

EFFECT OF NEW CUSTOMER INTERFACE ON SERVICE QUALITY IN FIVE STARS HOTELS, NIGERIA

Najibullah Umar Tafida

Department Of Business Administration

Nile University Of Nigeria, Abuja

najibtafida@gmail.com

Abstract

The Nigerian hospitality industry has not been spared the negative consequences of the corona virus pandemic, as “the increased cancellations of hotels and travel bookings resulted in billions of dollars in revenue loss and hundreds of thousands of job loss in the country. The study investigated the effect of service innovation on employee performance in five star hotels in Nigeria. The researcher adopted the descriptive research design. The data was analyzed using the content analysis approach. This is because of its major dependence on the secondary source data. The results showed that service innovation positively and significantly influenced task performance; Service innovation has positive influence on Service quality; and service innovation has significant impact on performance. The study concludes that hotel managers need to be cognizant of this relationship and focus on developing good customer satisfaction by using modern technological options that would improve employee performance. it was also recommended that the hotels should incorporate user friendly customer interface for easy operations and understanding by the customers, this will increase customer satisfaction.

Keywords: Service Innovation, New customer interface, service quality and performance

INTRODUCTION

Service innovation in the hospitality sector involves hospitality firms coming up with new services or improving existing services to meet changing customer needs and to adapt effectively to a dynamic business environment (Usman et al., 2021). In 2019, Pim den Hertog and his colleagues at the Amsterdam Centre for Service Innovation (AMSI) developed a six-dimension framework for service innovation which hospitality firms can adopt to develop effective service offerings that can attract and retain customers as well as lead to the development of a sustainable competitive advantage (Akbari et al., 2020; Den Hertog et al., 2019; Manthiou et al. 2020).

Hospitality firms around the world have started to implement various elements of the six service innovation model in a bid to strengthen their business resilience and improve their performances. For example, many hotels are now adopting visual recognition technologies that allow guests to check into their rooms via facial recognition rather than having to rely on physical key cards that can serve as a medium for the transmission of the corona virus (Patni, 2020). Artificial intelligence software also helps hotels to provide personalized services to their guests such as easy self-check in, meal preferences and wake-up alarms (Kavoura, 2021). Hygiene has become of utmost priority for the hospitality industry, and thus the constant sanitization of surfaces has become the standard for hospitality firms as well as the constant availability of hand sanitizers and face masks for all guests (Lau, 2020).

Apparently, our world has suddenly revolved towards a service based economy. The last three decades witnessed a total reform in the face of the global and product-slanted economy. This swing towards the delivery of services has however, remained irrefutable. Subsequently,



Economic growth and advanced standard of living have occasioned the thriving need of service industry (Lee et al., 2017).

A few studies have sought to understand the impact of the corona virus pandemic on the Nigerian hospitality industry found that the corona virus pandemic had negatively affected all aspects of the Nigerian economy, including the hospitality industry through a content analysis of news reports. Employee layoffs were the biggest consequence of the COVID-19 pandemic on the Nigerian hospitality industry via online interviews with hospitality firm executives. A combination of declining oil prices and the corona virus pandemic served to have a debilitating effect on all sectors of the Nigerian economy, with the government utilizing palliatives to try to cushion these negative effects.

On the other hand, some studies have sought to determine the influence of service innovation on the performances of hospitality firms in Nigeria, but these studies were carried out prior to the advent of the COVID-19 pandemic. Introducing innovation into the service delivery process had a positive impact on the performances of employees from ten selected Nigerian hotels.

LITERATURE REVIEW

Concept of New customer-firm interface

New customer-firm interface allows end-user interacts with the firm's resources gathered to deliver a service promise (Hanelt et al., 2020; Ribeiro-Navarrete et al., 2021). For example, touch screens have seen a wave of introductions of new client interfaces. From having tickets on your phone to ordering your fast food in a restaurant.

The dimension of collaborative competencies is based on the assumption that customers are co-creators of value, they integrate their knowledge into service activities (Zeithami et al., 2018). Hence, organizations should seek information and feedback from customers on service delivery matters. Dynamic capability of customer orientation, emphasizes that organizations should be simultaneously learning and customer oriented, the focus should be to be proactive in adapting to the changing needs of customers. Knowledge interface has to do with knowledge transfer process within the organization. Typically, knowledge interface involves knowledge gathering, absorption, integration and diffusion (Ordanini & Parasuraman, 2019).

New customer-firm interface allows end-user interacts with the firm's resources gathered to deliver a service promise (Hanelt et al., 2020; Ribeiro-Navarrete et al., 2021). For example, touch screens have seen a wave of introductions of new client interfaces

Service Outcome and Customer Satisfaction

Resources are essential basis for innovation and how competitive advantage is achieved and sustained overtime. Other perspectives in literature have isolated Service Innovativeness as an outcome of the employee's creativity directed towards customers to create added values (Pitra, 2016). Markedly, the dynamic environment of innovation new stream influences knowledge to develop new products, processes and systems that will trigger future success (Lawson and Samson, 2017). The stream of events necessary for innovation however, is categorized into different stages but the most acknowledged are the idea generation and implementation stages (Axtell et al., 2018). Service outcome as a facet of innovativeness has been provided by various authors as being new, beneficial in use and nontrivial, a business point of no return.

Moreover, the services of a hotel require a continuous change and improvement in its service delivery areas as a result, in safety and navigational equipment, hours of operation, flexibility of service options, parking slots, reservations (Bitner et al., 2018). This is to say that every organization that experiences gradual change in its service delivery process, from how it used to

be to how it ought to be is experiencing innovativeness; this considerably enriches service outcome and stimulates the value chain. In this way, the pursuit for definite service outcome would shape new markets and contribute to its operational changes and industrial revolution.

Customer Satisfaction, Profitability, and Firm Value

Most companies are trying to attract customers and to make them satisfied with the companies' products or services in order to increase customer loyalty. Among various methods to measure a firm's competitiveness and marketing performance, customer satisfaction is a most universally accepted measurement (Morgan, Anderson, & Mittal, 2015), as well as an influential performance metric (Kaplan & Norton, 2016). Many firms attempt to measure customer satisfaction in order to evaluate whether they meet their customers' needs better than their competitors (Fornell, Mithas, Morgeson, & Krishnan, 2016). Theoretically, it can be assumed that increasing customer satisfaction is more likely to bring positive outcomes such as increasing sales volume and market share. Thus, marketplace outcomes such as sales or market share have become a traditional method of evaluating the success of marketing strategies (Lehmann, 2016).

Today, however, top managers persist with the idea that every functional activity should have as its ultimate goal the creation of shareholders value. (Hunt & Morgan, 2015). Noted as a financial performance, firm evaluation also has been a prominent area of interest for corporate officials even CEOs because their evaluations, which can be significantly influenced by customer satisfaction, are directly linked to their compensation (Ittner, Larcker, & Rajan, 2017).

Concept of performance

Every firm has goals which it intends to achieve in the process of its operations. A firm's performance reflects the extent to which it has been able to achieve these goals (Burger et al., 2017). Firm's performance is a multi-dimensional concept with financial and non-financial measures (Hameed et al., 2021). Financial measures express certain financial expectations attained over stipulated periods of time (Ratajczak, 2021) while non-financial measures express expectations not quantifiable in terms of financial indices (Ratajczak, 2021).

Aas and Pedersen (2019) identified three categories of indicators to measure financial performance effects of service innovation. The first category was the effects on operational results such as; reduced operational cost and increased revenue. The second category was the effects on the profitability level of the firm. The last category was effects on firm's productivity level, e.g. the value added per employee.

Financial measures are often used to measure performance because frequently profit making is the motivation for introducing innovation (Ottenbacher, 2017). However, using this metric alone neglects several aspects which service innovation impacts within the company, hence the importance of non-financial measures (Ottenbacher, 2017). For instance, Huang (2018) opines that service innovation satisfies customers' needs, as a result of the introduction of a new service or product, this leads to customer loyalty and improves a firm's market share. Also, Sadikoglu and Zehir (2019) stated that innovation development within a firm increases the level of organizational learning, and consequently leads to improved problem solving and quality of the firm's operations.

Theoretical Review

The following theories were reviewed in the study:

Dynamic Capabilities View

The second most adopted theory was the Dynamic Capabilities View (DCV) which was developed by American economists, David Teece, Gary Pisano and Amy Shuen in 2017



(Murphy & Wilson, 2021), emphasizing that the ability to react effectively and timely to external changes requires a combination of manifold capabilities (Murphy & Wilson, 2021).

DCV advocates that the ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments is seen as the capabilities of the firm (Faridian & Neubaum, 2021). Service innovation-specific studies adopting this theory focused on how the external competencies of the firm can be enhanced whilst adapting to the dynamics of the environment (Faridian & Neubaum, 2021).

DCV postulates that service firms that reconfigure their competencies (New service development, new technological options, new customer-firm interface and new service delivery systems) would improve overall firm performance through increased profits and customer satisfaction. In the context of service innovation and firm's performance, dynamic capabilities essentially posit that what matters for businesses is corporate agility: the capacity to 1) sense and shape opportunities and threats, 2) Seize opportunities and 3) maintain competitiveness through enhancing, combining, protecting, and when necessary, reconfiguring the business enterprise's intangible and tangible assets (Valdez-Juárez & Castillo-Vergara, 2021; Zahra, 2021).

Critics of the dynamic capabilities view argue that the dynamic capabilities are difficult to measure empirically, as are the underlying operational processes as well as the relationship between dynamic capabilities and firm performance (Nasution et al., 2021; Rono et al., 2021). It is also difficult to measure the routines and processes that are often idiosyncratic to firms or part of resource bundles (Hernández-Linares et al., 2021).

Resource Advantage Theory of Competition (RATC)

Resource Advantage Theory of Competition (RATC) developed by American marketing professors, Robert Morgan and Shelby Hunt (Starr-Glass, 2021). Originally, the theory was developed as Resource Advantage (R-A) Theory and was subsequently developed to be termed R-A theory of competition (Belanche et al., 2020; Mueller et al., 2021). The theory states that the value of a firm's resources is seen in its ability to provide a distinct offering (value proposition) that enhances its performance relative to that of its competitors (Afraz et al., 2021; Arildskov et al., 2021; Ma et al., 2021). The major underpinning of this theory argues that the value of a resource to a firm is seen in terms of its potential to yield competitive differentiation or customer value delivery that enhances performance outcomes (Kim & Chung, 2017). The R-A theory resources referred to resource advantage are those available, either tangible or intangible, which, in turn, are produced effectively and efficiently to be offered to particular market segments (Starr-Glass, 2021).

According to the R-A theory, a firm's ability to develop an item (service or product) of value lies in the resources critical to its operation that would result in an advantage for the firm (Kolvereid & Åmo, 2021). The category of studies that adopted this theory premised service innovation to be new service concept, new service delivery and new client interface (Arildskov et al., 2021; Ma et al., 2021). More so, a firm's advantage (typified as performance) was measured using a combined approach of financial (growth in sales from 2018-2019) and non-financial (customer satisfaction) measures (Belanche et al., 2020; Kolvereid & Åmo, 2021).

Empirical Review

In this section, a review of recent empirical studies that explored the relationship between service innovation and firm's performance are presented. The discourses are grouped based on the specific sector the study was undertaken. The review begins with studies in the hospitality sector, this is because the current study uses hotels, and hotels are categorized as members of this sector.



The hospitality sector has a broad category of fields within the service industry that includes lodging, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry (Babu & Thomas, 2020). The studies reviewed are focused on accommodation or lodging services, as well as tourism. Each of the studies categorized here is discussed in the succeeding paragraphs.

Campo et al. (2018) focused their study analyzing the influence of innovation-based orientation on firm's performance amongst four-star hotel managers drawn from 52 Spanish cities. To achieve this, on-line surveys was utilized to gain management's insights. Hotel performance was measured in terms of economic (average prices for accommodation as a consequent of competitor or economic crisis), financial (credit and financial costs) and marketing results (degree of customer satisfaction, quality and hotel image). More so, service innovation was expressed in terms of technological turbulence. The Structural Equation Modelling (SEM) results revealed that the tendency of a hotel to innovate influence performance in the short-term. Campo et al. (2018), however, concluded that it does impact hotel performance in the medium and long term.

Hilman and Kaliappen (2015) explored the link between service innovation and firm's performance in the context of Malaysian Hotel industry. Their study utilized 114 questionnaires administered to hotels rated three star and above managers in Malaysia based on census method. The result of the regression analysis revealed that service innovation strategies are positively linked with performance with hotel size as moderating variable. However, the result of a paired sample t-test revealed that process innovation has greater effect on performance than innovation in services. Hilman and Kaliappen (2015) measured service innovation in terms of process innovation and innovation in service innovation. Firm's performance measures of sales growth, return on investment (ROI), market share, customer perspective, internal process perspective and learning and growth perspective were used as specific indicators. Their study concluded that adequate implementation of service innovation is a functional strategy for attaining firm's performance in Malaysia hotel industry.

METHODOLOGY

The paper adopted a singular source of data collection. The secondary source of data generation, which include the use of textbooks written by different authors on the subject matter, journals, magazines, information from the internet and other published and unpublished materials relevant to work. The data was analyzed using the content analysis approach. This is because of its major dependence on the secondary source data.

CONCLUSION

Hotels today do not represent a mere home away from home. For many business customers, hotels are a travelling office, a meeting place for learning and the exchange of ideas, and a place to entertain, enjoy sporting activities, and so forth. Thus, the traditional core offerings of a hotel represent only a small component of the package of experience that customers seek.

Services have become increasingly important in economic development. Over the last few years, increasing attention has been given by both researchers and practitioners to how organizations can become innovative. Therefore, innovativeness is an important dimension in the service sector. The need for conducting the study has been considered due to the lack of empirical studies that analyze service innovativeness, perceived overall service quality, customer loyalty, perceived customer value development in the ecommerce context, and the increasing

competitiveness in hospitality sector. This research provides a holistic and comprehensive approach by measuring the relationship between service innovativeness and employee performance.

RECOMMENDATIONS

The following recommendations are deduced from this study:

- i. It is recommended that the hotels should ensure that they incorporate new service development in their services, to give a new feel of things to the customers
- ii. The right leadership style that involves individuals and teams is paramount to process innovation management success. This will help create strong organizational cultures, teamwork, forums for training, finance, research and development and thus commercial innovation that will help improve the systems at the work place.
- iii. The hotel need to make sure that they are up to date with the new technological options in the market to gain competitive advantage and ensure the easy work for the employees and customer satisfaction.
- iv. It was also recommended that the hotels should incorporate user friendly customer interface for easy operations and understanding by the customers, this will increase customer satisfaction.

REFERENCES

- Aas, T. H., & Pedersen, P. E. (2019). The impact of service innovation on firm-level financial performance. *The Service Industries Journal*.
- Afraz, M. F., Bhatti, S. H., Ferraris, A., & Couturier, J. (2021). The impact of supply chain innovation on competitive advantage in the construction industry: Evidence from a moderated multi-mediation model. *Technological Forecasting and Social Change*, 162, 120370. <https://doi.org/10.1016/j.techfore.2020.120370>
- Akbari, M., Mokhtari, H., Moradi, A., Pourjam, A., & Khosravani, A. (2020). Service innovation and firm performance: operational experiences in uncertain environments. *International Journal of Services, Economics and Management*, 11(4), 347-370. <https://doi.org/10.1504/IJSEM.2020.111932>
- Arildskov, T. W., Virring, A., Thomsen, P. H., & Østergaard, S. D. (2021). Testing the evolutionary advantage theory of attention-deficit/hyperactivity disorder traits. *European Child & Adolescent Psychiatry*, 1-12. <https://doi.org/10.1007/s00787-020-01692-4>
- Axtell, C.M., Holman, D.J., Unsworth, K., Wall, T.D., Waterson, P.E. and Harrington, E. (2018), "Shop floor innovation: facilitating the suggestion and implementation of ideas", *Journal of Occupational and Organizational Psychology*, Vol. 73.
- Belanche, D., Casaló, L. V., Flavián, C., & Schepers, J. (2020). Service robot implementation: A theoretical framework and research agenda. *The Service Industries Journal*.
- Bitner, M., Brown, S. and Meuter, M. (2018), "Technology Infusion in Service Encounters". *Journal of the Academy of Marketing Science*.
- Burger, A., Damijan, J. P., Kostevc, Č., & Rojec, M. (2017). Determinants of firm performance and growth during economic recession: The case of Central and Eastern European countries. *Economic Systems*, 41(4), 569-590.



- Den Hertog, P., Van der Aa, W., & De Jong, M. W. (2019). Capabilities for managing service innovation: towards a conceptual framework. *Journal of service Management*, 21(4), 490-514. <https://doi.org/10.1108/09564231011066123>
- Doğan, M., & Doğan, H. (2020). Knowledge sharing, innovation and firm performance: Evidence from Turkey. *Financial Studies*, 24(1), 36-52.
- Faridian, P. H., & Neubaum, D. O. (2021). Ambidexterity in the age of asset sharing: Development of dynamic capabilities in open source ecosystems. *Technovation*, 99, 102125. <https://doi.org/10.1016/j.technovation.2020.102125>
- Hameed, W. U., Nisar, Q. A., & Wu, H. C. (2021). Relationships between external knowledge, internal innovation, firms 'open innovation performance, service innovation and business performance in the Pakistani hotel industry. *International Journal of Hospitality Management*, 92, 102745. <https://doi.org/10.1016/j.ijhm.2020.102745>
- Hanelt, A., Firk, S., Hildebrandt, B., & Kolbe, L. M. (2020). Digital M&A, digital innovation, and firm performance: an empirical investigation. *European Journal of Information Systems*, 1-24. <https://doi.org/10.1080/0960085X.2020.1747365>
- Hanif, M. I., & Asgher, M. U. (2018). Service innovation and service innovation performance: A study of banking services. *Pakistan Journal of Commerce and Social Sciences (PJCSS)*, 12(2), 670-694.
- Hernández-Linares, R., Kellermanns, F. W., & López-Fernández, M. C. (2021). Dynamic capabilities and SME performance: The moderating effect of market orientation. *Journal of Small Business Management*.
- Huang, H. L. (2017). Performance effects of aligning service innovation and the strategic use of information technology. *Service Business*.
- Kavoura, A. (2021). Two to Tango: Entrepreneurs and Robots 'Users in Hospitality Service Innovation. https://link.springer.com/chapter/10.1007/978-3-030-57694-3_8
- Kim, J. S., & Chung, G. H. (2017). Implementing innovations within organizations: A systematic review and research agenda. *Management, Policy and Practice*, 19(3), 372-399. <https://doi.org/10.1080/14479338.2017.1335943>
- Kolvereid, L., & Åmo, B. W. (2021). Quality and performance in small accounting firms. *International Journal of Productivity and Quality Management*.
- Lau, A. (2020). New technologies used in COVID-19 for business survival: Insights from the Hotel Sector in China. *Information Technology & Tourism*, 22(4), 497-504. <https://doi.org/10.1007/s40558-020-00193-z>
- Lawson, B and Samson, D (2017) "developing innovation capability in organizations; A dynamic capabilities Approach" *Journal of innovation management*, Vol. 5.
- Lee, S.M., Olson, D.L and Trimi, S. (2017), "Co-Innovation: Convergenomics, Collaboration, and Cocreation for Organizational Values", *Management Decision*, Vol. 50.
- Li, M., & Hsu, C. H. C. (2018). Customer participation in services and employee innovative behavior: The mediating role of interpersonal trust. *International Journal of Contemporary Hospitality Management*.
- Li, M., & Hsu, C. H. C. (2016). A review of employee innovative behavior in services. *International Journal of Contemporary Hospitality Management*.
- Lin, L. (2018). The impact of service innovation on firm performance. *The Service Industries Journal*, 33(15-16), 1599-1632. <https://doi.org/10.1080/02642069.2019.638712>.



- Manthiou, A., Klaus, P., Kuppelwieser, V. G., & Reeves, W. (2020). Man vs machine: examining the three themes of service robotics in tourism and hospitality. *Electronic Markets*, 1-17. <https://doi.org/10.1007/s12525-020-00434-3>
- Milbratz, T. C., Gomes, G., & Carmona, L. J. D. M. (2020). Influence of learning and service innovation on performance. *Innovation & Management Review*, 17 (2), 157-175. <https://doi.org/10.1108/INMR-02-2019-0020>
- Mueller, J. T., McConnell, K., Burow, P. B., Pofahl, K., Merdjanoff, A. A., & Farrell, J. (2021). Impacts of the COVID-19 pandemic on rural America. *Proceedings of the National Academy of Sciences*, 118(1). <https://doi.org/10.1073/pnas.2019378118>
- Murphy, W. H., & Wilson, G. A. (2021). Dynamic capabilities and stakeholder theory explanation of superior performance among award-winning hospitals. *International Journal of Healthcare Management*, 1-9. <https://doi.org/10.1080/20479700.2020.1870356>
- Nasution, M. D. T. P., Rafiki, A., Lubis, A., & Rossanty, Y. (2021). Entrepreneurial orientation, knowledge management, dynamic capabilities towards e-commerce adoption of SMEs in Indonesia. *Journal of Science and Technology Policy Management*. <https://doi.org/10.1108/JSTPM-03-2020-0060>
- Ottenbacher, M. C. (2017). Innovation management in the hospitality industry: different strategies for achieving success. *Journal of hospitality & tourism research*.
- Patni, A. (2020). *COVID 19 and Innovation In The Hospitality Industry*. https://www.linkedin.com/pulse/covid-19-innovation-hospitality-industry-arihant-patni/?trk=read_related_article-card_title
- Pitra, Z. (2016). Management Inovačních aktivit Praha: Professional Publishing Porter, M.E. (2015). *The Competitive Advantage of Nations*, New York: Free Press.
- Ribeiro-Navarrete, S., Botella-Carrubi, D., Palacios-Marqués, D., & Orero-Blat, M. (2021). The effect of digitalization on business performance: An applied study of KIBS. *Journal of Business Research*, 126, 319-326. <https://doi.org/10.1016/j.jbusres.2020.12.065>
- Roach, D. C., Ryman, J. A., & Makani, J. (2016). Effectuation, innovation and performance in SMEs: an empirical study. *European Journal of Innovation Management*, 19(2), 214-238. <https://doi.org/10.1108/EJIM-12-2017-0119>
- Rono, L. C., Korir, M. K., & Komen, J. J. (2021). Moderating Effect of Organizational Ambidexterity on the Relationship between Dynamic Capabilities and Performance of Food and Beverages Companies in Kenya. *African Journal of Education, Science and Technology*, 6(2), 53-65. <http://www.ajest.info/index.php/ajest/article/view/496>
- Sadikoglu, E., & Zehir, C. (2019). Investigating the effects of innovation and employee performance on the relationship between total quality management practices and firm performance: An empirical study of Turkish firms. *International journal of production economics*, 127(1), 13-26.
- Starr-Glass, D. (2021). Embedding Corporate Sustainability in Human Resource Management Practice. *Sustainable Management for Managers and Engineers*.
- Taghizadeh, S. K., Rahman, S. A., Hossain, M. M., & Haque, M. M. (2019). Characteristics of organizational culture in stimulating service innovation and performance. *Marketing Intelligence & Planning*, 38 (2), 224-238. <https://doi.org/10.1108/MIP-12-2018->
- Usman, M., Ali, M., Ogbonnaya, C., & Babalola, M. T. (2021). Fueling the intrapreneurial spirit: A closer look at how spiritual leadership motivates employee intrapreneurial behaviors. *Tourism Management*, 83, 104227. <https://doi.org/10.1016/j.tourman.2020.104227>



- Valdez-Juárez, L. E., & Castillo-Vergara, M. (2021). Technological Capabilities, Open Innovation, and Eco-Innovation: Dynamic Capabilities to Increase Corporate Performance of SMEs. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(1), 8. <https://doi.org/10.3390/joitmc7010008>
- Zahra, S. A. (2021). Organizational processes as foundations of dynamic capabilities. In *World Encyclopedia of Entrepreneurship*. Edward Elgar Publishing. <https://doi.org/10.4337/9781839104145>
- Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2018). *Services marketing: Integrating customer focus across the firm*. McGraw-Hill Education.
- Zhang, D., Rong, Z., & Ji, Q. (2019). Green innovation and firm performance: Evidence from listed companies in China. *Resources, Conservation and Recycling*, 144, 48-55. <https://doi.org/10.1016/j.resconrec.2019.01.023>