

## Service Innovativeness and Customer Satisfaction of Four Star Hotels in Rivers State

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### ABSTRACT

In the wake of globalization, business competitions in terms of approaches are fiercer than ever before. Consequently, strategies needed for survival in the market place and in fulfilling customer's expectation of service have rather ceaselessly resulted to obsolete decisions in quick successions. The purpose of this research work is to investigate the relationship between Service Innovativeness and Customer satisfaction of four star hotels in Rivers State. Hypotheses were stated in null form and analyzed contextually using multiple regressions. The findings revealed a strong and positive relationship between Service innovativeness and customer satisfaction. We therefore concluded that the dimensions of Service Innovativeness as explicated in service process and service outcome are very effective marketing tool for satisfying customers of four star hotels in Rivers State. This research is limited to data characterized by only a snapshot situation, hence, confines our ability to assess the longevity of the influence of service innovativeness on guest's satisfaction. By implication, Managers would need to make proactive changes that focus even more strongly on customer preferences, quality of service, and technological interfaces in course of business transactions.

**Keywords:** innovativeness, service delivery, service process, satisfaction

### INTRODUCTION

The fast-tracked evolution in information technology in the wake of the twentieth century advanced an array of thinking, resulting to an unprecedented quest for change in the pattern of running hotel businesses. This antiquated way of rendering services in Nigerian hotels has exclusively crept into irrelevance and if there be no deliberate effort towards advancement in service delivery then the whole essence of contemporary entrepreneurship becomes counterproductive. 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., 2012). The predominance of this service sector is thus deeply-rooted as extant literature owes it to the records, that a little above 70% of the world's gross domestic product (GDP) results from the service sector (Grzinič, 2007) hence, innovation plays a decisive part in ascertaining the development of commercial activities (Ostrom et al., 2010). Admittedly, it follows that the success of the Nigerian society is largely dependent on service innovativeness.

Accordingly, technological growth has distorted the distinction between goods and services. In any case, services play a progressively vital role in manufacturing companies. Extant literature has largely submitted that service innovativeness allows firms to be acquainted with market trends (Carbonell, et al., 2009). Consequently, Service has become a differentiator of good product and a guide to the outside world. Hotels in Nigeria are some of the ideal firms that could benefit from the execution of service innovativeness.

First, the hotel businesses in Nigeria are continuously inundated by many related, often easily identical service offerings; this may have been engendered by the accelerations in information technology (e.g. Olsen and Connolly, 2000). Consequently, hotel managers now attempt to differentiate in discrete, one

hotel from its competitors (Reid and Sandler, 1992) in terms of making preemptive changes which focus even more compellingly on customer penchants for quality and high-tech interfaces in order to satisfy its customers and to stay competitive in a self-motivated environment (Karmarkar, 2004) like Rivers State. Today, hotels have a wealth of options to choose from, when deciding on which service will create, increase and sustain value for their customers. Habitually, a hotel operator can offer numerous blends of conventional value options. Equally, new and innovative value options such as work-out facilities, tailored room decorations, access to internet based reservations, in-room internet access and printer, fax machines, multiple business kiosks, business center, self-regulating boutique, customization that matches client life-style e.g. In-room kitchenette facilities, allowing pets into the apartments, fee-based nanny services are becoming the manager’s innovative maneuver.

## **LITERATURE REVIEW**

### **Innovativeness**

The move towards service is universal and several businesses are experiencing a substantial change in their corporate mission from production of goods to providing services to customers (Vargo and Lusch, 2004). Scholars have explicated the concept of service innovation in recent times, yet there exist a dearth in literature in developing theory-based structures of Service Innovation in service-oriented businesses and in knowing the significance of Service Innovation therefrom (Wooder and Baker, 2011; Chae, 2012). Consequently, the need for a more thorough exploration for theory and practice arises (Essen, 2009). Schumpeter (1950) was the first among contemporaries to make use of the tenure innovation (Hana, 2013) and conceptualized it as the “products process and organizational alteration that do not essentially originate from new scientific findings but arose from the blend of already prevailing technologies and their use in a new context” (Zizlarsky, 2011). The concept has however, been given better recognition by some authors and espoused broader to include run-through applications and not just the technological progress (Hana 2013). Innovativeness however, lacks in worth to be attributed to a given measure either by solitary description or degree, it has an extensive application in research and has been given due relevance in numerous disciplines (Adams et al, 2006). This delineation according to (Quintane et al, 2011) emanates from the intricacies of the concept. Quintane et al (2011) delineated innovativeness as equally as an outcome and the process to attain result at similar times.

There is however varied misconceptions emanating from the concept of innovation and innovativeness, though triggered partly by the fact that services are poorly reflected in innovation statistics (OECD, 2000). According to Igwe and Asiegbu (2015), Innovativeness is a self-motivated policy that guides firm to gradually envisage, grow and implement the entire process through which the organization’s critical points are upturned. Though, some have termed innovation to be drastic and a total out-phasing of a practice to a totally new workable system or process (Gracia and Calantone, 2002). In this work, innovation and innovativeness were used inter-changeably. As supported, innovation is frequently used in manufacturing based organisations while innovativeness is of the service based organisations which mostly involves small and incremental changes in processes and procedures and often used as a measure of the degree of ‘newness’ of an innovation and modelled as the degree of discontinuity (Garcia and Calantone, 2002). In essence, Innovation can be seen from two perspectives: changes in things (goods) which an organization offers, and changes in the ways in which they are produced and delivered (services), these changes are however seen as product and process innovation (Tidd *et al.*, 2001). Arguably, change is advertently or inadvertently pervasive hence innovation initiates the process of getting use to these changes.

In recent times, it has remained undisputable that innovativeness in service related endeavors has remained the wheel of service adeptness and can be regarded in terms of its notch of novelty by implication. Porter (1990) believes that the rudimentary source of a firm’s continued competitive lead

with recourse to its capacity is to always lead in the advancement of its line of business. Many have yielded to the assertion that that the 21<sup>st</sup> century is information, knowledge and innovative based economy (Senge, 2007; Hamel and Green, 2007 and Bartes, 2009). This confirms Trushman and Nadler’s (1986) view that organizations can attain competitive advantage only by effectively managing for today while crafting innovation for the future concurrently. In crux, Hana (2013) accepted as true that innovativeness is and still remains the central force of economic performance. The increasing relevance of the service industry in Nigeria has however, highlighted the concept of Service Innovation as assuming a significant position and referred to as a force of extensions of the service industry and the cradle of value creation (e.g. Zhang et al., 2015; Gebauer et al., 2011)

The most central elements of innovation however are believed to be human capital and creative research works (Zemplinesora, 2010 and Autant-Bernard, 2001). This innovative theme tends to be contingent on both intellectual knowledge on assets and the engagement of resources (Castro et al., 2013). This thus shows that the inventive part of innovativeness is based on people’s knowledge, skills and experience (Molna-Morales, et al, 2011). These impelling factors are still unknown that they are not discovered. De Jong et al, (2004) Concluded that small firms will achieve prosperity and survival if only they innovate successfully.

### **Satisfaction**

At the period of extreme competition, businesses attempt to realize customer gratification. According to Vavra, (1997), Customer satisfaction is the foremost benchmark for defining the quality of service actually delivered to customers. It connotes response to the state of contentment (Oliver, 1997). Once a consumer patronizes a service firm, there are many factors that may have prompted this behavior (Naveed, et al.2013). This however may be based on the level of service worth delivered by the service organizations (Lee et al., 2000). Remarkably, Wicks and Roethlein, 2009) orates that ‘firms that continually fulfills its business promise to customers enjoy greater customer retention level and higher profitability due to increase in loyalty’. Customer satisfaction has been averred to have the potential of increasing customer base and the use of more unpredictable customer strategy (Oyeniya and Abiodun, 2008). According to Kagira et al (2012), an in-depth knowledge of One of the constituents of attainment of firms objective in the market place has been identified as customer satisfaction (Mostaghel, 2006), basically, it has been, regarded as a vital gauge for firm’s performance (Anderson et al 1994). Kotler et al (2006) opined that customer satisfaction is reliant on the offering’s performance in relation to service. We believe that a service that is not satisfactory to consumers must be delivered exceeding the prevalent standards within the industry otherwise there will be reduction in patronage or increase in defections.

### **Service Innovativeness and Satisfaction**

Scholars have denoted innovativeness as happy accident (Jha and Krishnan, 2013). Apparently, client happiness is a sign of customer satisfaction. Perhaps, Customer satisfaction is and has always been one of the most critical service elements for any business organization. The foremost drive of innovation is to achieve a viable competition and increase the expertise of the organization by this, winning customer satisfaction (Leonard-Barton, 1992). Innovativeness that tends to satisfy must take into account the unfolding experiences that customers are exposed to during interactive sections with service personnel (Igwe and Asiegbu, 2015). When a firm produces an innovative product, basically, satisfaction is realized and loyalty of the customers increases towards their offerings. Innovativeness focuses on its capacity to increase the level of customer experience and enhanced customer satisfaction which ultimately leads to higher profits (Rust and Kannan 2003).

Shane (2004) demonstrated that whenever an innovative feat is presented, customer explore its features and value thereby building satisfaction. It is however, believed that the degree of newness has a direct

effect on customer satisfaction (Rahman, et al., 2014). Consequently, when the customers are satisfied with the product they ask for more. Satisfaction is important for customer retention and being innovative in service offering is a necessary enticement to making apostles (Igwe and Asiegbu, 2015). Seemingly, customer understanding of innovation articulates how greatly they are pleased or dissatisfied (Goode et al, 2005). Debatably, people are always pleased with innovative products and retort that innovative effort must possess the basic feature to satisfy and meet certain needs of the consumer

### **Service Process and Customer Satisfaction**

Basically, Literature has conceptualized innovation as a process and an outcome of service offerings (Chrysochoidis, 2003; Srinivansan et al., 2002; North et al., 2001; Rogers, 1995). Essayists have observed as well, the process aspect of innovation and made some discrete delineations based on their varying perspectives. Kantar (1984) viewed it as setting into use, West and Farr (1990) as an outline and application while Vendeven, (1986) theorized it as the increase and execution of idea. Innovation permits scholars the opportunity to examine the establishing activities of innovativeness (Greve and Taylor, 2007). Innovative process is therefore, alienated into parts (Kosturiak and Chal 2008, Skarzynski and Gibson 2008; Tidd et al, 2007). Principally, it is the inducement concerning the generation of excellent thoughts and the definite application and marketing of an invention. The swift in practice, regarding service process in most topical literature is winning central applicability (Clatworthy, 2011), supportive literature; innovative activity of organization ( ), innovative diffusion (Hoffman and Roman 1984), innovative capability (Subramanian and Youndt, 2005) and innovative involvement (Obstfeld, 2005). Process innovation was unlaced as unique tools structure, methods as well as knowledge in technology that intermediates between inputs and outputs and refining internal proficiencies (Johne and Davies, 2000). Basically, Hotels in Rivers State are beginning to introduce user-centered process to create value for their customers or users and as such serving as a competitive edge for the hotel owners.

We therefore state that;

**Ho1:** there is no relationship between service process and customer satisfaction

### **Service Outcome and Customer Satisfaction**

Resources are essential basis for innovation and how competitive advantage is achieved and sustained overtime (Schoonhoven, 2006). Other perspectives in literature have isolated Service Innovativeness as an outcome of the employee’s creativity directed towards customers to create added values (Pitra, 2006). 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, 2001).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 el al, 2000). Service outcome as a facet of innovativeness has been provided by various authors as being new, beneficial in use and nontrivial (Jaffe et al, 1993), 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., 2000). 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.

We therefore state that;

**Ho2:** there is no relationship between service outcome and customer satisfaction **METHODOLOGY**

In this work, we adopted the social scientist standpoint of viewing our world. Social scientist describes social phenomena using scientific method (Hempel, 1979) and gives descriptive relevance to explaining

the phenomena by subjecting it to empirical testing and proof. According to Comte’s thoughts (cited in Egidius, 1986) scientific knowledge is derived by using mathematical approaches and through these approaches aiding the production of objective data. We believe that customer satisfaction is real and exist externally, observed objectively and the researcher is impersonal of it. This lends to the positivist stand point and helps us develop hypotheses on the relationship between Service innovativeness and Customer satisfaction and subject them to investigation and analysis where we accept or reject results emanating from it. On the other hand, we also identified with the idealist standpoint, in that the world is socially built and it is only given relevance by people interacting in it. Thus, we believe that customer satisfaction is determined and dependent on service innovativeness. Research conducted from an idealist perspective would put more emphasis on interpretations and subjective meanings in order to detect what is going on in the investigated situation. Consequently, we must not only observe but interact with people in the situation (Egidius, 1986) this study consequently, adopted the cross sectional research design and conducted in a non-contrived setting.

The target population of this study is the hotels in Rivers State; while a list of 12 four star hotels in Rivers State of Nigeria constitute the accessible population of this study. The researcher administered two hundred and four copies of questionnaire to customers of these hotels under study. While retrieving the questionnaire from the respondents, cursory interviews were conducted to validate the questionnaire responses. The instrument for data collection was structured in 3 sections. A thirty (30) item questionnaire was used to elicit information for the study. Section A, contains the demographic variables while section B, contains information on the independent and dependent variables of the study with each dimension having 10 questions.

The Cronbach Alpha technique was adopted to ascertain the reliability of the non-cognitive instrument. Therefore, 40 respondents who were not included in the study were selected using simple random sampling method from communities. Then, 40 copies of the instrument were distributed to them. These were retrieved after being filled. The 40 copies of the instrument retrieved were coded and analyzed using the Cronbach Alpha ( $r_a$  statistics) to establish the reliability. The calculation was made easier using Statistical Package for social sciences (SPSS) version 17.0. The Summary of Cronbach alpha coefficients for each section of the scale and the entire scale is shows in the tables below. This result necessitated the use of the instrument for the study.

**Table3.1.** *The Summary of Cronbach alpha coefficients for section of the scale and the entire scales are presented.*

reliability statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.733	.860	3

Cronbach’s alpha reliability was intended to measure the reliability of the constructs to establish the internal consistency of the items of the instrument. As a rule, Cronbach’s alpha should be greater than 0.7 .based on the result All the scales have strong reliability.

**Table1.** *Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.539 <sup>a</sup>	.290	.286	.37575	.290	76.874	1	188	.000	
2	.546 <sup>b</sup>	.298	.291	.37461	.208	2.151	1	187	.000	1.332
a. Predictors: (Constant), SERVICE PROCESS										
b. Predictors: (Constant), SERVICE PROCESS, SERVICE OUTPUT										
c. Dependent Variable: CUSTOMER SATISFACTION										

**Table2.** *ANOVA<sup>a</sup>*

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.854	1	10.854	76.874	.000 <sup>b</sup>
	Residual	26.544	188	.141		
	Total	37.398	189			

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2	Regression	11.156	2	5.578	39.747	.000 <sup>c</sup>
	Residual	26.242	187	.140		
	Total	37.398	189			
a. Dependent Variable: CUSTOMER SATISFACTION						
b. Predictors: (Constant), SERVICE PROCESS						
c. Predictors: (Constant), SERVICE PROCESS, SERVICE OUTPUT						

**Table3.** *Coefficientsa*

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.530	.203		12.443	.000	2.129	2.931
	SERVICE PROCESS	.384	.044	.539	8.768	.000	.298	.470
2	(Constant)	2.831	.288		9.813	.000	2.262	3.400
	SERVICE PROCESS	.391	.044	.549	8.902	.000	.304	.478
	SERVICE OUTPUT	.272	.049	.390	6.467	.000	.268	.325
<i>a. Dependent Variable: CUSTOMER SATISFACTION</i>								

**Source:** SPSS Output on Research Data collected to analyze the extent of relationship between the predictors of service innovativeness and customer satisfaction (March-May, 2016).

The multiple regression analysis in the above tables was used to evaluate the extent to which service process and service outcome contribute to customer satisfaction of four star hotels in Rivers State. R2 represents the amount of variance in the criterion variable (customer satisfaction) which is described by the predictor variables. This whole model explain a 29% variance in customer satisfaction which reveal to be statistically relevant,  $F(2, 188) = 76.874, P(0.00) < 1\%$  and  $F(2, 187) = 2.151, P(0.00) < 1\%$ . The Table 3 shows the combined evaluation of the dimensions which reveal that the extent of relationships between Service process, service outcome and customer satisfaction respectively are positive and high with (Beta = .539 and .549). The R2 value of 0.290 and 0.298 showed roughly a contribution of 29% and 30% of service process and service outcome to customer satisfaction. The equation of the regression shows  $(CS = .391Sp + 2.831)$  and  $(CS = .272So + 2.831)$  showed that any increase in service process and service outcome would lead to a concomitant (related) increase in Customer Satisfaction. Table 2 shows that there is a significant relationship between service process, service outcome and customer satisfaction ( $F1, 188 = 76.874, P < 0.005$ ) and ( $F2, 187 = 39.747, P < 0.005$ ), stating that the null hypotheses were rejected at 0.05 level of significance respectively.

**DISCUSSION OF FINDINGS**

This section contributes to the researched work, by discussing in detail the conformity of the research findings with respect to existing literature.

**Service Innovativeness and Customer Satisfaction**

The study generated and tested two hypotheses in order to ascertain the extent of relationships between Service Process, Service Outcome and Customer Satisfaction of four star hotels in Rivers State.

1. **Ho<sub>1</sub>:** there is no significant relationship between Service Process and Customer Satisfaction of four star hotels in Rivers State.
2. **Ho<sub>2</sub>:** there is no significant relationship between Service outcome and Customer Satisfaction of four star hotels in Rivers State.

Hypotheses (Ho1) and (Ho2) were tested using regression analysis. The results indicated a strong and positive relationship between Service Innovativeness (service process and service outcome) and customer satisfaction hence our research findings is premised on the fact that the dimensions of Service

Innovativeness as explicated in service process and service outcome are very effective marketing tool for satisfying customers of four star hotels in Rivers State. This research findings gains credence from the work of Dotzel, et al, (2013) who found that Positive and significant relationships exist between service innovativeness and customer satisfaction. They further submitted that Service innovativeness has the tendency to satisfy customers and increase firm’s value at a tolerable risk and has become a central organizational capability. Predominantly, Service Innovativeness is commonly accepted as a core driver of economic growth in service based economies (Chae, 2012; Sakata, et al 2013 in Chen et al., 2016) and a pointer to the customer satisfaction in all sectors. Naveed et al. (2013) argue that when a firm innovates, customer satisfaction is attained and loyalty of the customers subsequently upturns. As a result, Service Innovativeness would require the participation of stakeholders in an innovative service process to meet customer needs (Zhang et al., 2015 and Melton and Hartline, 2010). Notably, researches have proven that at the introduction of an innovative service, business managers ought to take cognizance of the presence of rivals and their business capabilities as undermining their presence may jeopardizes chances of success. In effect, Innovativeness has become a tactic employed to fast-track development and performance in service based businesses, contributing in so many ways in creating value (Berry, et al. 2006). In such a dynamic business environment, it is suggested that before initiating innovativeness in service, hotel managers need to assess its value to their customers and the benefit it directs to the firm.

## **CONCLUSION/ RECOMMENDATION**

This study affords management the tradeoffs made by tourists and corporate users a detailed outlook of the scheme of hotel’s service innovative concept. Service innovativeness in today’s multifaceted business environment plays an important role in increasing customer satisfaction. Four star hotels have a major impact for both corporate and leisure travelers’ selections. We found service innovativeness to have a greater influence on guests who base their choice of hotel on affects. The customization appeal, bookings and hotel reservation processes through the internet influence customer choice of hotel. Thus, Guest will patronize the hotel that offers the best value proposition.

By implication, Managers would need to make proactive changes that focus even more strongly on customer preferences, quality of service, and technological interfaces in order to stay competitive. This study proffers solution to hotel management given the direction of our serendipitous findings, a model of stages of innovativeness in four star hotels is demonstrated;

**Pre-service Innovativeness**----- (consideration of change in technology and trends, capacity to adapt to change, training, language transmission, cost efficiency, durability of innovation,

**In-service Innovativeness**----- (ease of use, improved benefit, service options, security checks, safety instructions: unloading and loading of passengers and luggage, advanced use of electronic equipment and system

**After-service Innovativeness**---- (follow-up, opinion sampling, complaint handling, gadget for navigating back home,

This study extends to the erstwhile researches by making available, that customer satisfaction is contingent on both service process and service outcome which affords management a more comprehensive understanding of service items relevant in today’s hotel business that customer term as innovativeness. Hence, portraying a far-reaching picture of the aspects of service innovativeness that holds sway on hotel management, including an understanding of the terrain in terms of competition and knowledge on what obtains in the Nigerian hospitality industry; security, locations, business-connection capabilities, internal and external resource utility are particularly critical precursors to customer satisfaction.

## **LIMITATIONS**

There are limitations to our study; our data characterizes only a snapshot situation, hence, confines our ability to assess the longevity of the influence of service innovativeness on guests. Furthermore, geographical scope of data collection, where only four stars hotels in River State were specifically considered therefore, this study’s results may not be not devoid of the issues inherent in generalizability of results.

## **SUGGESTION FOR FURTHER STUDY**

Given a one-time snapshot of data collection, a longitudinal study is required to monitor and relate the influence of service innovativeness of four star hotels on guests’ satisfaction eventually. Investigating other stars of hotels in different states and backgrounds in Nigeria and beyond would certainly yield dissimilar service preference results for different classes of guest. Further research could be carried out considering the moderating influence of firm’s culture on service innovativeness.

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