

The Effectiveness of Service Innovation on Service Innovation Performance in Abu Dhabi International Airport in UAE

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Abstract

As the worldwide marketplace becomes more competitive, airports must build a competitive position by providing innovative performing services. The fast expansion of service providers across different aspects of UAE tourism and tourist industry has hampered the commitment of general practices managements in managing service innovation beside limiting the innovation performance process. This study, which focuses on the UAE airports sector, aims to examine the Effectiveness of Service Innovation on Service Innovation Performance in Abu Dhabi International Airport in UAE. The study employed a descriptive survey design. Information will gather utilizing survey of 300 workers on the Abu Dhabi worldwide air terminal. Smart PLS software was used for conducting the analysis. Main findings of the paper found that there is a strong positive relationship between the factors of all Independent variable (New Service Process (NSO), New Service Product (NSP), New Service Business model (SBM)) and Moderated Variable Business Environment. This study expects to look at the degree of effectiveness service innovation (ESI) in one of the exceptionally significant assistance divisions (Abu Dhabi universal air terminal), exactly break down the effect of service innovation on performance of Abu Dhabi global air terminal, it also recommends valuable bits of knowledge and suggestions that may be help to improve performance of service enterprises in creating nations. This study's policy implication is that its application is projected to greatly enhance the service innovation performance due to the business environment adopted. Service innovation will remain dominant and affect the global economy, diplomacy and other social practices in the coming years.

Keywords: Service innovation, Business environment, service innovation performance, UAE.

1. Introduction

Nowadays, the service sector dominates a large portion of the gross domestic product of the global economy (Chen, Wang, Huang, & Shen, 2016). The developed countries' economy has moved from production-based to service-based economy (Chen et al., 2017). Furthermore, service organizations are constantly faced with challenges of unstable environmental factors, forcing them to prioritise innovation as a core part of their competitive strategy (Patrício et al. 2018). Traveling is more pleasurable if airport operators fulfil customer needs in every service aspect, which fosters innovation in service companies. The management demands to know how they can determine improvement

opportunities within airport service areas to satisfy or surpass passenger needs. Since passengers are also airport stakeholders, their expectations must be examined in order to determine which features are crucial and how airports and/or airlines respond to any shortcomings (Airports Council International, 2020).

By looking to United Arab Emirates (UAE), it has recently been listed among the world's fastest-developing economies (World Bank, 2016) in the Middle East, North Africa, and Gulf zone with the aim of ranking among the highest service-oriented economies (Ibrahim & Al Falasi, 2014). The economy of the UAE is highly diversified with more than 180 nationalities and involves tourism,

development, logistics, banking and finance, diverse communities, faiths and ethnic backgrounds (Jabeen et al., 2015). Therefore, Abu Dhabi's growth as a global city is the product of the novel highlights and points of view that it provides. Abu Dhabi International Airport is one of the remarkable highlights, a leading worldwide avionics company that has been arranged and beautifully planned. The United Arab Emirates (UAE) is enriched by Abu Dhabi International Airport and works to boost the economy by focusing on consumers, rendering tax-free in return and facilitating cooperation and collaborative effort within its areas. The air terminal assumes a key job in associating the world with the UAE, serving exchange, the travel industry, and trade in the UAE and, especially, in Abu Dhabi (About Abu Dhabi International Airport, 2017, "Abu Dhabi International Airports: Connecting the World"). Service providers and developments are known as one of the main motors and engines of growth in financial formations (Morrar, 2014). The UAE really perceived that new, administrative economies with assembly areas shift, and eventually change. (Hsieh et al., 2013).

Innovation in service has been described as a modern management practise or multi-dimensional solutions; from service innovation recognised as service products; service method innovation to service organisational innovation (Patrício et al. 2018). The most common definition is how a company looks after customers, or how it organises new ideas to solve a challenge or confusion. Service innovation Service advancement processes usually include a wide spectrum of activities involving individuals; organisations; clients, who can build knowledge communication mechanisms through and across their networks (Chesbrough, 2015). This collaboration will encourage a specific combination of the previous dimensions or explore the required for the transformation of companies (Lusch & Nambisan, 2017). However, utility companies are innovating by the implementation of multiple stages of reorganization in an endeavour to integrate the company's business strategy (Chesbrough, 2015). Service innovation provides business providers a range of advantages; having power for multiple technology improvements (Presbitero et al., 2017), creating new technology and strategies that can allow businesses more

successful (Carroll & Carroll, 2016). Thusly, there is an absence of study in regards to support service innovation and service innovation performance comparable to advancement inside the common aeronautics industry in UAE .At that point, worry about the past sensational audit in the avionics business, it is noteworthy for analysts to comprehend the impact of service innovation and its performance on service quality, and customer stratification and client stratification inside the common flying industry". Hence, the purpose of this research is to empirically evaluate the Effectiveness of Service Innovation on Service Innovation Performance in Abu Dhabi International Airport in UAE. In addition, BE is considered mediator in the aforementioned relationship.

2. Theoretical background and development of hypotheses

2.1. Service Innovation

Barras (1986) was the first one who coined the "service innovation" concept and since then, researchers have established a substantial research body on service innovation. Service innovation means applying new concepts and technologies in the service process to modify and enhance current products and services, improve quality of service, enlarge service scope, update the content of service, create new service items, and ultimately improve competitive advantage of enterprises (Oke, 2007). Service innovation theories primarily concentrate on service innovation connotation and dimension. According to Daugherty et al. (2017), the core of service innovation is that companies benefit by developing new services or enhancing current services and putting them into practice.

2.2. Service Innovation Performance

Innovation performance has been investigated in various service and manufacturing industries and the different dimensions of measuring innovation performance have been considered by researchers, i.e. radical and incremental innovations, product and process innovations, and market and product performance (Chuang & Lin., 2016). The extent to which a SME obtains a competitive advantage through service innovation is known as service innovation success (Carroll & Carroll, 2016).

The efficiency of service production is a crucial factor for servitisation progress (McDermott et al. 2015). Thus, a decade ago (Daugherty et al. 2017) began to pursue generators of success in service innovation and it has recently accelerated (Storey et al., 2016). Factors, like service efficiency (Storey et al. 2016) and a clear culture of innovation and the implementation of an innovation plan that helps to promote the production of innovative technologies have been described as antecedents of service innovation success.

2.3. Business Environment

Economic climate requires rules and regulations, legislation and regulatory structure, regulation and general policies on trade and investment, as well as rules and legislative steps for corporate practises that may positively or negatively affect economic, the economy, the movement of acquisitions and company costs and competitiveness (Dobes, Kot, Kramolis, and Sopkova, 2017). Another research suggests a wide variety of external circumstances in which corporations perform their operations (Chládková, 2015). The market environment is technological, legal and structural and it cannot be regulated by companies (Bruothová & Hurný 2016).

2.4. The Relationship between SI and, BE and service innovation performance

There has been a lot of studies done on the relationship between service innovation and firm performance. According to some researchers, a firm's success suffers when it focuses too much on one sort of innovation (Chuang and Lin., 2016). Other researchers, nonetheless, believe that service innovation is critical to promote firm performance. They discovered that service innovation may help enterprises enhance the added value of their goods. It is an essential path for the long-term growth as well. Moreover, service innovation assists firms in segmenting the demand-side market and providing better customized service content. Feng et al., (2020) conducted a study on banking services and concluded that companies that see customers as participants of service innovation has the capacity of enhancing the service products competitiveness through the interaction with customers. The literature review in depth in the previous

chapter indicated that inquiries on innovation and efficiency have thus far struggled to draw strong conclusions on the reality that service innovation has a strong effect on the success of service innovation in different environments (Storey et al., 2016). This finding by Rosenbusch and his colleagues follows Daugherty et al. (2017) very recently examined and concluded that comprehension of the relation between service innovation and success is underdeveloped. The literature on service innovation is being checked. There is a shortage of relevant industry-based innovation reports on services that may target those service industries (Daugherty et al. 2017) that would require an in-depth examination into this highly fruitful area of study. In order to experience real effect on results, it is stated here that service innovation will be a phase, and it is important to be ready to evaluate the performance in service innovation instead of measuring the business output of the general business. Hence, this work proposes the first hypothesis to be tested:

H1: Service Innovation (SI) significantly impacts service innovation performance

Generally, a theory is specifically designed to assist in understanding what notion is behind the phenomenon under investigation. Indeed, ample literature supports the numerous indicators of health to the personality and contributing to healthy attitudes and accomplishments (Feng et al, 2020). This theory therefore provides valuable guiding principles that render innovation success more popular by a powerful and welcoming SIC. Furthermore, the fitness between an individual and her work (Thambusamy & Palvia, 2018) is one of the main questions in evaluating BE fit in an organisational sense. Theory of personal health has been introduced by relying on the two core concepts: health for demand and fitness for specifications. Fitting demands is where workers' expertise, abilities and skills are aligned to the needs of the job. In the opposite, requirements-supplies suit as the desires, wants and desires of workers are fulfilled. Consistently, engaged workers are evident when employees' talents are well matched to their job demands (Karatepe & Karadas 2016). BE in service workers ought to become confident and love their work in order to endure the difficult aspect of their employment

mentally. They should be eager to build more answers and to boost their success (Besley, 2015). Therefore, having a good culture that boost BE desires, wishes and expectations is of utmost importance, particularly while service creativity is considered, to make citizens more excited and to allow constructive suggestions. In addition to supporting them in constructive recommendations BE-(Prajogo & Oke, 2018) is suggested to improve service breakthrough efficiency by empowering BE to engage eagerly and together in the creation of top-class new technologies and an excellent creation-charged conduct (Anwar, 2018). In addition, the association is confirmed by other research. The results suggest that when employee expectations are addressed, improvements that contribute to improved efficiency are shown (Witell, 2017). It is also stated that personal health has a good success association (Ortiz, 2018), suggested a multi-dimensional structure

for service-innovation. Therefore, we hypothesize that:

H2: Business Environment (BE) significantly moderates the relationship between service innovation and service innovation performance

3. Research design

3.1. The research framework

Figure 1 shows the proposed research framework based on the literature reviewed above. These practices were shortly discussed in the previous section. service innovation and service innovation performance from the previous section 1. The research framework service innovation as independent variables, business environment as moderating variables and innovation performance as dependent variable.

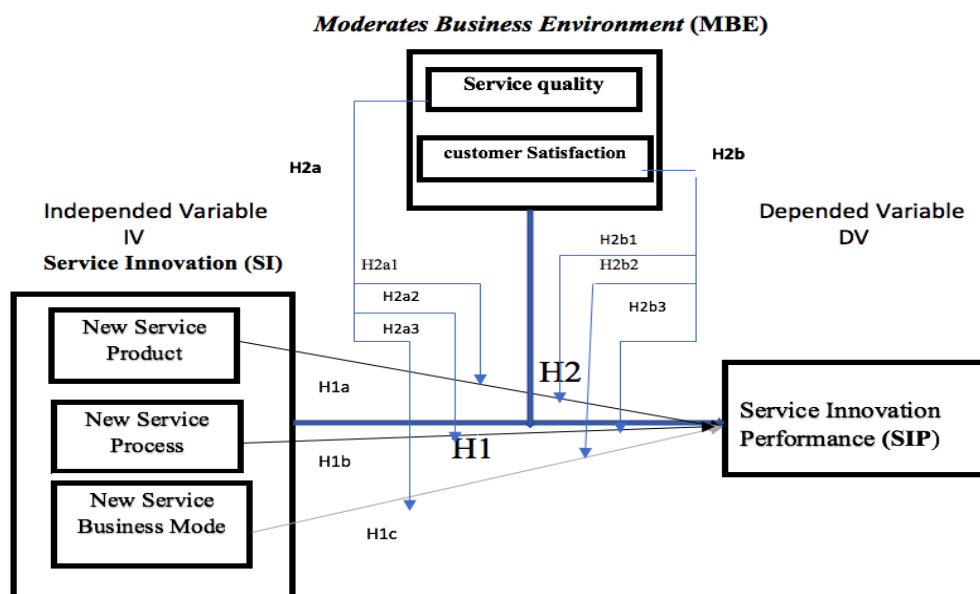


Figure 1. Research framework

3.2. Research methodology

This study's target population was limited to Abu Dhabi international airport employees, UAE. At the chosen airport, face-to-face interaction with workers was done to complete the survey, which was employed for data collection with a randomly sampling technique. A total number of 350 questionnaires were distributed and 50 incomplete responses were

deleted. In order to locate the significant and dominant factors, the Smart-PLS Version 2.0 software was employed for conducting the analysis package for simulation and modelling technique is employed. The survey has 300 statements to which participants responded. The questionnaire was used to measure their level of agreement using Likert scale questions ranging from 1 to 5, with 1 being strongly

agreed and 5 being strongly disagree. The survey includes demographic questions that enabled respondents in the sample to be described.

4. Results

4.1 Demographic data

Once the questionnaire was completed, 4 85.7 % of the respondents were females; while just 14.3 % of them were men. The age group indicated a substantial sample of 44.6% and was tested and found to be from 35-45 years old, with it also being shown that the sample of participating in this is 33.9% with age 25-35, while 21.4 % with age 45-60. Educational attainment levels (Diploma; Bachelor's degree, master, PhD and MBA) helps support this contention: Bachelors degree Level represented 40.0%, and Master represented 25.5%, MBA represented 38.0%, finally both Diploma and PhD represented 11.0%. The sample is, on the whole, well-educated. Well over 80 percent of the sample have a tertiary level qualification. The survey has a broad spread across the categories. More than 10 years of experience represented 60.7% of the sample, relatively stable operation for 10 years or more represented 26.8% of the sample, 6 to 10 years represent 8.9%, and 1 to 5 years of experience represent 3.6% of the sample. The IT sector has

a huge range of all the positions, with 43.5 percent of the sample being IT, 22.0 percent of the sample being Management, 18.0 percent of the sample being Finance, and 9.0 percent of the sample being HR. The promotion already takes up 7.5% of the total sales. The total number of items forming the questionnaire was 29.

4.2 Reliability Analysis

From the reliability tests of Table (1), the following reliability coefficient was established after eliminating the certain queries in EFA analysis; five factors involve testing the reliability; 0.97 for Service Innovation Product (SIP) (5 items), 0.95 for Service Innovation Process (SIO) (5 items), 0.94 for New Service Business Model (SBM) (5 items), 0.93 for Customer Services (CS) (6 items), and 0.97 for Service Quality (SQ). There are eighteen questions using Likert-type scales (1 = strongly disagree; 2 = Disagree; 3= Neither Agree or Disagree; 4= Agree; 5 = strongly agree) for 300 respondents. Alpha coefficient ranges in value from 0 to 1. Alpha coefficients below 0.6 are weak in reliability, 0.6-0.8 is moderate strong and 0.8-1.0 is very strong in reliability (Malhotra, 2004). Thus, the value of all factors recorded the very strong reliability. Table (1) shows the results of Cronbach alpha calculation for each sub scale and for the whole instrument.

Table (1) Cronbach's Alpha for each filed of the questionnaire

No	Fiel d	Cronbach's Alpha	Number of Item
1	Service Innovation Product (SIP)	0.97	5
2	Service Innovation Process (SIO)	0.95	5
3	New Service Business Model (SBM)	0.94	5
4	Customer Services (CS)	0.93	6
5	Service Quality (SQ)	0.97	8
	Total		29

4.3 Correlation Analysis

Table (2) demonstrates the relation of variables pairs of new service product (NSP), new service process (NSO), new service business model (SBM), customer satisfaction (CS), service quality (SQ) and service innovation performance (SIP) by using correlation coefficient data. The correlation coefficient allows the intensity of the linear

association between two grade or numerical values to be quantified (Saunders, 2012). The coefficient of association -1 to +1 are ideal positive and negative associations, the value 0 is totally independent. Correlation that falls in between 0.60 - 0.799 is considered strong and if the value between 0.41 - 0.599, the correlation is moderate strong. The (**) shows that probability of this correlation coefficient is

0.000. This correlation coefficient is thus statistically significant. This coefficient represents that there is moderate strong between factors of New Service Process (NSO) New Service Product (NSP) (0.483), New Service Business model (SBM) and New Service Product (NSP) (0.510), Customer

Satisfaction (CS) and New Service Product (NSP) (0.543), service quality and New Service Product (NSP) (0.496). The coefficient also performs a strong positive relationship between (NSO) and (SBM) (0.734), service quality (SQ) and New Service Business model (SBM) (0.792).

Table (2) Correlation between (SI) (BE), and SIP

	NSO	NSP	SBM	SQ	CS	SI	BE	SIP
NSO	1							
NSP	0.483**	1						
SBM	0.734**	0.510**	1					
SQ	0.579	0.496**	0.792**	1				
CS	0.498**	0.543**	0.763**	0.486**	1			
SI	-	-	-	0.662**	0.760	1		
BE	0.580**	0.687**	0.784**	-	-	0.651**	1	
SIP	0.609**	0.793**	0.810**	0.671**	0.609**	0.663**	0.731*	1

Lastly, the coefficient illustrates that there is a positive relationship between the factors of all independent variable; (NSO), (NSP), (SBM)) and Moderated Variable Business Environment (BE) (Customer Satisfaction (CS), Service Quality (SQ)) Dependent variable (Service Innovation Performance (SIP)). As can be seen on the table above, the correlation between the number of New Service Product (NSP) (IV) and Service Innovation Performance (SIP) (DV) is 0.793. This coefficient illustrates that a strong positive relationship between the IV and DV exists. A statistically significant and very strong positive relationship exists between Service Quality (SQ) (MV) and Service Innovation Performance (SIP) (DV) where the correlation is 0.671 while the probability (**) is 0.000. In addition, there is also statistically significant and very strong positive relationship between New Service Business model (SBM) (IV) and Service Innovation Performance (SIP) (DV) with the correlation is 0.810 and the probability (**) is 0.000. The Customer Satisfaction (CS) (IV) and Service Innovation Performance (SIP) (DV) factor got the lowest correlation rather than other factors where the number is 0.609 concluding that the findings are also statistically significant and have strong relationship between MV and DV.

All main variables are significantly correlated with each other at 0.01 significance level. Similarly, each service innovation dimension was significantly correlated with other service innovation dimension and with service innovation performance. Nevertheless, correlation between new service processing and Customer Satisfaction (CS) was insignificant yet positive and correlation between new service process and Customer Satisfaction (CS) was significant at 0.01. Correlation between (SBM) and Customer Satisfaction (CS) found to be insignificant at 0.01 but significant at 0.05 level. Similarly, the three service innovation dimensions were discovered to be uncorrelated with Service quality. Customer Satisfaction (CS) found to be correlated with service innovation and service innovation performance significantly.

4.4 Hypothesis test

To examine the impact of Service Innovation (SI) on service innovation performance (SIP) in Abu Dhabi international airport.

H1: Service Innovation (SI) significantly impacts service innovation performance

H2: Business Environment (BE) significantly moderates the relationship between service innovation and service innovation performance.

Table (3) Regression model between (SI) (BE), and SIP

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.854 ^a	.729	.725	.24156	.768	128.870	1	299	.000
a. Predictors: (Constant), New service product (NSP), New Service Process (NSO), New Service Business model (SBM)									
2	.923 ^a	.854	.845	.67537	.854	55.321	2	298	.000
3	.955 ^b	.976	.969	.41745	.076	27.539	1	297	.000
Predictors: (Constant), Business Environment (BE)									
Predictors: (Constant), BE X IS									

For presenting the standard error of estimate and goodness of fit (R square), Model summary part of output is considered essential. This summary shows the extent to which the various independent variables are connected to dependent variable. Table (3) shows the variation among independent and dependent variables. Result on the table model summary of Multiple Regression Analysis (MRA) present the value of R is 0.854 which is strong positive relationship between independent and dependent variables. The value of R-square is

0.729. It was concluded that 72.9% the proportion of the variation in a performance can be explicated statistically by a Predictors: (Constant), (NSP), (NSO), (SBM). That is, the independent variables utilised in this study had an impact on the dependent variables. Standard error of estimates illustrates the dispersion of actual values from the regression line. This model gives a low figure of standard error of estimate i.e., 0.24, indicating that real data is only 24% scattered from the regression line.

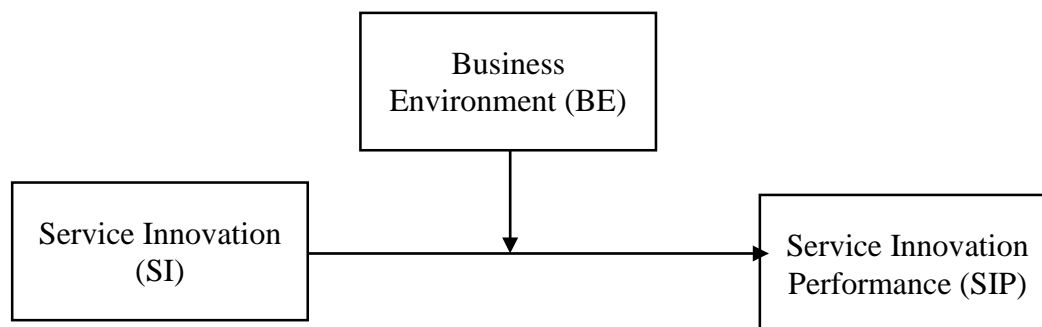


Figure (2) Moderation Model between variable

The 2 column highlighted, "R Square Change", illustrates the growth in variation clarified by adding the interaction term. Seeing that the change in R² is presented as .076. This measure is generally represented as a percentage. Thus, it can be said that the change in R² is 7.6% (i.e., .076 x 100 = 7.6%), referring to the percentage rise in the variation explicated by adding the interaction term. Moreover, it was noticed that such upsurge is statistically

significant ($p < .0005$). An outcome obtains from the "Sig. F Change" column conclude that (BE) does moderate the relationship between (SI) and (SIP). That is, the relationship between (SI) and (SIP) depends on whether customer stratification and service quality. Which was expressed via the normal dummy variable in the moderated multiple regression).

5. Discussion

Abu Dhabi international airport expects returns on their investment in service innovation (SI) to ensure that their service innovation performance (SIP) will be enhanced while costs reduced. Most respondents revealed that Abu Dhabi international airport will continuously modify their new service products, new service processes, and new service business models from traditional methods to the modern more high-tech method by adopting new service innovation (SI) to stay competitive in the aviation market. Due to the increasing population of UAE, the demand for goods and services will also increase. Thus, Abu Dhabi international airport that adopts new service product, process, and business model will have the ability to stay competitive in aviation market, higher flexibility in service innovation performance and able to increase the Service Quality (SQ) to meet Customer Satisfaction (CS) more efficiently. This will result in higher sales volume, growth of profit. The findings in this study are consistent with the previous literature such as with the research (Anwar, 2018) (where majority of respondents indicates that service innovation (SI) used affected their company service innovation performances. For obtaining competitive advantages and improved financial performance, firms must develop an effective business model.

Also, the results of Carroll et al. (2019) indicate that method and product advances are favorable to the company's market share success but do not return on overall assets. This takes time to spend in new activities, but may also lead to the winning of consumer loyalty. The inter-dimensional features of the main variables were studied to deeply investigate the reciprocal and fundamental relationships between them. Service innovation was being developed in terms of new service product, process and business model. This conclusion is consistent with Wang et al. (2015) who stated that both product and process innovations may coexist, while business model innovations are complex, hard to establish and apply and necessitate more resources compared to product and processes. Thus, in our case, new service products and processes are quite similar. Nevertheless, all these dimensions were strongly linked, implying that any new

developments in one of these dimensions had a positive impact on the other. New service product developments, for instance, would entail changes to the existing processes and business models, and vice versa.

The results of the two dimensions (service quality and customer satisfaction) are significantly correlated to both service innovation and performance. This agree with previous research where both business environment dimensions were hypothesized for performance moderation. The interaction between service innovation and performance is influenced by the joint effects of the two dimensions, implying that in a constantly changing or unstable business environment, and the reciprocated relationship between service innovation and performance is impacted, but this impact is mitigated by the competitiveness insignificance and the overall impact is interaction. Most respondents revealed that Abu Dhabi international airport will continuously conveyance of high service quality assists with separating organizations from the opposition, and it is a key weapon for increasing an upper hand. High service quality similarly reaches various attractive outcomes, for instance, upgraded financial related performance, decline in client grievances, enhanced readiness to recommend services to others, and enhanced consumer satisfaction. (Karatepe, 2018). Also, the respondents revealed, that the Abu Dhabi international airport must track the changing client desires so as to meet them suitably (Santouridis & Trivellas, 2010). Numerous promoting researchers, for example, (Anwar2018, 2018; Wang et al., 2015) has discovered the critical relationship between customer satisfaction and loyalty in the aviation industry. The results of Wang et al. (2015) indicate that customer satisfaction can be high or low and it exclusively relies on the capacity of items or services to meet with the client's desires.

6. Conclusion

The aim of this work is to study the impact of service innovation in service innovation performance in one of the very vital sectors of service (Abu Dhabi airport), empirically analyse the effect of service innovation on service innovation performance of aviation industry, test the multi-dimensional nature of service innovation, investigate the influence of

uncertainty (dynamism) and hostility (competitiveness) on service innovation performance. This empirical work emphasizes the significance of SI and BE in the service innovation performance, as the findings showed. Managers in service industry need to welcome and include costumers in service innovation. That can be done through a BE that encourages, recognises and empowers the SIP beside rewarding their innovative ideas. Managers must also increase the psychological empowerment SI perception by trying to make their tasks meaningful. As a consequence, SIP impact, meaning, competence and self-determination in this job will increase (Chen et al., 2017). Thus, SIP will start to determine the qualities of their organizations as their own, and they will get more psychologically linked to their organization and will exhibit more innovative behaviours.

7. Limitations and suggestions for future research

There are few limitations in this study that need to be considered in future research. One of this work's shortcomings is relevant to the procedures of collecting data; the authors were not able to obtain permission to manage the process of collecting data. Nevertheless, for minimizing the issue of confidentiality, respondents were asked to seal their responses in envelopes and drop them in a locked case that the authors provided. Secondly, this study only focused on the views of rises in the peak seasons; thus, future research should also focus on the seasonal workers perspectives and compare between the results. Moreover, this paper has considered the mediating role of BE. In addition, further research can evaluate the moderating role of BE. Furthermore, future works can also focus on other innovative results, like creative performance. Finally, cross-sectional data was employed in this study. Thus, a longitudinal analysis needs to be employed in further research focusing on the causal and mediating effects investigated in the current study from customer perspective.

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