
Interrelationships among critical success factors in service innovation: effects on the new service market performance

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Abstract

Service firms need to innovate regularly to meet customers' rapidly evolving needs, and to prevent innovation failure to stay competitive. Research on the critical success factors for service innovation is far less extensive than studies on the predictors of successful product innovation. Moreover, most of the investigations conducted so far focus on the direct effects of the drivers of success on innovation performance, while the interrelationships among these factors are largely overlooked. Using a sample of knowledge-intensive business services (KIBS), the objective of this paper is to analyze the interrelationships among critical success factors in service innovation such as the firm's innovative culture or innovativeness, the cross-functional communication, the top management support, and the new service advantage, as well as the effects of these variables on the new service success. The conceptual model is tested by means of a structural equation system using the statistical package EQS 6.1 for Windows. Results indicate that KIBS' innovativeness fosters cross-functional communication during the new service development process as well as the effective top management's support to the innovation project. Improved internal communications, together with top management involvement and allocation of sufficient resources, allow improving the new service advantage, which ultimately reinforces the new service market performance. Accordingly, the innovative culture in KIBS determines the way the innovation projects are configured by fostering the presence of critical success factors for service innovation, which finally allows the accomplishment of the service innovation goals.
