception of service innovation varies in different countries depending upon the cultural context (Sriviastava and Shainesh, 2015). It is pertinent to mention that still there is a need to further explore the conception of firms innovative capabilities as there is no such agreement in existing literature on what are those factors that determines the innovative capabilities for the attainment and assurance of service success (Zawislak *et al.*, 2012).

Hertog *et al.* (2010) argued that the conception of innovative capabilities in combination with service innovation are very underutilized in existing body of literature and thus opens the new avenues for upcoming researches in future. They further argued that there is a need to further explore the conception of service innovation and the innovative capabilities as the determinant (measure) of service success. Thus, there is a need to explore the nature of relationship between the innovative capabilities and service innovation outcome in form service innovation success. In addition, the future researches pertains the need to further explore the different constituent dimensions of innovative capabilities and the factors that effects the interaction and revitalize role of innovative capabilities toward the service success (Sicotte *et al.*, 2014) that serves as a gap in existing body of literature.

In addition to above, there exists some research studies that have explored the relationship among the constructs of innovative capabilities, service innovation and organizational performance (Van Leeuwen and Klomp, 2006; Moller *et al.*, 2008; Sicotte *et al.*, 2014). But, there are very few research studies in previous literature who have explored the relationship in terms of service success that further identifies the need to explore the nature of relationship between innovative capabilities, service innovation and service success (Hertog *et al.*, 2010; Sicotte *et al.*, 2014).

Thus, to fill these literature gaps, this work aims to study and validate the concepts of innovative capabilities and service innovation in cultural context of Pakistan. This research study also aims to further explore the nature of relationship among the innovative capabilities and service success through the mediation analysis to address the posed questions of existing literature gaps. The objectives of this research examine the firm's innovative capabilities and other underlying factors being the predictor of service success in cultural context of cellular companies of Pakistan. To achieve this objective, this research study tries to address the following four research questions:

RQ1. To what degree the innovation capabilities affect the service success?

RQ2. To what degree the innovation capabilities affect the service innovation?

RQ3. To what degree the service innovation affects the service success?

RQ4. To what degree the innovation capabilities have the significant indirect effect (through service innovation) on new service innovation success?

2. Literature review

Different authors have defined the conception of innovative capability in different ways. Knowles *et al.* (2008) defines the concept of innovative capability as those capabilities of organization that help her in creating and implementing the new business processes, practices, technologies and product/service offerings. Zheng *et al.* (2010) has defined innovative capability as the ability of firm to develop new knowledge, product/service offerings and technologies as well as update the existing ones in relevance to the market dynamics. Fleury *et al.* (2013) explained the concept of firm innovative capability as the firm's abilities that involves the resources and competencies in the domains of administration, human resource, operations, productions, technology, marketing and finance. Swink *et al.* (1998) defined the innovative capabilities as the ability of firm to identify the existing crucial technologies and processes of firms for their further development/improvement in addition to the integration of new technologies from outside external environment. Zawislak *et al.* (2012) has defined the concept of innovative capabilities as the ability of firm to adapt and transform the new acquired idea/technology/knowledge into the existing operational, technical and managerial processes/routines of firms with an aim to achieve innovation.

Adler and Shenhar (1990) explained that the ability of firm to produce new products or services enables the firm to address the consumer and market growing needs. The ability of firm to utilize the existing resources/technologies for the production of new products/services is also essential in this regard. This ability of firm to acquire the new resources and technologies with an objective to build new opportunities for the existing business enables the organization to achieve success. Liao *et al.* (2007) argued that the combination of different innovation capabilities strives together for the attainment of service success and these innovation capabilities paves the way for the product innovation, process innovation and management innovation. Chandy and Tellis (2000) argued that the ability of firm to produce small improvements in existing products/processes/services requires the minimal and nominal new knowledge for the achievement. The firm's abilities to incur the minor continuous changes to the existing technologies and routines can be referred as the service innovation that may be consequent to the innovation capabilities. Green *et al.* (2003) explained that the innovative capabilities are the one that brings the revolutionary new ideas to the existing resources of firms and thus results in ground breaking revolutionary changes in technologies. Based on above all discussions, the hypothesis one is articulated as follows:

H1. Innovation capabilities have positive effect on new service innovation success.

Majority of firms carry both forms of innovative capabilities that are incremental and radical to ensure the new ways of doing business but it is the radical innovative capabilities that are more responsible to service success in comparison to the incremental innovative capabilities (Chang *et al.*, 2011; Donkor *et al.*, 2018). Thus, to purse the sustainability in complex market dynamics firms needs to pursue the amalgam of incremental as well as the radical innovative capabilities (Chang *et al.*, 2011). This viewpoint is also supported by the

previous research studies of Damanpour (1991) and Kanter (1983). Thus, it is not incorrect to state that majority of the researchers holds the opinions that the innovative capabilities of firms are closely associated to service success by maintain and retaining the gained knowledge (Hurley and Hult, 1998; Camelo-Ordaz *et al.*, 2011). This knowledge of organizations helps determines the innovative capabilities that consequently shapes the fate of innovation success of the firm either in form of incremental innovation or radical innovation (Subramaniam and Youndt, 2005). The radical innovation basically acquaints the groundbreaking crucial changes/improvements to the existing processes while on the other hand incremental innovation acquaints the continuous and smaller changes/improvements to the existing business processes in place (Romijn and Albaladejo, 2002). The organization needs to protect these internal capabilities that possess the characteristics of value, rarity, inimitability and non-substitutability. Because this is the only way for the firm to achieve innovation and higher productivity. Based on this discussion, the hypothesis two is articulated as follows:

H2. Innovation capabilities have positive effect on service innovation.

The concept of service innovation has been evolved and developed in the past two decades. Miles (1993) has coined the term service innovation in research world and presented an influential research listing the all-possible characteristics of services with the association with the innovation. The conception of service innovation became evident and opaque with the passage of time that it involves the phenomenon in which the renewal is achieved in provided services (Toivonen and Tuominen, 2009). However, different stakeholders of the organization are involved in the process of service concept design and service delivery channels/launch, thus the conception of service innovation is a combination of different elements and stages of new service offering with a final objective of achieving the customer satisfaction and fulfilling the customer need in more valuable and profitable manner (LeCompte and Preissle, 2000). Flikkema *et al.* (2007) have also defined the conception of service innovation as the multidisciplinary process of designing, testing, launching and marketing the new services with the ultimate effort to establish the valuable customer experience.

The review of existing literature revealed that the number of researches has been carried to explore the concept of service innovation, however it is still believed that the domain of service innovation is less explored in comparison to product innovation and there is a need to conduct an empirical analysis to review the existing conceptualization of service innovation (Ostrom *et al.*, 2010; Page and Schirr, 2008). Kowalkowski (2010) has developed the model that explains the deep linkage between service innovation and success. Service innovation has been viewed in broader context in this model. The service innovation occurs within the service organization whenever any change, amendment or renewal to these characteristics of service offered is made by the service organization. The adoption of any new technology that requires the service organization to hire/adopt new competences, skills or expertise to achieve step change service improvement in delivered services. The whole phenomenon originates from the idea generation of new service and concludes on the introduction of that particular new service in market (Edvardsson, 1997). Service concept serves as a starting point for the new service development and foundational basic element for the development of the high quality new service. The service concept involves the illustration of two essential aspects that are (i) in-depth understanding of what customers have needed and (ii) the different forms of new services design that may wholly fulfill the needs of customer with higher satisfaction. However, there are other factors that may not be neglected during the finalization of design of service offering. It may include the customer's needs of preference (i.e. some demanding needs of customer are primary and other are

secondary and there is a need to prioritize these need levels accordingly etc.) and/or any other associated supportive services. Consequently, this in-depth understanding of the service concept may eventually describe the actual value of the services offered. Service process, on the other hand, constitutes the combination of series of activities taking place either in mutual or sequential manner. The services either new or unique are not sole created or developed by the organization but they are partly co created by the suppliers that do not fall under the direct control/jurisdiction of the organization itself. However, an organization can set basic parameters/requirements for the suppliers to be eligible for the services' co-creation. That is how an organization can effectively control the service processes and bring success. Based on the above discussion, hypothesis three is articulated as follows:

H3. Service innovation has positive effect on service success.

The real world is far away from the scenario of perfect competition; thus, the organization achieves the success by using the specific sets of skills, strategies and resources. However, it is pertinent to mention that the resources of the firms are immobile and cannot be moved from one place to other place. These characteristics of immobility of internal resources are thus difficult to replicate by the competitors, and thus their strategies to compete into external environment are different from each other. The internal capabilities are termed as valued if they result into the output of valued product/services to customers. The resources and internal capabilities of firm must help the organization in developing value – creating strategies that may include overcoming the internal weaknesses of firm and performing more effectively and outstandingly in comparison to other competitor/other market players. Thus, it can be stated that the service innovation is the major criterion of the service innovation capabilities and further contributes to the success of new innovative services. Based on this discussion, hypothesis four is articulated as following:

H4. Innovation capabilities have the significant indirect effect (though positive mediation effect of service innovation) on service success.

The hypothesized theoretical framework of this research work is shown below as Figure 1.

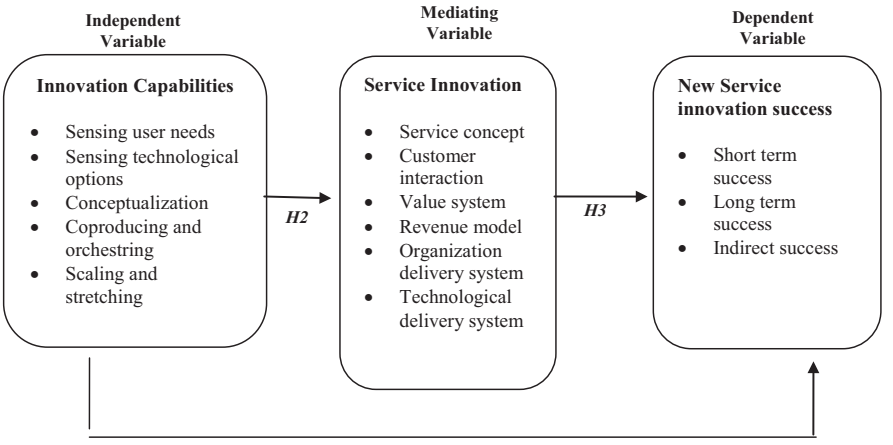

Figure 1. Hypothesized theoretical framework of this study

3. Methodology

3.1 Operationalization and instrument development

The independent variable is innovation capabilities that are measured with the 15-item scale adopted from the work of Hertog *et al.* (2010). Innovation capability refers to the ability of the firm or organization to identify and acquire the knowledge about the recent trends and or technologies of the market with an objective to exploit or implement this acquired knowledge into current business processes (Hertog *et al.*, 2010; Tidd *et al.*, 1997). Service innovation (mediating variable) is measured with five dimensions of service concept, customer interaction, value system, revenue model, organizational delivery system and technological delivery system. These dimensions are measured with the seven-item scale adopted from the work of Hertog *et al.* (2010). The dependent variable service success is defined as the combination of short-term, long-term and indirect success of new service. It is measured with the 13-item scale adopted from the work of Riel *et al.* (2004).

3.2 Population, sample and data collection

This research work has used the quantitative research design. Self-administered questionnaire survey is the basic research instrument used for the measurement of the proposed constructs. The population of this work comprises mobile service provider of Pakistan that consists of five cellular companies, namely, Telenor, Mobilink, Ufone, Warid and Zong. The sample size constitutes the 312 middle managers that are selected nationwide under the simple random sampling strategy. It is pertinent to mention that the service innovation success is better reflected among the responsible position holders such as service manager, product managers, team leaders and senior managers (Riel *et al.*, 2004). Similarly, Hertog *et al.* (2010) also argued that the concept of service innovation capabilities is best reflected and studied among senior executives and managers. Therefore, middle managers are chosen as unit of analysis of this study.

4. Data analysis

4.1 Demographic analysis

The demographic analysis of 312 filled responses was checked, and it was found that 36.21 per cent of total 312 respondents were female (113) while the remaining 199 responses representing the 63.79 per cent were male. It was also found that the 83 respondents were of age below 30 years, 176 respondents were of age between 31 years and 40 years and the remaining 53 were above 40 years of age.

4.2 Instrument validity and reliability analysis

The convergent and discriminate validity analysis has been conducted through principal component analysis and Pearson correlation test with an objective to test the psychometric properties of the original adopted instruments in cultural context of Pakistan. The results of convergent validity and reliability analysis are shown in Table I. The results showed that the factor loadings of all the items of three constructs possess the acceptable value of more than 0.6 (Hair *et al.*, 2010). The sample adequacy test KMO is also found significant for the three construct with the value of 0.682, 0.731 and 0.699 with the p-value of 0.000, 0.000 and 0.000 respectively. As a whole, the result of convergent validity was found to be satisfactory. The reliability of the adopted items were also checked through Cronbach alpha's value and it was found that all the research sub-constructs possess the significant Cronbach alpha value of above than 0.7 as shown in Table I.

Innovation capabilities	Item no	EFA results Factor loading	Remarks	Cronbach's alpha
Sensing user needs	1	0.831	KMO = 0.682,	0.945
	2	0.938	*p*-value = 0.000	
	3	0.949		
Sensing technological options	4	0.902		0.837
	5	0.840		
	6	0.844		
Conceptualization	7	0.859		0.796
	8	0.852		
	9	0.754		
Coproducing and Orchestring	10	0.875		0.943
	11	0.966		
	12	0.964		
Scaling and stretching	13	0.863		0.704
	14	0.869		
	15	0.727		
Service innovation	Item no	EFA Results		Cronbach's alpha
		Factor loading	Remark	
Service concept	16	0.76	KMO = 0.731,	0.873
	17	0.83	*p*-value = 0.000	
	18	0.81		
Customer interaction	19	0.71		0.941
	20	0.79		
Value system	21	0.79		0.899
	22	0.81		
Revenue model	23	0.85		0.812
	24	0.84		
Org delivery	25	0.83		0.735
	26	0.87		
Technological delivery	27	0.81		*0.729*
	28	0.91		
Service innovation success	Item no	EFA Results		Cronbach's alpha
		Factor loading	Remarks	
Short-term success	29	0.963	KMO = 0.699,	0.904
	30	0.930	*p*-value = 0.000	
	31	0.879	two items	
	32	0.203	removed	
Long-term success	33	0.953		0.901
	34	0.835		
	35	0.946		
	36	0.066		
Indirect success	37	0.806		0.928
	38	0.933		
	39	0.936		

Table I.
Results of convergent validity and reliability analysis

The discriminate validity of the research instrument was checked through checking the inter-item correlation value of all research sub-constructs. The results are shown in Table II. The results indicated that the items of sub-constructs possess very weak or negligible correlation value among each other. This satisfies the basic assumption of discriminate validity. It reflects that the each sub construct is distinct from the other sub construct of same construct.

Table II.
Results of discriminate validity analysis

Variable	Dimensions	1	2	3	4	5	6
Innov capabilitie	(1) Sensing user needs	1					
	(2) Sensing technological options	0.073	1				
		0.000					
	(3) Conceptualization	0.001	0.111	1			
		0.000	0.001				
	(4) Coproducing and orchestring	0.116	0.127	0.004	1		
		0.026	0.000	0.001			
	(5) Scaling and stretching	0.014	0.104	0.103	0.110	1	
		0.000	0.026	0.000	0.000		
New service innovation success	(1) Short term success	1					
	(2) Long term success	0.116	1				
		0.026					
	(3) Indirect success	0.014	0.204	1			
		0.000	0.000				
Service innovation	(1) Service concept	1					
	(2) Customer interaction	0.016	1				
		0.001					
	(3) Value system	0.005	0.019	1			
		0.000	0.000				
	(4) Revenue system	0.173	0.174	0.015	1		
		0.000	0.026	0.000			
	(5) Organizational delivery system	0.003	0.036	0.204	0.103	1	
		0.001	0.000	0.026	0.000		
	(6) Technological delivery system	0.091	0.015	0.132	0.091	0.032	1
		0.001	0.000	0.026	0.000	0.002	

4.3 Hypothesis testing

This work has used the Hayes and Preacher (2014) illustrated regression-based process approach for the testing of research hypotheses. To test *H1*, simple regression analysis was used. Table III shows the results of simple regression analysis. The result showed that the 57.41 per cent of variance on service success was explained by innovation capabilities (p-value = 0.000 < 0.05). It reflects that it holds the positive impact of innovation capabilities on the service success. Hence, on the basis of these results, *H1* is accepted.

H2 was also checked by regressing the mediating variable (service innovation) against the independent variable (innovation capabilities). The results are shown in Table IV. It was found that the 32.96 per cent of variance of mediating variable service innovation was explained by the independent variable innovation capabilities with the p-value of 0.000 that is found to be significantly less than 0.05. The standardized coefficient beta value is found to be 0.391. This supports *H2* and that the innovation capabilities have positive impact on the service innovation.

H3 was also checked by regressing the dependent variable (service success) against the mediating variable (service innovation). The results are shown in Table V. It was found that the 41.39 per cent of variance of dependent variable service success was explained by the mediating variable service innovation with the p-value of 0.000 that is found to be significantly less than .05. The standardized coefficient beta value is found to be 0.503. This supports *H3* and that the service innovation has positive impact on the service success.

The mediation effect of service innovation was checked by using Model 4 of Hayes' and Preacher (2014) illustrated process approach. The results are shown in Table VI. It was found that the 67.59 per cent of service success is explained by both independent (innovation capabilities) and mediating variable (service innovation) with the significant p-value of 0.000

Variable	Coefficient	S.E	*T*	*P*
Constant	1.73	0.043		
Innovation Capabilities	0.471	0.031	15.43	0.000

Note: $R^2 = 0.5741$; $F(1, 310) = 37.5$; $p = 0.000$

Table III. Results of hypothesis one testing

Variable	Coefficient	S.E	*T*	*P*
Constant	1.01	0.051		
Innovation Capabilities	0.391	0.011	14.91	0.000

Note: $R^2 = 0.3296$; $F(1, 310) = 41.8$; $p = 0.000$

Table IV. Results of hypothesis two testing

Variable	Coefficient	S.E	*T*	*P*
Constant	0.544	0.061		
Service innovation	0.503	0.031	18.57	0.000

Note: $R^2 = 0.4139$; $F(1, 310) = 48.5$; $p = 0.000$

Table V. Results of hypothesis three testing

that is less than 0.05. The results also showed that the independent variable possesses the non-significant effect with coefficient value 0.7213 on service success (p-value = 0.372 and t-values = 1.96). This non-significant value reflects that there exists a full mediation effect of service innovation among the association of independent and dependent variable. Similarly, the service innovation also possesses the significant effect of 0.3722 on service success (p-value = 0.000 and t-values = 7.48) also shown in Figure 2. These results support *H4* and that there exists the positive mediation effect of service innovation among the association of innovation capabilities on the service success.

5. Discussion and conclusion

This research work attempts to contribute in body of literature by validating the conceptualization of the service innovation (dimensions) keeping in consideration the recent digitization of service sector and incorporation of ever-changing technological advancement in business processes of cellular organizations. This research work also attempts to contribute in existing theoretical body of knowledge as most of the previous research studies on innovation capabilities have emphasized on the one or few specific dimensions of innovative capabilities (such as research and development and new product development) and there is no such agreement in existing literature on what are those factors that determine the innovation capabilities for the attainment and assurance of service success (Zawislak *et al.*, 2012; Chamsuk *et al.*, 2017). It is also pertinent to mention that this research work is one of the earlier research studies that have explored the role of innovation capabilities and service innovation in achievement of service success among cellular companies of Pakistan. The contribution of this research work is also evident with the fact that it explores the mediating effect of service innovation among innovation capabilities and service success that have not been previously empirically tested. The findings of this work are enlightening, as it was found that the innovation capabilities and the new ways of providing services to customers yield the overall success of services. The findings claim that one unit increase in innovation capabilities may yield the 0.7213 unit increase in the overall service success and the one-unit increase in service innovation may yield the 0.3722 unit increase in overall service success. These results are also supported by some previous

Table VI.
Mediation effect of service innovation on independent–dependent relationship

	Service innovation				Service success			
Variable	Coef.	SE	T	P	Coef.	SE	T	P
Constant	1.011	0.092	12.11	0.000	0.646	0.093	16.1	0.000
Inn Capabilities	0.391	0.011	14.91	0.000	0.7213	0.011	1.96	0.372
Service innovation	–	–	–	–	0.3722	0.032	7.48	0.000

Note: $R^2 = 0.6759$; $F = (2, 309) = 35.5$; $p = 0.000$

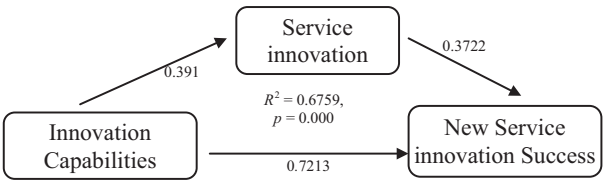

Figure 2.
Theoretical framework with statistical results

research studies (Hertog *et al.*, 2010). These findings offer some crucial aspects for the practitioners and the future research studies.

6. Managerial implications

The findings revealed that enhancing the capabilities of organization to innovate in terms of better understandings of customer needs and the available technological options of the competitive market dynamics would be helpful for the practitioners to attain the overall success of services in short- and long-term perspective. Management should strive to make their employees seek more new ways of performing in combination with the acquisition of more innovative ideas of doing business. Flexibility and experimentation are essential for the promotion of this newness by employees. This is how an organization can ensure that the new launched service may meet with the success on short-term basis and in longer run.

7. Future research directions

This research study has taken in view the mediating analysis for the exploration of underlying linkages among the innovation capabilities and service success. However, the future research studies are recommended to explore the effect of other potential factors such as knowledge strategies, absorption of knowledge and learning culture on the overall success of services. This research work has validated the original scales of these constructs in cultural context of Pakistan. However, it is also recommended that these original scales may be validated on the other parts of globe so that the universality of conception may be generated globally.

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