

Service Innovation for Business Growth: Case Study of Thai and Indonesian Logistic Entrepreneurs

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Abstract

The aim of this study is to find the variables of service innovation for business growth variables which affect the business growth of Thai and Indonesia logistic entrepreneurs. The service innovation for business growth have been identified in 6 variables, customer satisfaction guarantee, service guarantee, service blueprint, pay by installment, product testing trial and additional service. This research finds that the customer satisfaction guarantee of Thai and Indonesian entrepreneurs whose mean is 4.42, 4.37 and S.D.=0.68, 0.65 respectively, service guarantee which mean is 4.29, 4.04 and S.D=0.67, 0.75, service blueprint which mean is 4.13, 4.26 and S.D=0.76,0.74, pay by installment which mean is 4.00, 4.11 and S.D=0.91, 1.12, product testing trial which mean 3.90, 3.30 and S.D=0.9, 1.21 and additional service which mean is 3.71, 4.07 and S.D=0.80,0.97. The service logistics providers need to improve their services since the competition is growing either internal or external players in the market. Service innovation, effects on direct and indirect business growth, helps the service logistics entrepreneurs gain competitive advantage and also gives the benefits to customers.

Keywords: service innovation, Business growth, Logistics Entrepreneurs

Introduction

Economic development gives more attention for the entrepreneurship as the entrepreneurs make the economy of these countries grow. Rapid changes in the world economy make all of the business organizations and entrepreneurs redesigned their business strategies by emphasized on service innovation. Market availability is a positive sign for both business growth and innovation which enhances the internationalization of products and services (Castano, Mendez, & Galindo, 2016). Due to the entrepreneurs generate more innovative products and also enhance resource utilizations then the entrepreneurs provide more wealth and employment.

Innovation is one of the most important for competitive advantage, it will have effect on direct and indirect for business growth. Many importance points of

service innovation are considering for logistics entrepreneurs since their businesses depend mainly on high service quality (Sousa-Zomer & Miguel, 2018). The idea of service innovation is widely accepted mainly for improving service performance and increasing added value for customers. Generally, service innovation provides the new concepts and introduce new service processes or technologies by helping the entrepreneurs receive high competitive advantage (Hsieh & Chou, 2018).

Currently, the service sector is playing an important role for economic growth as the service sector is continuously growing. Service innovation plays as a society' power engine to drive and catalyst for service sector growth and for sustainable growth (Rantala, Ukko, Saunila, & Havukainen, 2018). The researches for innovation have been focused on product innovation rather than on service innovation. However, service innovation researches have been recognized for innovation since service sector is driving economic growth (Carvallho & Goodyear, 2018).

In recent years, logistic services outsourcing such as information technology service and logistics service have been dramatically increasing as many service integrators and service providers engage and establish long term service providing for the customers (Liu, Shen, & Xie, 2017). Logistic service has the positive relationship with the capabilities of resource management and innovation. Logistic service also has the positive performance of container shipping of logistics service firms (Yang, Marlow, & Lu, 2009)

Product Testing Trial

Product testing trial is clearly a very simplified representation of the new product response process (Silk and Urban, 1978). Trial of the product conveys additional significant information beyond conveyed by the product positioning statement. Whereas generally more information might be theorized to increase one's confidence in his or her perceptions of or preferences for a product, this is not necessarily the case. For instance, the positive taste positioning statement might be

contrary to the possible negative taste experience of actual product trial. The baking soda toothpaste has a distinct taste (Micu, Coulter and Price, 2009).

Additional Service

Service given in access which required in contract (Juliater Simarmata, Keke, Veronica, Silalahi, & Benková, 2017). Leading company should give extra services to keep customers retainable (J Simarmata & Ikhsan, 2017)

Service Warranty

During the period of base warranty, a free repair service is offered by the seller when the product fails (Chang and Lin, 2012). Warranty claim may be defined as a customer's claim for replacing, repairing or compensating the failed product or service (Shaw, Chovancová and Bejtkovský, 2017).

Service Blueprint

Service blueprint is a way to map and visually explain the system that supports a service. The objective of service blueprint is to comprehend the whole customer service experiences from the customer's perspective (Haugen, 2014). An effective service blueprint can reduce many failures as well as much improve the quality of service (Hossain, Enam and Farhana, 2017).

Service Innovation

Service innovation functions as the engine of society renewal and provides the catalyst needed for the economic growth of service sector. Service innovation operates as the motor of economic growth and comprises all service sectors (Atarodian, 2016). Service innovation is considered as a new product, a new process, or a new service which is much different from the previous offerings (Witell *et al.*, 2016).

Customer Satisfaction Warranty

Customer satisfaction toward a purchased product depends on its performance under warranty and during the rest of its useful life (Ack and Urthy, 2004). Customers rank warranty contract as the highest among the dimensions of after-sales service, followed respectively by delivery and installation in the next positions and determine customer satisfaction (Issac, Adeyemo and Ogunleye, 2013).

Business Growth

Business growth is typically associated with high performance. So, owners stand to get a monetary return from such a growth. Furthermore, in addition to offering opportunities for financial gain, business growth also increases a company's chance of survival (Dobbs and Hamilton, 2007)

Method

This research is an exploratory one focusing on new factors that affect Service Innovation factors of Thai and Indonesian Logistic Entrepreneurs. It also explores the degree to which each of Service Innovation factors has an impact on their Business Growth.

This research applies quantitative methods by using questionnaires (Singh & Crisafulli, 2016). The distribution of questionnaire is carried out randomly (Bogicevic, Yang, Bilgihan, & Bujisic, 2013). This study uses qualitative contextual tools as the first parameter of identification. Secondary data is taken from bibliographical study and research finding confirmation.

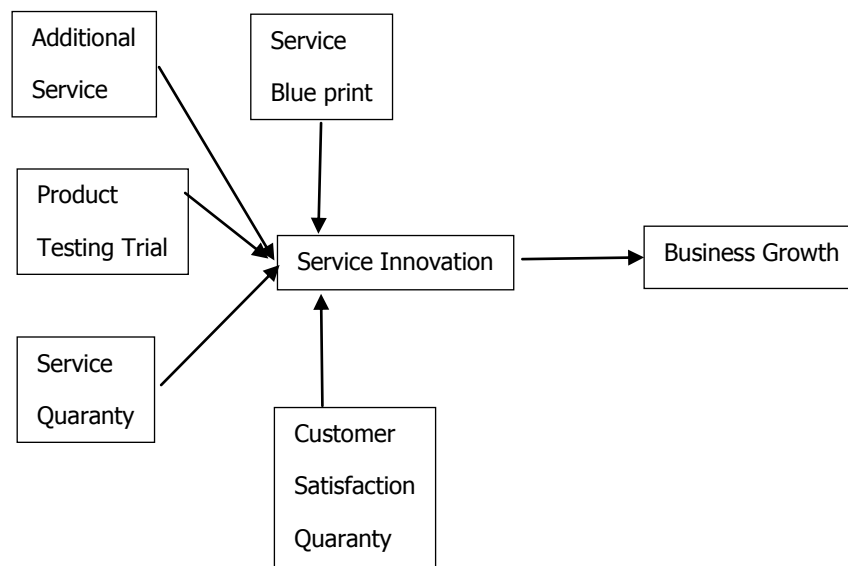
The research process starts with a bibliographical study. Based on this, a parameter measurement of the issues related to Service Innovation is made, which is used to share ideas with supervisors and experts before performing the pilot surveys with entrepreneurs.

The measures are surely applied to the results of the final version of survey. The findings of this survey have been analyzed using the model of mean and standard deviation (SD). The conclusions are made from its findings.

This exploratory research focuses on 31 Thai and Indonesian logistic entrepreneurs by using the questionnaires. The duration of survey is two months (in the period of February – March, 2018) using google form. After the data has been analyzed, then the observations on workers is done to ensure the findings.

Figure 3.1 below exhibits the operationalization of research variables:

**Service Innovation for Business Growth:
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Discussion & Result

Table 1 exhibits the resulted means and standard deviations (SD) for the following variables: Additional Service, Product Testing Trial, Service guarantee, Service Blueprint, Customer Satisfaction guarantee, Pay by installment. The results find that Thai Logistic Entrepreneurs responses are in the agreed level of mean =4.08

and SD = 0.79. The means of those variables are respectively 3.71, 3.90, 4.29, 4.13, 4.42, and 4.0.

Table 1
Service Innovation from Thai Logistic Entrepreneurs

Variables	Median	SD
Customer Satisfaction guarantee	4.42	0.68
Service guarantee	4.29	0.67
Service Blueprint	4.13	0.76
Pay by installment	4	0.91
Product Testing Trial	3.9	0.9
Additional Service	3.71	0.8
Average	4.08	0.79

Table 2 exhibits the resulted means and standard deviations (SD) for the following variables: Additional Service, Product Testing Trial, Service guarantee, Service Blueprint, Customer Satisfaction guarantee, Pay by installment. The results find that Indonesian Logistic Entrepreneurs responses are in the agreed level of mean =4.02 and SD = 0.91. The means of those variables are respectively 4.07, 3.30, 4.04, 4.26, 4.37, and 4.11.

Table 2
Service Innovation from Indonesian Logistic Entrepreneurs

Variables	Median	SD
Customer Satisfaction guarantee	4.37	0.65
Service Blueprint	4.26	0.74
Pay by installment	4.11	1.12
Additional Service	4.07	0.97
Service guarantee	4.04	0.75
Product Testing Trial	3.3	1.21
Average	4.02	0.91

Table 3 exhibits the resulted means and standard deviations (SD) for the following variables: Additional Service, Product Testing Trial, Service guarantee, Service Blueprint, Customer Satisfaction guarantee, Pay by installment. The results find that Logistic Entrepreneurs responses are in the agreed level of mean =4.14 and

SD = 0.85. The means of those variables are respectively 4.23, 3.69, 4.24, 4.28, 4.42, and 3.97.

Table 3
Average Service Innovation for Business Growth

Service innovation dimensions	Median	SD
Customer Satisfaction guarantee	4.42	0.65
Service Blueprint	4.28	0.77
Service guarantee	4.24	0.72
Additional Service	4.23	0.88
Pay by installment	3.97	1.03
Product Testing Trial	3.69	1.08
Average	4.14	0.85

Conclusion

Based on the results, customer satisfaction guarantee is the main importance variable for service innovation both Thai and Indonesia logistics entrepreneurs as the customers are willing to buy the services with satisfaction guarantee. Other variables, service guarantee, service blueprint, pay by installment, product testing trial and additional services are also significant for service innovation for logistics entrepreneurs.

The logistic service providers need to improve their services since the competition is growing either internal or external players in the market. Service innovation, effects on direct and indirect business growth, helps the service logistics entrepreneurs gain competitive advantage and also gives the benefits to customers.

Currently, logistic service has a positive relationship with capabilities of resource management and innovation. Logistics service entrepreneurs who transform their conventional service practices to service innovation practices, will gain more competitive advantage than others.

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