

Unbundling the antecedents and consequences of service innovation in work teams: a social relational approach

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Unbundling the antecedents and consequences of service innovation in work teams: A social relational approach

LAI Hon-Weng, John

A thesis in the fulfillment of the requirements for the degree of Doctor of Philosophy



School of Management Australian School of Business

January 2015

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CHAPTER 1 INTRODUCTION

1.1 Introduction

With the move from a manufacturing- to a service-focused industry, a new economy has formed on the bedrock of innovation and service (Bowen, Sielh, & Schneider, 1989; Daft & Becker, 1978; Grant, 1996). Due to these broad and important changes in the economy, the success of an organisation depends on its ability to out-innovate its competitors, increase its market, grow and survive (Gallouj & Weinstein, 1997; Rigby & Zook, 2002). Service innovation has recently been recognised as a way to perpetuate organisational profitability and growth in a complex and unpredictable environment with increasingly demanding customers for both service and manufacturing sectors (Barnett & McKendrick, 2004; Berry, Shankar, Parish, Cadwallader, & Dotzel, 2006; Bitner & Brown, 2008; Mőller, Rajala, & Westurland 2008; Wooder & Baker, 2011).

Service innovation generally refers to an organisation's adoption of new problemsolving ideas when creating or delivering a service to customers (Daft, 1982; Damanpour & Evan, 1984). There are many examples of how service innovation intensifies competition in a wide range of industries. For instance, Singapore Airlines (SIA) attributes service innovation as the core of its success. It recognised that although service quality is paramount in sustaining its competitive advantage, relentless effort is required to continually enhance service quality, and passenger/employee interactions are subject to variation (Chan, 2000). To support its service strategy, SIA adopted a vigorous policy of continuously innovating its services to satisfy the changing needs of customers. DBS Bank recently launched a similar service innovation programme (MIT Sloan Review, 2014) to spark a mind-set change and cultural shift in its employees. Through the programme, DBS Bank hopes to empower its employees to do things differently, better and smarter. It has emphasised that employees at all levels can contribute to service innovation because they know the company's work and customers best.

These two examples vividly illustrate the emphasis that organisations place on service innovation when considering competitiveness strategies.

1.2 Problem Statements

The increasingly salient role of service innovation in business has drawn corresponding interest in business research, with several issues gaining prominence. First, service innovation has been defined in many ways due to wide-ranging views of the difference between service innovation and product innovation, the various types of service innovation and its analytical levels (Berry et al., 2006; Crossan & Apaydin, 2010; Damanpour, Walker, & Avellaneda, 2009; Gallouj & Savona, 2009; Hauser, Tellis, & Griffin, 2006; Hipp & Grupp, 2005). Service innovation has often been measured as the adoption of new products or services using data collected from surveys; and thought to follow the assimilation concept of innovation in manufacturing industries (e.g., Damanpour & Evan, 1984; Pennings & Hariato, 1992; Lievens & Moeneart, 2000). This measure downplays the perception of service as a process and limits a comprehensive understanding of service innovation.

Second, research related to the antecedents of service innovation has gradually shifted from internal factors such as firm size and structure to external factors such as institutional enablers (Choi & Chang, 2009), network members (Mors, 2010), communication (Lievens

& Moenaert, 2000) and collaboration (Ordanini & Parasuraman, 2010). The social capital of a work team refers to the team's engagement in relationships with the other teams in the organisation. Social capital yields both tangible (e.g., financial rewards) and intangible (e.g., information, influence, recognition and reinforcement) returns to a team (Cook & Whitmeyer, 1992; Lin, 2001). Additional studies of social capital antecedents could provide a better understanding of the external factors of a team's service innovation.

Third, service research has traditionally focused on the positive effect of service quality on performance (Buzzell & Gale, 1987; Garvin, 1988; Schneider & Bowen, 1995; Storbacka, Strandvik, & Gronroos, 1994). Recent research on service has started to investigate the independent and positive effect of service innovation on performance. (Choi & Chang, 2009; Damanpour & Evan, 1984; Damanpour & Gopalakrishnan, 2001; Damanpour, Szabat, & Evan, 1989; Lievens & Moenaert, 2000; Damanpour et al., 2009; Ordanini & Parasuraman, 2010; Subramanian & Nilakanta, 1996). Both service innovation and service quality requires resource investment and is costly to maintain. Moreover, both activities are complex and compete for attention from managers. It is therefore important to understand how the two activities are related to each other and whether there are tradeoffs or complementarities between them.

1.3 Objectives of this Thesis

In addressing the aforementioned service innovation issues, the three specific objectives of this thesis are to (1) examine the service innovation of work teams as a process, (2) examine the social capital antecedents of service innovation for work teams and (3) disentangle the relationships between service innovation, social quality and team

performance. These objectives are accomplished by conducting two studies of 175 retail shops (which functioned as work teams) of a fashion retailing company based in Hong Kong.

Study one was designed to investigate service innovation in a retail setting. Customeremployee interactions and innovation in its natural setting were considered. Although novel service encounters in the form of creative acts undertaken by customer contact employees are important sources of new service innovation ideas, they had not been systematically examined. Hence, in study one, a field observation template was developed to examine the creative acts performed during novel service encounters. The creative acts of frontline employees at various stages during the service encounters were documented to clarify how they related to contingency variables of innovation such as market environment and shop size. The empirical evidence of novel service encounters were integrated with the survey results from study two to strengthen the methodology used to examine service encounters in a retail setting.

In study two, surveys were conducted to examine how social capital affects service innovation and how service innovation affects team performance. Building on the current social capital literature, a new typology of social capital was derived that provided a comprehensive framework for describing the four types of social capital in an intrafirm setting, and hypothesised how each type would affect service innovation. Past social capital research has focused on actors' relationship structures while ignoring the need to manage those relationships along the vertical hierarchy and across peer teams at the horizontal level (Grandori & Soda, 1995; Oh, Chung, & Labianca, 2004). Although vertical interaction with higher management provides the resources and information that teams require to complete tasks, it may also limit their autonomy. Meanwhile, horizontal interactions between peers

can enhance their knowledge sharing and exchanges, leading to the generation of new ideas.

Study two examined the relationships between service innovation, service quality and team performance. The competing moderator and mediator roles of service quality in the service innovation/team performance relationship were proposed and tested.

1.4 Research Design

The retailing industry was used as the research setting and to test the model proposed in this thesis because it relies widely on teamwork and innovation for high performance, and service innovations are conspicuous in the retailing industry. The retail industry is characterised by intense competition, in which the differentiation of a product offering alone does not guarantee success. Innovative service delivery is crucial in maintaining profit and attracting and retaining customers. The retail industry spends a considerable amount of resources on renewing the delivery of service quality to meet and exceed customer expectations. In addition, information and knowledge sharing are common among retail outlets. Retail outlets integrate current information with new information from other retail outlets to develop new ways of doing things. Finally, the interactions between frontline employees and customers at retail outlets are important to the delivery of novel service. The industry provides a good opportunity to observe the creative acts of frontline employees during service encounters.

A fashion retail company was used as the research site. Located in Hong Kong, the company provided a full range of daily mid-price apparel for men, women and children, and had been listed on the Hong Kong Stock Exchange since the 1990s. In the late 2000s,

the company conducted a major brand revamp and began competing to be the brand leader of mid-priced apparel products in Hong Kong and China. The company had both selfmanaged and franchised stores in Hong Kong and China.

Study one conducted field observations of 158 self-managed retails shops, whose creative acts were measured from September 2009 to December 2009. The surveys used in study two were administered in April 2009, with shop managers and employees responding to two separate sets of questions. The sample consisted of 175 self-managed shops located in Hong Kong, Macau, Shenzhen, Guangzhou, Beijing and Shanghai. The two studies combined qualitative and quantitative approaches to the research, and together provided a more valid and reliable test of the theoretical model.

1.5 Potential Contributions

In meeting the three objectives described in Section 1.3, this thesis makes three theoretical contributions to the service innovation research. First, it extends the understanding of service innovation as a process. An observation template was developed that may enable researchers to capture service encounters in their natural setting. A process approach emphasises the unique characteristics of service and suggests that service innovation should be examined from a technology-based product innovation standpoint. Second, it extends the theory of social capital. It clarifies the interplay between structural and relational networks on both the vertical and horizontal organisation levels, and describes the mechanisms underlying the various types of social capital and service innovation. Third, it extends the service quality and performance research. The nature of the relationships between service quality, service innovation and firm performance is

currently unclear. This thesis advances and tests two competing hypotheses related to the role of service quality.

The results of the two conducted studies will help managers manage service innovation. Both structural and relational social capital were studied in three ways, which managers can readily manipulate for the sake of innovation. First, whether nonredundancy in a team's horizontal network increases innovation was tested. Managers must recognise that nonredundancy is important to the contribution of novel ideas and strategies. If they were to do so, they would foster nonredundant ties between their teams. Second, whether the organisational hierarchy of a team decreases innovation was tested. Managers must recognise the downside of having too much control and too many standard operating procedures that hinder the generation of novel ideas when a team has a high position in the organisational hierarchy. Third, how relational social capital leads to innovation was tested. If the trust a team establishes with other teams and its headquarters leads to service innovation as predicted, managers must build more trust by understanding the reciprocal learning process (Moran, 2005), in which they both disseminate information and acquire it from other units. In addition, the results of the studies should inform managers how to simultaneously manage service innovation and quality.

1.6 Organisation of this Thesis

This thesis consists of eight chapters. Chapter 2 provides a review of the service innovation literature. The literature specifically in terms of what service innovation is; how it differs from product innovation; and its types, antecedents and consequences is reviewed. The constructs of social capital and service quality are also briefly reviewed. Any research gaps and voids are addressed at the end of the chapter. Chapter 3 provides the theoretical framework of the thesis and details the hypotheses. A theoretical model that explains the social capital antecedents and performance consequences of service innovation is developed, and eight hypotheses based on this model are proposed.

Chapter 4 explains the methodology of the thesis. It introduces the research setting and explains the reasoning behind the selection of the retail industry and case study firms. It also describes the process of contacting and gaining access to the firms with approval from their CEOs. It briefly discusses and explains the methodology of both case studies.

Chapter 5 presents study one, which was conducted based on participant observation. It explains the concepts and measurements of service innovation in the retail industry, and details the development of the related observation template. It also explains the process by which field observations of 145 retail shops of a global fashion retail group were conducted. The results are then presented, and their theoretical and managerial implications are discussed.

Chapter 6 presents study two, which was conducted based on surveys. The first section details the survey procedure. The second section offers statistical analysis and the regression results of the hypotheses.

Chapter 7 discusses the results of study two. The supported hypotheses are interpreted, and possible explanations are provided for any unexpected results. The results discussed in this chapter are based on the survey data collected for study two.

Chapter 8 concludes the thesis. It summarises the key findings of the two studies and highlights the research limitations. The managerial implications and theoretical contributions of study two are also discussed.

CHAPTER 2 LITERATURE REVIEW

This chapter seeks to (1) provide a definition of service innovation based on the previous literature, (2) systematically review the antecedents and consequences of service innovation and (3) identify gaps in the service innovation research.

To accomplish these objectives, this chapter reviews the key management research related to service innovation. The relevant journal articles were identified using 'service innovation' as a key word search in seven top management journals: Academy of Management Review, Academy of Management Journal, Administrative Science Quarterly, Journal of Management, Organization Science, Strategic Management Journal and Journal of Management Studies. As Short (2009) recommended that a review include relevant specialty journals, the following five were included: Journal of Applied Psychology, Journal of Service Research, OMEGA, Journal of Product and Innovation Management and British Journal of Management. Articles from 1970 were selected because a review period of 40 years (1970-2014) provided for widespread analysis of the topic (Short, 2009). Twenty-five journal papers related to service innovation were identified. This was fewer papers than expected, as the search was restricted to 'service innovation' rather than 'service' and 'innovation'. Moreover, the search was restricted to empirical studies only. These restrictions allowed the identification of the most relevant empirical papers related to service innovation. These 25 papers are tabulated in Table 1, which summarises the definitions, samples, theoretical approaches, antecedents and outcomes used. The review addresses the research conducted in various service sectors, such as finance, banking, hospitals, public services, libraries and schools. In this chapter, the findings are organised according to four key areas: the definition (Section 2.1, p. 10), antecedents (Section 2.2, p.

16) and consequences (Section 2.3, p. 26) of service innovation, and research gaps (Section 2.4, p. 30).

2.1 Definition of Service Innovation

The literature has defined service innovation in many ways. 'Service' refers to the activities performed during producer/consumer interactions (Bitner & Brown, 2008; Capar & Kotabe, 2003). 'Innovation' refers to the adoption of new ideas to solve problems. 'Adoption' refers to both the generation and implementation of new ideas (Damanpour, 1991, 1996; Zaltman, Duncan, & Holbek, 1973). These new ideas can include products, processes, services, programmes or technologies (Bantel & Jackson, 1989; Damanpour et al., 2009; Den Hertog, Van der, & De Jong, 2010; Ordanini & Parasuraman, 2010). I define service innovation in this thesis as an organisation's adoption of new problem-solving ideas when creating a service for or delivering a service to customers (Daft, 1982; Damanpour & Evan, 1984). With this definition, innovation means services that are new to the team. These services may not be new to the organization or the industry.

Three aspects of this definition have been controversial: the difference between service and product innovation, the various types of service innovation and its various analytical levels (Berry et al., 2006; Crossan & Apaydin, 2010; Damanpour et al., 2009; Gallouj & Savona, 2009; Hauser et al., 2006; Hipp & Grupp, 2005). This literature review, differentiates service innovation from product innovation, and examines the interactions between service providers and customers. It examines both the technical and administrative aspects of service innovation and analyses service innovation at the team level.

2.1.1 Product vs. service innovation

Service innovation needs to be understood based on the commonality between service and product. The research on the commonality between service and product has followed three approaches: assimilation, demarcation and synthesis (Drejer, 2004; Gallouj & Weinstein, 1997; Miles, 2000; Ordanini & Parasuraman, 2010).

The assimilation approach considers services to be similar to products, and reduces service innovation to the adoption and use of technology in a way that is similar to product innovation (Drejer, 2004). The majority of service innovation studies have implicitly followed an assimilation approach when analysing technological innovation in the manufacturing industry (Barras, 1986; Drejer, 2004; Gallouj & Weinstein, 1997). In these studies, service innovation has been treated similarly to product innovation as the adoption of new ideas and technology in a service setting (Bowen et al., 1989; Levitt, 1972, 1976).

The demarcation approach focuses on the differences between service and product innovations, and proposes that each requires a distinctive framework (Drejer, 2004). It involves recognising the unique characteristics of service (Lievens & Moenaert, 2000), which differs from manufacturing goods in terms of its intangibility, heterogeneity, inseparability and perishability (IHIP) (Bitner, 1990; Capar & Kotabe, 2003; Hartline & Ferrell, 1996; Lievens & Moenaert, 2000; Parasuraman, Zeithaml, & Berry, 1985; Quinn & Guile, 1988; Susskind, Kacmar, & Borchgrevink, 2003). The differences between service and manufacturing are substantial. The customer/employee interaction during a service transaction reflects a simultaneous production (by the service-providing employees) and consumption (by the customers) process. Service cannot be produced at an offsite production plant or at an earlier time and then stored for later use. Service production and delivery in retailing is characterised by intangible and customised output, customer

participation, the simultaneity of production and consumption and intensive labour (Bowen et al., 1989). Service innovation thus differs from product innovation in terms of the customer/employee interaction, the simultaneous process of service production and consumption and the intangibility of the interaction experience. A service can only be considered innovative when it is offered to a customer.

Finally, the synthesis approach attempts to develop a new and common conceptual framework that is applicable for both types of innovation (Drejer, 2004). Gallouj and Weinstein (1997) proposed an integrative type of innovation that encompassed products and services and could be applied to both technological and non-technological innovations. However, the synthesis approach has not been widely applied thus far.

2.1.2 Types of service innovation

According to the literature, the three most common pairs of dichotomies of service innovation (Crossan & Apaydin, 2010; Damanpour, et al., 2009) are product-process innovation (Damanpour & Gopalakrishnan, 2001; Utterback & Abernathy, 1975; Wischnevsky, Damanpour, & Méndez, 2011), radical-incremental innovation (Ordanini & Parasuraman, 2010) and technical-administrative innovation (Baldridge & Burnham, 1975; Bantel & Jackson, 1989; Daft, 1978; Damanpour & Evan, 1984; Damanpour, 1996; Damanpour et al., 1989; Damanpour et al., 2009; Goes & Park, 1997; Ibarra, 1993; Kimberly & Evanisko, 1981; Subramanian & Nilakanta, 1996).

Service innovation has been classified as product or process innovation. A product is an output of goods or services. Product service innovation refers to a new offered service. It has an external focus and is driven primarily in response to the needs of a customer, a market or an organisation. Process service innovation transforms input into output. It introduces new elements to a production system, such as workflow processes, tools, technology and equipment, and has an internal focus with a motivation to enhance efficiency (Barras, 1986; Damanpour & Gopalakrishnan, 2001; Utterback & Abernathy, 1975). Hence, product innovation transforms the service that an organisation offers to the market, and process innovation transforms how the organisation produces and delivers its services (Bessant, Lamming, Noke, & Phillips, 2005). Damanpour and Gopalakrishnan (2001) showed that banks adopted product service innovation at a higher and faster rate than process innovation. Their findings also revealed that high-performance organisations commonly synchronised product and process innovations.

Radical and incremental innovations deviate from current services and product offerings (Dewar & Dutton, 1986; Ordanini & Parasuraman, 2010). Service innovation is classified according to the degree of changes introduced to the current practice. Radical innovation represents a significant deviation from current practices. The new services often render current services redundant. However, incremental innovation represents a minor or lesser deviation from current practices, such as refinements or enhancements in service (Damanpour, 1996; Dewar & Dutton, 1986; Ettlie, Bridges, & O'Keefe, 1984; Ettlie & Rubenstein, 1987; Gopalakrishnan & Damanpour, 1994; Henderson & Clark, 1990; Subramaniam & Youndt, 2005). Ordanini and Parasuraman (2010) considered how radical innovation enhanced the interactive capabilities of customers, new organisational routines and new personnel-related initiatives.

The dual-core model (Daft, 1978) can be used to differentiate an organisation's technical and administrative innovations and technological and social structures (Evans, 1966). Technical innovations comprise an organisation's core activity and affect its products and services. Administrative innovations are activities that affect the

organisation's social structure, such as its management processes, human resources and administration. An organisation's administrative core is closely associated with its management (Daft, 1982; Daft & Becker, 1978; Damanpour, 1991, 1996; Damanpour & Evan, 1984; Evan, 1966; Kimberly & Evanisko, 1981).

Technological innovation is directly related to the production of new products and services, and administrative innovation indirectly influences the new product/service development process (Damanpour et al., 1989). Together, these two types of innovation represent a wide array of organisational services (Damanpour, 1987). Damanpour et al. (1989) found administrative innovation to facilitate technical innovation and increase organisational performance in turn.

Scholars have applied the dual core model in a wide range of contexts, such as hospitals, libraries and financial institutions (Baldridge & Burnham, 1975; Bantel & Jackson, 1989; Daft, 1978; Damanpour & Evan, 1984; Damanpour, 1996; Damanpour et al., 1989; Damanpour et al., 2009; Goes & Park, 1997; Ibarra, 1993; Kimberly & Evanisko, 1981; Subramanian & Nilakanta, 1996). In the service context, some of the new ideas adopted include technical and administrative components (Daft, 1978). Technical innovation relates to the central activities in which actual service innovation occurs. Frontline service workers initiate these activities. In contrast, administrative innovation features top managers initiating certain new programmes and perhaps indirectly enhancing the introduction of a new service (Bantel & Jackson, 1989; Damanpour, 1989; Damanpour & Evan, 1984; Ibarra, 1993).

2.1.3 Levels of service innovation

Service innovation has been studied at the individual, team and organisation levels. At the individual level, it has often been conceptualised as an individual worker's creativity, and been found to play a crucial role in subsequent organisational innovation (Ibarra, 1993; Kimberly & Evanisko, 1981; Mors, 2010; Obstfeld, 2005; Scott & Bruce, 1994; Young, Charns, & Shortell, 2001). Although some studies have used innovation and creativity interchangeably (West & Farr, 1990), some have suggested that the former is an organisational characteristic and the latter an individual characteristic (Woodman, Sawyer, & Griffin, 1993; Woodman & Schoenfeldt, 1989, 1990). Nonetheless, creativity is defined as the invention of useful and novel problem-solving ideas (Mumford & Gustafson, 1988; Kanter, 1983). From this perspective, service innovation at the individual level is a multistage process that includes recognition of the problem (initiation), a solicitation of support for the new ideas generated (adoption) and the implementation of these ideas (implementation) (Scott & Bruce, 1994). However, individuals play a salient role in technical and administrative innovation that could initiate change to the status quo (Ibarra, 1993). Frontline (customer contact) employees with technical expertise in the core activities directly affect the organisation's technical innovation, and managers or operation employees at the administrative level support its administrative innovation (Daft, 1978; Kimberly & Evanisko, 1981).

The service innovations of business units (Choi & Chang, 2009), project teams (Lievens & Moenaert, 2000; Somech & Drach-Zahavy, 2013) and top management teams (Bantel & Jackson, 1989; West & Anderson, 1996) have been examined at the team level. Similar to organisation-level innovation, team-level service innovation is often defined and measured as a team's adoption of new practices. As a team is made up of individuals and embedded within an organisation, team-level research focuses on how to aggregate individual creativity into team innovation and how to aggregate team innovation into organisational innovation. A collective positive perception and belief in a team is important when aggregating individual creativity into team innovation (Choi & Chang, 2009). Furthermore, co-operation and communication between teams are important when transferring team innovation to the organisational level (Lievens & Moenaert, 2000)

At the organisation level, service innovation is mostly defined as the adoption of new organisation-wide practices, as either a binary (whether new practices have been adopted) or continuous (the number of new practices adopted) variable. For example, Leiponen (2008) considered whether Finnish business service firms introduced significant service improvements or new services. Damanpour (1987) documented 61 new technical, administrative and ancillary practices and examined the factors affecting their adoption in libraries. Organisations engaged in service innovation are able to develop a sustainable competitive advantage, exceed customer needs and expectations, respond to competitors' strategies and improve service quality. As a result, they exhibit higher organisational performance (Damanpour & Evan, 1984; Damanpour & Gopalakrishnan, 2001; Damanpour et al., 1989; Damanpour et. al, 2009; Ordanini & Parasuraman, 2010; Subramanian & Nilakanta, 1996).

2.2 Antecedents of Service Innovation

Past research has studied service innovation at the individual, team, organisation and industry levels. Different sets of antecedents have been examined at each analytical level.

2.2.1 Individual level

Six of the twenty-five reviewed papers examined individual-level antecedents of service innovation. Seven key individual level antecedents can be identified in these papers: personal power, authority, leadership, team-member exchange, problem-solving ability, knowledge and network.

Personal power refers to the ability to influence others based on knowledge and experience (Yukl & Fable, 1991). Ibarra (1993) reported that the personal power of frontline employees had a stronger positive influence on technical innovation than on administrative innovation. Frontline employees generally have technical expertise in the organisation's core activities but lack the formal authority to initiate administrative changes. As a result, they have more power in terms of technical innovation and less power in terms of administrative innovation.

Authority is a structural or formal source of power (French & Raven, 1959). Daft (1978) indicated that administrative innovation was the domain of top managers, from whom ideas trickle down the organisational structure. In other words, high-ranking managers exert more influence on administrative innovation (Ibarra, 1993).

Leadership plays a vital role in individual innovation (Scott & Bruce, 1994). Scott and Bruce (1994) found that the quality of the leader/member exchange and supervisors' expectations of subordinates were positively related to the innovative behaviour of subordinates. The quality of the manager/employee relationship determines its level of trust, which leads to more employee autonomy and empowerment when initiating innovation (Basu, 1991; Graen & Scandura, 1987; Kozlowski & Doherty, 1989).

Team member exchange results in trust, respect and co-operation, which in turn enhances feedback and idea sharing with others (Scott & Bruce, 1994). Hence, support

from work groups accedes to innovation in individuals (Scott & Bruce, 1994). Researchers have documented that work group characteristics can positively affect innovative behaviour (Seers, 1989; Scott & Bruce, 1994). Cohesiveness and collaboration within a work group can influence the individuals involved to generate creative ideas without fear of resentment from group members (Sethia, 1991).

Being able to solve problems increases an employee's ability to deal with a wide spectrum of unstructured issues that require unstructured or novel solutions (Scott & Bruce, 1994). The two types of problem-solving ability, i.e., systematic and intuitive, affect an individual's innovative behaviour through different mechanisms (Koestler, 1964). A systematic problem solver usually has a more conventional way of solving problems. An intuitive problem solver exercises his or her imagination and gut feeling to arrive at unconventional innovative solutions (Isaksen, 1987). Scott and Bruce (1994) found that the systematic problem-solving ability was negatively related to service innovation in individuals.

Technical and social knowledge is important in the creation of service innovation (Obstfeld, 2005). Obstfeld (2005) argued that an organisation's absorptive capacity was built up by individuals whose learning was cumulative and could be assimilated and applied to other areas. He found social knowledge and not technical knowledge to be a significant predictor of an individual's innovative involvement. Social knowledge provides a basis (i.e., individuals one knows) for enlisting novel information during the innovation process (Brown & Duguid, 1991; Hargadon, 2002).

A social network is the final antecedent (Mors, 2010; Obstfeld, 2005). Obstfeld (2005) reported that a dense social network (without structural holes) was positively related to involvement in innovation. Although a dense network is characterised by intense

interactions and idea exchanges (Coleman, 1988), a structural hole indicates an absence of connections within the network (Burt, 1992). A dense network is important to service innovation because it facilitates access to new and nonredundant information. Mors (2010) found that a low-density internal connection between local and global contacts led to higher innovation performance. Integrating information across a network benefits the members of an organisation. Studies have found that internal networks are a source of novel information and lead to higher innovation performance (Mors, 2010; Young et al., 2001).

2.2.2 Team level

Of the 25 reviewed service innovation studies, 5 considered team level service innovation (i.e., Bantel & Jackson, 1989; Choi & Chang, 2009; Lievens & Moenaert, 2000; Somech & Drach-Zahavy, 2013; West & Anderson, 1996). A team's internal and external resources have both been identified as antecedents of service innovation. The internal resources that have been studied include education, creative personality, and team size and diversity. In general, the higher and more diverse the resources, the higher the level of team innovation.

Team members' education affects the team's innovations. The more educated the team members, the more receptive the team is to technological innovation. From a cognitive resources perspective, people who possess resources such as knowledge have the ability to solve problems. Bantel and Jackson (1989) revealed that top management teams with better education backgrounds were more likely to implement service innovation in banks.

Creative personality has also been examined as an internal resource. It refers to the ability to generate solutions with original ideas while respecting the diverse information

offered by individuals (Somech & Drach-Zahavy, 2013). The definition of creative personality draws on the link between individual and team creativity when generating innovative services. It is based on the assumption that the innovation process actually begins with individual members. Hence, a team's creative personality is an aggregation of its individual members' creative personalities. Highly creative team members can help develop the knowledge, skills, attitudes and behaviour that enhance the work culture and an environment that facilitates team creativity.

Team size has also been studied as an internal resource. West and Anderson (1996) suggested that larger teams brought about more radical innovations. A small team is limited in the diversity of its ideas, and having too many members lessens the effects of sharing and exchanging ideas and feedback. Larger teams bring about more radical changes, as the social and interpersonal contexts encourage team members to propose and reject ideas.

Resource diversity also leads to innovation. It presents a spectrum of viewpoints from members and their areas of specialisation that yields a variety of alternatives and prevents groupthink. Somech and Drach-Zahavy (2013) argued that a diverse team influenced team creativity, which in turn affected the implementation of service innovation depending on the climate. Team composition includes surface-level composition variables such age, education and experience. A diverse surface-level composition represents a situation in which team members' diverse roles, cognitive abilities and types of external communication contribute to the team's creativity. There are several reasons for this. First, team members who hold different roles and positions in an organisation possess different types of knowledge, skills and abilities that help them develop innovative services. Second, the diversity in team members' ways of thinking and vocabulary encourages debate and discussions that contribute to the development of novel ideas or solutions. Third, diversity

leads to the solicitation of different types of external information, and helps team members integrate new information with current knowledge when generating new ideas.

Diversity in team member tenure can also affect innovation. A long tenure is associated with increasing conformity to current practices and hence an impediment to innovation (Bantel & Jackson, 1989). Team members with long tenures also tend to be more ignorant of the external environment and less communicative with fellow members. On the contrary, new members introduce new ideas and challenge the status quo of current work procedures (Katz, 1982). This idea is consistent with a study by Choi and Chang (2009), who found that recruiting team members with creative personalities and diverse knowledge, skills and experience enhanced innovation.

Communication and institutional enablers are among the external resources that have been studied. Effective communication plays an important role in the success or failure of service innovation at the team level. Lievens and Morenaert (2000) argued that effective communication represented a means of decreasing uncertainty during the service development process. As uncertainty decreased, innovation was more likely to be successful.

The first type of communication is the exchange of information between project teams. Given the increasing interdependency of various departments in an organisation, the exchange of information between those departments is important when generating innovative service. The second type of communication is the exchange of information between team liaisons/gatekeepers and external actors. Liaisons are members of the project team that act as mediators between their departments and other departments within the organisation. They connect the members of a project team to other functional areas. Gatekeepers are frontline team members that channel important market information from the customer to the team members. In a service organisation, intensive interactions between front-line employees and customers create opportunities for team members to access crucial customer information.

Lievens and Moenaert (2000) presented some intriguing findings related to how effective communication influenced the success or failure of service innovation by decreasing uncertainty. They found that the amount of uncertainty reduction was positively correlated with internal communication and organisational liaisons, making the linkages and cooperation between various functional departments important in the development of innovative services. However, too many linkages and too much cooperation may also have hindered service innovation, as they disrupted the flow of information and caused information overload.

Institutional enablers such as management support, resource availability and support for learning play important roles in the acceptance and effectiveness of service innovation. Choi and Chang (2009) argued that institutional enablers influenced employees' collective implementation efficacy, which in turn influenced the collective acceptance of service innovation. The institutional enablers and employee-based collective processes affected the effectiveness of service innovation and its implementation.

Choi and Chang (2009) offered several reasons for the positive relationship between institutional enablers and a team's service innovation. First, management support for service innovation is an important enabler of its implementation because it sends a clear and unified message to employees about the company's commitment to innovation. Second, resources in the forms of financial backing and manpower are important, as any service innovation initiative incurs costs for new equipment, training and software modification. Finally, support for learning not only equips employees with skills and

knowledge, but also creates an opportunity for knowledge to be shared and novel ideas to be exchanged. Institutional enablers shape the collective implementation efficacy of team members (Choi & Chang, 2009). Collective innovation acceptance refers to the acceptance of service innovation based on a shared positive view of the efficacy of its implementation. Without team members 'buying in', there is bound to be resistance to implementation.

In addition, Choi and Chang's (2009) study highlighted the need to consider how team members' perception and acceptance mediate the relationship between institutional enablers and service innovation implementation. Although their results indicated that management support was the most significant predictor of the model, all enablers had positive correlations. In addition, employees' collective confidence in the implementation of service innovation was positively correlated with its effectiveness. The authors suggested that it is important to consider institutional enablers and the collective processes of unit employees simultaneously.

2.2.3 Organisation level

Of the 25 reviewed studies, 14 focused on service innovation antecedents at the organisation level. These antecedents can be divided into three internal drivers and three external drivers. The internal drivers include organisation attributes, top management and employee experience. The external drivers include environmental factors, networks and collaboration.

The organisation attributes include size and structure (Baldridge & Burnham, 1975; Damanpour, 1987; Kimberly & Evanisko, 1981; Meyer & Goes, 1988; Subramanian & Nilakanta, 1996; West & Anderson, 1996). The size of an organisation has been found to affect both its technical and administrative innovation (Kimberly & Evanisko, 1981) and to have a stronger effect on the adoption of administrative innovation than that of technical innovation (Damanpour, 1987; Damanpour et al., 2009; Subramanian & Nilakanta, 1996). As large organisations require more coordination, they adopt much more administrative innovation than technical innovation (Baldridge & Burnham, 1975). Structure (specialisation and functional differentiation) has a more significant effect on technical innovation than administrative innovation (Damanpour, 1987; Kimberly & Evanisko, 1981; Subramanian & Nilakanta, 1996). The more functionally differentiated and specialised the organisation, the more functional specialists it tends to create. These specialists are able to initiate more technical innovation (Daft, 1978).

Top management plays an important role in adopting innovative decisions (Meyer & Goes, 1988; Young et al., 2001). Meyer and Goes (1988) exhibited a positive correlation between service innovation and the compatibility and advocacy decisions of CEOs. Compatibility is defined as a match between medical staff skills and equipment, and advocacy is the extent of support for innovation. In addition, Young et al. (2001) found that top managers were important in the early stages of service innovation adoption because they were able to perceive the fit between new ideas and organisational needs from a technical perspective.

Employee experience is crucial to service innovation. Both Damanpour (1987) and Pennings and Harianto (1992) found a positive correlation between employee experience and technological innovation, as experience is a necessary ingredient in creating new ideas. The knowledge about customer needs and wants that employees gain through interaction is crucial to developing innovative services. Furthermore, the proximity of service employees to customers provided by experience enhances employees' understanding of the operations and delivery of creative service. The collaboration of service employees in the service

innovation process is critical (Ordanini & Parasuraman, 2010). As service employee/customer relationships become more intense and frequent, the radicalness and amount of service innovation increases.

Studies have examined environmental factors such as heterogeneous environments (Baldridge & Burnham, 1975) and urbanisation (Meyer & Goes, 1988). Baldridge and Burnham (1975) found that a heterogeneous environment was positively related to service innovation. In a heterogeneous environment, uncertainty increases the competition for scarce resources, requiring organisations to be more innovative. Meyer and Goes (1988) measured urbanisation as the average population density within an organisational area. Their results revealed that organisations in urban areas were more likely to adopt service innovation. The intense competition in urban areas makes innovation a way to compete and survive.

Networks (Pennings & Harianto, 1992) are important for service innovation, as interfirm linkages with other relevant industrial actors enhance the creation of new services. Researchers have found that strong linkages between banks and information technology (IT) companies are conducive to the introduction of technical innovation in banks. A stronger network leads to a better understanding of new technology, which increases the bank's receptiveness to its adoption.

Collaboration with business partners increases organisational knowledge in the process of creating new services (Ordanini & Parasuraman, 2010). Ordanini and Parasuraman (2010) found collaboration with business partners to induce radicalness but not the volume of service innovation. The knowledge acquired from partners provides a basis for radical innovation.
2.2.4 Industry level

Only one study of industry-level service innovation was reviewed. Wischnevsky et al. (2011) examined two industry-level antecedents: regulatory changes and market concentration. Using a sample of 45 US banks, they found that when regulation constrained geographic expansion, the banking industry initiated technological and service changes instead of administrative changes. On the contrary, in the banking industry, deregulation introduced more changes in services and administrative processes but not technological processes. As managers can achieve profit growth when new services are introduced, a change in services is the preferred option in response to changes in the external environment. In addition, the authors found that a higher market concentration facilitated more changes in the administrative process rather than the technical process. A concentrated market with a lack of resources prompts organisations to be more innovative and effective with their administration. The authors also found that the nature of a company (service versus manufacturing) moderated its relationship with the environment.

2.3 Consequences of Service Innovation

2.3.1 Effect on performance and outcomes

Of the 25 reviewed studies, 8 examined service innovation outcomes. Two of these considered team-level consequences (Choi & Chang, 2009; Lievens & Moenaert, 2000) and six considered organisation-level consequences (Damanpour & Evan, 1984; Damanpour & Gopalakrishnan, 2001; Damanpour et al., 1989; Damanpour et al., 2009; Ordanini & Parasuraman, 2010; Subramanian & Nilakanta, 1996). None of the studies considered the individual and industry levels. At the team level, performance outcomes have been measured as the (1) success of a new service innovation (Lievens & Moenaert, 2000) and (2) accrued benefits for a team (Choi & Chang, 2009). Lievens and Moenaert (2000) used financial (financial performance) and non-financial (technological performance and learning effects) indicators to measure the success of 65 new financial service projects in the Belgium banking industry. They found financial performance to be positively related to the amount of decreased customer and resource uncertainty, and technological performance to be positively correlated with the amount of decreased customer, resource and technological uncertainty. Although they did not find learning effects to be significantly correlated with decreased innovative uncertainty, they were significantly correlated with financial and technological performance.

Choi and Chang (2009) examined the effects of innovation implementation on accrued benefits. They measured accrued benefits in five areas, including improved unit performance through the innovation process, the visible benefits of service innovation, continuous improvement through learning, the routinisation of service innovation among employees and the development of culture for service innovation. Their prediction was supported by the 'e-government' innovation process introduced in 47 Korean government agencies. When these agencies successfully implemented the e-government programme, they were able to accrue more benefits such as team performance and continuous improvement.

At the organisation level, most studies have looked at how administrative and technical innovations differentially affect organisational performance. Based on a sample of 85 public libraries located in 6 north-eastern US states, Damanpour and Evan (1984) and

Damanpour et al. (1989) considered how technical and administrative innovations affected performance. The authors measured organisational performance using eight objective measures in four categories (i.e., efficiency, service, input and output) and three subjective measures. Their results showed that a balance and a higher rate of adoption of technical and administrative innovation led to a higher performance level. The adoption of administrative innovation more readily facilitates the adoption of technical innovation. In addition, it results in additional technological innovation at a later stage. As administrative and technical innovations are largely supported by top managers and line-level employees, respectively (Ibarra, 1993), pushing a proposal change down the hierarchy is much easier than pushing it up. Administrative innovations such as changes in human resource policies, operating procedures, climate and communications trigger the initiation of technical innovations (Damanpour & Evan, 1984).

Damanpour and Gopalakrishnan (2001) adopted a product and process approach in their study of 101 commercial banks located in 4 north-eastern US states. Their organisational performance measures included objective measures (financial measures in the form of asset and equity returns) and subjective measures (executive ratings). Their results showed that a synchronous adoption of product and process innovation led to higher performance. Pisano and Wheelwright (1995) similarly noted that organisations in a variety of industries gained a competitive advantage by implementing product and process innovations simultaneously.

In their comprehensive studies of 428 public services in England, Damanpour et al. (2009) looked at how service innovation affected organisational performance. They adopted the core service performance index to measure organisational performance in terms of output quantity and quality, efficiency, formal effectiveness, equity and consumer

satisfaction. Their results indicated that the cumulative adoption of innovation types (i.e., service and technological and administrative process innovations) positively influenced organisational performance. Their service innovation scale comprised three items adopted from Osborne (1998) and included 'new services to new users', 'new services to existing users' and 'existing services to new users'. The adoption of different innovation types over time leads to the accumulation of a balance of abilities and capabilities. However, focusing on a specific type of innovation negatively affects organisational performance. Service organisational units influences exchanges with internal and external members and contributes to the organisation's creativity.

Using objective measures of service innovation (i.e., growth in revenue, EBIT) in their study of 193 luxury hotel properties located in Italy, Ordanini and Parasuraman (2011) reported that the number and radicalness of service innovations were positively related to organisational performance. They also found radicalness to have a stronger effect on performance than the number of innovations.

Subramanian and Nilakanta (1996) studied 141 banks located in the mid-western US. They found that improvements in organisational efficiency were triggered by administrative innovation, and that technical innovation led to improvements in both organisational effectiveness and efficiency. They also found that both technical and administrative innovations improved efficiency by facilitating organisational learning. They used a bank's share of deposits to measure its effectiveness, thereby emphasising revenue generation, and asset returns to measure efficiency, thereby emphasising a cost-benefit ratio.

2.4 Research Gaps

Based on the preceding literature review, this section identifies three gaps in the research and explains how to address them.

2.4.1 Service innovation as a process

Following the manufacturing industry's assimilation concept of innovation, the literature has mostly used surveys to measure service innovation as the adoption of new products or services (e.g., Damanpour & Evan, 1984; Pennings & Hariato, 1992; Lievens & Moeneart, 2000). In doing so, it has ignored the crucial characteristics of service as a process. Scott and Bruce (1994) suggested that measuring individual innovative behaviour in a natural work context is a complex and difficult task because the criterion is often difficult to validate, and researchers are often limited to the use of perceptual measures. From the customer's perspective, the 'moment of truth' is the most evident part of the service encounter during the customer/service provider interaction (Bitner, Booms, & Mohr, 1994). The service innovation process must be examined because a service is produced and consumed on the spot and involves intensive interactions between customers and employees that cannot be captured by conventional survey measures. The customer/service provider interaction is an important process during service delivery and therefore must be examined. Employees who interact with customers are among the main drivers and operant resources of service innovation in an organisation (Ordanini & Parasuraman, 2011). These interactions provides ample opportunities to research service innovation.

2.4.2 Social capital as an antecedent

This literature review revealed that the research related to service innovation antecedents has gradually shifted focus from internal factors to external factors at all levels of analysis. Researchers have looked beyond the internal capability provided by an organisation's size and structure to examine how the external resources provided by institutional enablers (Choi & Chang, 2009), network members (Mors, 2010), communication (Lievens & Moenaert, 2000) and collaboration (Ordanini & Parasuraman, 2010) contribute to the extent of the organisation's service innovation. This is particularly true for team-level studies of service innovation.

Among the external factors examined, social capital has been identified as particularly salient. Social capital comprises a set of social resources embedded in relationships or in the value of certain connections (Burt, 1992). Social capital research has emphasised social interactions to develop relationships and reveal how the quality and strength of those relationships create value (Yli-Renko, Autio, & Sapienza, 2001). A common argument is that social capital allows units to exchange and share knowledge, thereby creating opportunities to improve a team's ability to innovate (Burt, 1987; Nahapiet & Goshal, 1998; Tsai & Goshal, 1998). The effect of social capital on service innovation has not been extensively examined at the team level. Most team-level research has tended to focus on internal factors such as team composition and internal team communication. Social capital must be further examined because internal factors provide only a partial picture of a team's service innovation. Indeed, both external and internal factors must be considered to understand the full picture.

2.4.3 Service quality versus service innovation

Studies have mainly focused on the direct positive effects of service innovation on performance (e.g., Damanpour & Evan, 1984; Lievens & Moenaert, 2000; Ordanini & Parasuraman, 2010). However, service innovation can be costly and risky, and may not always improve performance. An important moderator must be determined to clarify the effect of service innovation on performance.

Service quality could be such a moderator. It has been defined as the meeting and exceeding of customer expectations (Parasuraman et al., 1985; Parasuraman, Zeithmal, & Berry, 1988), and has often been studied as an important service feature that influences performance. Parasuraman et al. (1988) developed the SERVQUAL model consisting of five dimensions, tangibles (physical facilities, equipment and appearance of personnel), reliability (the ability to perform a promised service dependably), responsiveness (a willingness to help customers and provide prompt service), assurance (the knowledge and courtesy of employees and their ability to inspire trust and confidence) and empathy (the caring, individualised attention a firm provides to its customers). Many studies have related these five dimensions to improved performance (Parasuraman et al., 1988). Hence, in this thesis, service quality is considered a potential moderator of the innovation-performance relationship.

Many studies have demonstrated the importance of service quality to performance (Buzzell & Gale, 1987; Garvin, 1988; Schneider & Bowen, 1995; Storbacka et al., 1994). Service innovation has also been positively linked to performance (Damanpour & Evan, 1984; Damanpour & Gopalakrishnan, 2001; Damanpour et al., 1989; Damanpour et al., 2009; Lievens & Moenaert, 2000; Ordanini & Parasuraman, 2011; Subramanian &

Nilakanta, 1996). Firms have invested significant amounts of effort and resources in both service quality and innovation in recognition of their importance. However, the combined effect of service innovation and quality has yet to be thoroughly examined, particularly in terms of team performance.

The purpose of this thesis is to examine the effect of the service innovation/quality relationship on team performance. Although both service quality and innovation have been found to contribute positively to team performance individually, studies have yet to address their mutual influence. The nature of the relationships between service quality and innovation and team performance remains unclear. In this thesis, the combined effect of service innovation and quality on team performance are considered.

Author (Year)/	Definition of SI	Sample/Level of	Theoretical	Antecedents	Outcomes
Journal		Analysis	Approach		
Baldridge and	Adoption of 20	Innovations in the	Diffusion of	Individual characteristics	
Burnham (1975)	major social and	Illinois School	innovation	(sex, age, and personal	
A during trating	innovations	N = 184		attitudes);	
Science	milovations	N = 107		Organizational factors (size	
Quarterly		*Organizational		and complexity).	
Quarterty		Level		und complexity);	
				Environmental factors	
				(Heterogeneity and change)	
Daft (1978)	Adoption of a new	68 innovations by	Dual core model	Employee professionalism	
	idea or behavior by	13 high school		District hierarchy	
Academy of	an organization	districts in Illinois		Organizational size	
Management		*Organizational			
Journai		Level			
		20101			
Kimberly and	Adoption of 12	210 hospitals. Data	Dual core model	Individual factors: tenure,	
Evanisko (1981)	technological	collected from		cosmopolitan, education,	
	(medical	hospital		policy involvement	
Academy of	technology) and 8	administrator, chief			
Management	administrative	of medicine in each		Organizational factor:	
Journal	(electronic data	hospital, and		centralization,	
	innovations	American Hospitan		specialization, size, functional differentiation	
		135001011011		external integration	
		*Organizational			
		Level		Contextual factors:	
				competition, size of city, age	

Table 1 Literature Review on Service Innovation

Author (Year)/	Definition of SI	Sample/Level of	Theoretical Approach	Antecedents	Outcomes
Damanpour and Evan (1984)	Implementation of an internally generated or borrowed idea –	85 public libraries in northeastern states	Sociotechnical systems and organizational lag		Organizational Performance objectives measures
Administrative	whether	*Organizational	e		(efficiency, service, input,
Science	pertaining to a	Level	Dual core		output)
Quarterly	product, device, system, process, policy, program, or service – that was new to the organization at the time of adoption $(p, 393)$		model		subjective measures
Damanpour (1987)	Implementation of an idea on device, system, process,	75 public libraries in 6 northeast states in the US.	Innovation adoption process	Six organizational variables: functional differentiation, specialization,	
Journal of	policy, programme,			professionalism,	
Management	that is new to an organization at time of adoption (p. 676).	*Organizational Level	Dual core model	administrative intensity, organizational size, organizational slack	
	3 types of service innovation are identified: technological, administrative, and ancillary				

Author (Year)/ Journal	Definition of SI	Sample/Level of Analysis	Theoretical Approach	Antecedents	Outcomes
Meyer and Goes (1988) <i>Academy of Management</i> <i>Journal</i>	Assimilation of innovation as a process to evaluate, adopt, and implement new technologies (p. 897)	12 innovations decisions in 25 hospitals which yield 300 decision making points *Organizational Level	Innovation assimilation Dual core model	 contextual attributes (environments – urbanization, affluence, federal health insurance; organization - size, complexity, market strategy; and leaders – CEO tenure, education, and regency of staff's medical education) - innovation attributes (risk, skill, and observability of the innovation) - innovation decision attributes (characteristics of innovation-context interactions such as compatibility and CEO advocacy) 	
Bantel and Jackson (1989) Strategic Management Journal	products, programs, and services that firms adopted and/or developed that was in the early stage of acceptance and use in the industry (p. 113)	199 State and national banks located in 6 midwestern states in US *Team Level	Organizational demography cognitive resources Dual core model	Team Composition average age, age heterogeneity, tenure, tenure heterogeneity, education, area of study, and functional experience	

Author (Year)/	Definition of SI	Sample/Level of	Theoretical	Antecedents	Outcomes
Journal Pennings and Harianto (1992) Strategic Management Journal	A qualitative recombination of know-how residing in human and capital assets (p.30)	Analysis N = 152 of the 300 largest banks in US Analysis based on annual reports, secondary data, public sources *Organizational Level	Approach External networking and accumulated know-how	- Accumulated know how - external networking	
Ibarra (1993), Academy of Management Journal	The process of bringing any new problem-solving idea to use. The idea involved had to be either new or a major modification of what existed previously and the idea had to be implemented, used, and firmly in place (p.482)	Employees in an advertising and public relations agency N = 79 *Individual Level	Network theory Sources of power Dual core model	 Personal sources of power (education, experience, professional activity) Structural sources of power (subunit membership, formal rank) Network centrality (a high position in the hierarchy) 	
Subramanian & Nilakanta (1996) <i>Omega</i>	Adoption of technical and administrative innovations (p. 634)	Banks in Mid-west region of US (senior managers in bank) $N = 141$ *Organizational level	Innovation variance literature Dual core model	- Organizational factors (centralization, formalization, size, slack, specialization)	Organizational Performance: Organizational efficiency measured by return on assets Organizational effectiveness measured by share of deposits

Author (Year)/ Journal	Definition of SI	Sample/Level of Analysis	Theoretical Approach	Antecedents	Outcomes
West and Anderson (1996)	The introduction and application of processes, products, or	Top management teams in 27 major hospitals in UK N = 243	Input-process- output model	- Composition of team (size, group tenure, proportion of innovators)	
Journal of Applied Psychology	procedures new to the relevant unit of adoption and intended to benefit the unit (p. 681)	*Team and organizational level		- Organizational context (climate of innovation, support for teamwork, resources, and size)	
	Both the quality and quality of team innovation are studied			Group processes (clarity and commitment of group objectives, participation, task orientation, social support for innovation)	

Author (Year)/ Journal	Definition of SI	Sample/Level of Analysis	Theoretical	Antecedents	Outcomes
Goes and Park (1997)	Innovations that incorporate changes in	General acute care hospitals in California	Inter- organizational links	Structural links – affiliation with MHS system	
Academy of Management Journal	technology, design, or delivery of a particular service or bundle of	N=388 (multi methods which	Dual core model	Administrative links – contract service with another hospital	
	services (p. 674)	field observations, secondary data on hospital performance)		Institutional links – involvement in trade or institutional association	
		*Industry Level		Resource links – money transactions with other hospital	
Lievens and Moenaert (2000)	New financial service projects (p.740).	Project teams in 36 banks and savings institutions in Belgium	Information processing perspective	- Communication intra-project communication; organization liaisons; gatekeepers information	Successfulness of new innovation - Financial performance - Technological performance
Journal of Management Studies	Successfulness of projects is studied	N= 65 *Team level	Innovation as a process to reduce uncertainty		

Author (Year)/ Journal	Definition of SI	Sample/Level of Analysis	Theoretical Approach	Antecedents	Outcomes
Damanpour and Gopalakrishnan (2001)	The adoption of an idea or behavior (in product, service,	Commercial banks in 4 north-eastern states (New York,	Product cycle model	Prior innovation affect rate and speed of	Organizational performance
Journal of Management Studies	device, system, policy, or programme) that is new to the adopting	New Jersey, Connecticut, and Massachusetts) N = 101	Reverse product cycle model for service	present adoption of innovation	Return on asset return on equity executive rating
	organization (p. 47) Rate and speed of adoption are studied	*Organizational Level	Adoption of innovation		
Young, Charns, and Shortell (2001) Strategic Management	Idea, practice or object that is perceived to be new by the unit of adoption (p.936).	Historical analysis of Veterans Health Administration (VHA) hospitals. N= 150	Network and top managers perspective	 Top manager characteristics (age, tenure, education, prior TQM exposure) network characteristics (hospital service complexity, 	
Journal	*TQM adoption as innovation	*Organizational and individual Level		patient referral networks, TQM adoption at private- sector hospitals)	

Author (Year)/ Journal	Definition of SI	Sample/Level of Analysis	Theoretical Approach	Antecedents	Outcomes
Obstfeld (2005) Administrative Science Quarterly	A process of creating new social connections between people, and the ideas and	Employees involved in automotive design N = 152	Social networks	- Social network structure (tertius iungens orientation, network density, structural holes)	
	resources they carry, so as to produce novel combinations (p. 100)	*Individual Level		- Individual knowledge (social knowledge, technical knowledge, years in firm and education)	
Leiponen (2008) Strategic Management Journal	Significantly improved service and or new service provided by a firm (p. 1379)	Knowledge- intensive business service firms in Finland. N= 145 *Organizational Level	Knowledge creation and client relationships	- Control rights on intellectual asset (being affected by indispensability, capability and bargaining power)	
Damanpour, Walker, and Avellaneda	The introduction of new services to existing or new	Public service organizations in England	Open systems and resource based view		Organizational Performance
(2009) Journal of Management Studies	clients and offer of existing services to new clients (p.654)	N=428 *Organizational Level	Dual core model		Six aspects of Core Service Performance (CSP) Score on quantity of outputs, quality of outputs, efficiency, formal effectiveness, equity, and

Author (Year)/	Definition of SI	Sample/Level of	Theoretical	Antecedents	Outcomes
Journal		Analysis	Approach		
Choi and Chang (2009) Journal of	Deliberate and new organizational attempts to change production and service processes	Agencies and ministries of the Korean Government. <i>N</i> =47	Institutional theory	Institutional enablers - Management support - Resources availability - Support for learning	Innovation benefits Third party rating on accrued benefits
Applied Psychology	(p. 246)	*Team Level		Collective perception of employees - Collective implementation efficacy Collective reaction toward innovation	
				- Collective innovation acceptance	
Mors (2010) Strategic Management Journal	Innovation as new ideas, ways of thinking, or with inspiration about what might be happening (p.844)	Global management consulting firm Face to face survey with $N = 102$ consultants	Network strategy theory	- Informal network density Internal local External local Internal global External global	
	individual innovation performance is studied.	*Individual Level			

Author (Year)/ Journal	Definition of SI	Sample/Level of Analysis	Theoretical	Antecedents	Outcomes
Ordanini &	an offering not	Luxury 5-star hotels	Service-	- Collaborative	Firms financial
Parasuraman (2011)	previously available to	in Italy. $N=91$	Dominant Logic	competences (Customer and business partner)	growth in revenues per room
(2011)	customers that	*Organization		business partier)	EBIT-to-sales-ratio (which
Journal of	requires	Level		- Dynamic capability of	captures the net effect on $f(x)$
Service Research	modifications in the sets of			organization (customer and innovative orientation)	profits)
Research	competences of the			millovative orientation)	
	service providers			- Knowledge interface	
	(p. 5)			(Employee collaboration and knowledge integration	
				mechanism)	
				T	
				number of SI and radicalness	
				of SI	
Somech &	The intentional	Primary care teams	Creativity	- team creativity determined	
Drach-Zahavy	introduction and	of a largest health	interactional	by functional heterogeneity	
(2013)	application of	organization in	approach of	and creative personality	
Iournal of	ideas, processes,	Israel. N=96 teams	person and situation	- team creativity interacts	
Management	procedures new to	*Team Level	51000000	with climate for innovation	
	a team that is			on innovation	
	designed to have			implementation	
	benefits				

Author (Year)/	Definition of SI	Sample/Level of	Theoretical	Antecedents	Outcomes
Journal		Analysis	Approach		
Wischnevsky,	Yearly rate of	Bank holding	Change theory	- Environmental factors	
Damanpour, and	change in products,	companies (BHC)		regulatory regime	
Mendez (2011)	services, and	in US. <i>N</i> =45		deregulation	
	operational and			market concentration	
British Journal	administrative	*Industry Level			
of Management	processes that is			- Prior innovation	
	new to an				
	organization				
	(p.133)				

CHAPTER 3 THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

This chapter lays out the theoretical model used to address the gaps in the service innovation research identified in the previous chapter. The first part of this chapter proposes a typology that describes four types of social capital in an intrafirm team setting. The second part explains how the four types of social capital affect a team's service innovation and then proposes six hypotheses that relate social capital to service innovation. The third part explains how service innovation affects team performance. Two competing hypotheses are advanced to examine the effect of the service quality/innovation interaction on team performance.

3.1 A New Typology of Social Capital

Although scholars have debated what exactly comprises social capital (Adler & Kwon, 2002), the converged view is that it is a valuable asset and a resource embedded in an actor's relationships with others (Coleman, 1988; Granovetter, 1992). Social capital consists of relational, structural and cognitive dimensions (Nahapiet & Ghoshal, 1998). The structural dimension refers to the pattern of relationships between actors. The relational dimension refers to the personal relationships developed through a history of interactions. The cognitive dimension represents the meanings and interpretations shared between actors. I exclude the cognitive dimension from this thesis, as the thesis focuses on a single organisation. Teams in a single organisation are likely to have a shared understanding of the organisational goals and culture, resulting in a small variance in cognitive social capital. A large cognitive difference between international product teams explains why problems of communication often occur when teams from different firms cooperate (Moenaert et al.,

2000). Some studies have also excluded the cognitive dimension and focused on the relational and structural dimensions (Moran, 2005; Rowley, Behrens, & Krackhardt, 2000).

Relational social capital describes the personal relationships an actor develops with other actors through a history of interactions, in addition to the strength and quality of those relationships. It also refers to the assets of those relationships, such as norms, expectations, identity, trust and trustworthiness (Tsai & Ghoshal, 1998). Trust is an essential ingredient in relational social capital (Coleman, 1990; Moran, 2005). An actor's reliability and faithfulness can act as a governance mechanism for embedded relationships (Uzzi, 1996; Moran, 2005). A trustworthy actor is likely to receive support from other actors for achieving goals (Tsai & Ghoshal, 1998). An actor can access resources from his or her trusted network. A high level of trust can also facilitate more interactions and exchanges among actors, potentially leading to innovation (Moran & Ghoshal, 1999). In addition, trust promotes both access to other actors and social capital development (Moran, 2005). Trust means exhibiting a willingness to be vulnerable to a partner without fearing that the partner will act opportunistically or take advantage (Bradach & Eccles, 1989; Mayer, Davis, & Schoorman, 1995). In this context, I consider trust as perceived trustworthiness, in which the trustor (team) is willing to be vulnerable given the quality of the trusted actor (headquarters and other teams) (Levin & Cross, 2004).

Structural social capital relates to the assets of the social system and network of interaction as a whole, and describes the location of the actor in a social structure. It also reflects the linkages and impersonal configurations between the actors in a hierarchy, and includes facets such as network ties and configurations (Nahapiet & Ghoshal, 1998). Actors can use their positions in a network to obtain information or resources (Tsai & Ghoshal, 1998). The presence and absence of network ties are considered the most important facets

of the structural dimension. Researchers have debated what kind of network benefits a focal actor most (Burt, 1992; Coleman, 1990; Ozdemir, Moran, Zhong, & Bliemel, 2014). When the contacts of an actor's network are less connected, the information and knowledge they exchange becomes nonredundant, helping the actor access more diverse information and knowledge (Moran, 2005). An actor can add new knowledge to his or her current knowledge, thereby facilitating innovation (Hargadon & Sutton, 1997).

In addition to the distinction between its relational and structural aspects, social capital can be part of relationships at different levels (Gupta & Govindarajan, 1991; Inkpen & Tsang, 2005; Mom, Van Den Bosch, & Volberda, 2007). Teams must manage social capital across both the vertical hierarchy within an organisation and the horizontal relationships between peer teams (Grandori & Soda, 1995; Oh et al., 2004).

Vertical social capital refers to the ties established with the higher and more central management units of an organisation, such as its headquarters. Vertical social capital is important for an actor because higher management units are the gatekeepers of the resources and information required to complete tasks (Adler & Kwon, 1992; Oh et al., 2004). Vertical interactions with higher management enhance an actor's depth of knowledge. Furthermore, higher management invests resources into the actor's learning and development, stimulating the enhancement and improvement of the actor's knowledge and skills (Katila & Ahuja, 2002). Top management may also exert control over an actor using a top-down approach. Based on its participation in higher management's decision-making and formalisation processes, an organisational unit may have more or less autonomy over its own operations (Mom et al., 2007).

Horizontal social capital refers to the ties established with other units at the same hierarchical level. The research has found that horizontal ties are important determinants of

a unit's resources (Oh et al., 2004; Tsai, 2001). Units that communicate more frequently with other groups can acquire greater resources such as important tacit knowledge and skills (Mom et al., 2007). In addition, horizontal interactions between units can expand the breadth of an individual unit's knowledge. Knowledge exchange has been found to both increase new knowledge and enhance innovation (Grant, 1996; Kogut & Zandar, 1992).

Combining the content (relational versus structural) and level (vertical versus horizontal) aspects of social capital, I derive a 2x2 typology that is a more comprehensive and coherent framework to consider the social capital between teams in an organisation. Table 2 presents this typology, which describes a configuration of four types of social capital.

Content Level	Relational	Structural
Vertical	Vertical trust towards Headquarters	Hierarchy
Horizontal	Horizontal trust towards peer units	Non-redundancy

Table 2 Typology of Social Capital

Vertical relational. This cell refers to the social capital created by a team's trust in its corporate headquarters, and can be measured as such. A team's trust in its headquarters reflects its willingness to be susceptible to the headquarters' actions and its confidence in the headquarters' goodwill and capability (Levin & Cross, 2004). Goodwill reflects the good intentions of a trustee to avoid harming the trustor even when the opportunity exists (Ring & Van de Ven, 1994; Sako, 1992), and capability describes the belief that the trustee

is knowledgeable and competent (Sako, 1992). These elements reflect the vertical relational aspect of my typology.

Horizontal relational. This cell refers to the social capital created by a team's trust in other units, and can be measured as the average amount of trust exhibited. A high level of trust in other teams enhances information sharing and also enriches the available resources, leading to higher levels of service innovation. A team's trust in other peer teams reflects the horizontal relational aspect of my typology.

Vertical structural. This cell refers to the social capital created by the position of a team inside the organisational structure of a corporation, and can be measured as the team's hierarchical level. Teams are positioned at the various levels of a firm's reporting hierarchy. A team's position in the hierarchy is an important dimension of social capital because it indirectly influences the flow of information, which the team cannot choose voluntarily. As a result, a team's position in the hierarchy indirectly influences the flow of a team inside an organisation reflects the vertical structural aspect of my typology.

Horizontal structural. This cell refers to the social capital created by the network of a team that is connected to the focal team, and can be measured according to the nonredundancy of the team's relationships with other teams. Nonredundancy refers to the extent to which the network contacts of a focal unit are unconnected (McEvily & Zaheer, 1999). When the contacts are unconnected, the information obtained from them is more likely to be nonredundant (Moran, 2005). In contrast, when network contacts are well connected, the information obtained from them is more likely to be redundant. Nonredundancy reflects the horizontal structural aspect of my typology.

3.2 How Does Social Capital Affect Service Innovation?

Previous research has supported a generally positive relationship between broadly defined social capital and innovation (Carmona-Lavado, Cuevas-Rodrigues, & Cabello-Medina, 2010; Landry, Amara, & Lamari, 2002; Perez-Luno, Medina, Lavado, & Rodriguez, 2011; Zheng, 2008). In this thesis, I propose three mechanisms to explain the beneficial effects of social capital on service innovation: information, efficiency and access to resources. First, social capital introduces information volume, diversity and richness to innovation (Koka & Prescott, 2002). Social capital facilitates information diversity and enhances the information's quality and relevance. Information is diverse when the networks are sparse and not directly linked with one another. Actors are given access to a wider range of information from nonredundant contacts (Alder & Kwon, 2002; Koka & Prescott, 2002). Social capital also facilitates information brokering, which diffuses information among actors. Uzzi (1997) highlighted that the exchange of detailed information leads to better anticipation of customer expectations. However, rumours and gossip also help to facilitate tacit information where codified information is not readily available (Moran, 2005; Podolny & Baron, 1997).

The second benefit of social capital is efficiency. A higher level of social capital results in more supportive behaviour and team spirit (Putnam, 1993). When there are supportive behaviour in the workplace, an individual is more willing to engage in risk taking behaviour. Clegg, Unsworth, Epitropaki and Parker (2002) found that trust in workplace predicts suggestion and implementation of new ideas of engineers. Madjar and Ortiz-Walters (2009) found that when hairstylists trust their supervisors and customers, they become more creative. When the level of trust is high, more precise and richer information can be diffused. Actors are more willing to take risks, acquire knowledge, and

learn to promote innovation and create novel ways to solve problems. Higher social capital also reduces the necessity of an elaborated control system to monitor new idea implementation (Nahapiet & Ghoshal, 1998; Mayer et al., 1995).In addition, the web of social relationships allows for information to be diffused and decreases redundancy, especially in relationships with weak ties (Burt, 1992; Nahapiet & Ghoshal, 1998). Social capital also facilitates the formation of diverse work groups that represent a diversity of skills, knowledge and abilities. These groups comprise individuals who trust and communicate well with one another, constructively challenge one another's ideas, extend their mutual support and are committed to the work they are doing (Albrecht & Hall, 1991; Monge & Cozzens, 1992). As a result, when social capital is high, operations are more efficient and more adaptive to innovation.

The third benefit derived from social capital is resource access. Whether tangible or intangible, resources contribute to service production (Wernerfelt, 1984). These resources include a spectrum of elements such as sufficient time for the planning and implementation of innovative services, people, financial support, material resources and training (Amabile & Gryskiewics, 1987). Resources are scarce in a competitive environment and their access depends on whether the relevant actors are networked. Networked members have more access to important business contacts than non-networked members and can therefore explore new opportunities and other resources that enhance their capabilities (Adler & Kwon, 2002; Luk, Yau, Sin, Tse, Chow, & Lee, 2006; McEvily & Marcus, 2005). Social capital can also lend credentials to actors and hence provide added resources beyond the individual actor's own social capital (Lin, 1999). The influence and power benefits associated with social capital allow actors to perform tasks (Burt, 1992; Coleman, 1988).

However, I argue that information, efficiency and resources are required for service innovation to occur. Information plays a central role in service innovation (Ordanini & Parasuraman, 2011; Rogers, 1983). The extent of that innovation depends on the information collected, shared and exchanged between employees. In the service industry, employees who make contact with customers are a critical source of the diverse customer needs and know-how as they relate to the organisation's operations, language, culture, norms and values (Hipp & Grupp, 2005; Ordanini & Parasuraman, 2011). The information collected from customers about their needs and wants can be vital to the organisation's development of novel services. In addition, the sharing and exchange of information facilitate a platform for capturing various types of information (current and new) and synthesising novel ideas. The exchange of information between service employees also increases service innovation (Johne & Storey, 1998).

Efficiency enhances the interactions between diverse team members and across teams, leading to innovative service outputs with minimal inputs (Albrecht & Hall, 1991; Hipp & Grupp, 2005; Jansen, Van Den Bosch, & Volberda, 2005; Monge & Cozzens, 1992). First, efficiency results in enhanced communication that deepens the flow of knowledge across functional teams and levels of authority (Jansen et al., 2005). Second, efficiency promotes non-routine and mutual information sharing and contributes to a team's ability to overcome differences, interpret issues and understand new external knowledge (Daft & Lengel, 1986; Egelhoff, 1991). Therefore, increased efficiency enhances the creation of service innovation.

Resources in the forms of time, people, training, monetary support and materials foster service innovation (Amabile & Gryskiewicz, 1987; Choi & Chang, 2009; Dundon, 2002; Hipp & Grupp, 2005). Time is required to champion and coordinate innovation efforts, especially when exploring novel ideas and opportunities. Additional time facilitates the investigation and development of new ideas (Dundon, 2002). When novel service solutions are required but lack an appropriate amount of time due to simultaneous production and consumption, human capital plays an important role. Employing people with the right customer service experience (e.g., employee/customer interaction experience) increases novel service delivery. In addition, employing people with diverse experience allows for new ideas to be infused with current practices to yield novel solutions (Bantel & Jackson, 1989). Furthermore, training sessions facilitate knowledge and idea sharing (Choi & Chang, 2009). The availability of monetary and material resources such as technological developments also leads to the development of innovative services (Hipp & Grupp, 2005).



Figure 1 A Conceptual Model of Social Capital and Service Innovation

As discussed previously, the benefits of social capital match neatly with the antecedents of service innovation. Understanding this allows me to formulate several hypotheses that relate social capital with service innovation. These hypotheses focus on explaining how the four types of social capital devised from the level and content of social capital bring in different benefits to service innovation. Hypotheses 1-6 explain the effects of the four types of social capital on service innovation based on the typology developed in this thesis. Figure 1 graphically represents these hypotheses.

3.2.1 Hypothesis 1

I predict that the relationship between nonredundancy and service innovation will be initially positive before gradually plateauing off and becoming negative.

As discussed in Section 3.1, nonredundancy refers to the extent to which the network contacts of a team are themselves unconnected, which could bring rich and diverse information to the focal team (McEWvily & Zaheer, 1999; Moran, 2005). Service innovation requires rich and diverse information. When a team's relationship networks are redundant, the team receives similar information from its various contacts, as the information might have been circulated and repeated among the team's social circle. In other words, redundant ties are associated with redundant information, as teams within the same network know what the other teams know (Rowley et al., 2000). However, if a unit has nonredundant ties (characterised by its diverse social contacts), it is more likely to acquire nonredundant information. Nonredundancy is associated with nonredundant information. Therefore, I expect that nonredundancy will enhance a team's access to new information.

combination of new knowledge and practices, leading to higher levels of service innovation (McEvily & Zaheer, 1999; Mors, 2010).

However, with the increase of nonredundancy, service innovation will only increase to a certain point before decreasing. There are two reasons for this. First, information is less useful at very high levels of nonredundancy. Large amounts of information may have adverse effects on a team's capability to process it and the speed with which related decisions are made. This is probably due to the confusion caused by information overload. It is beyond a team's capability to handle massive amounts of information, which is counteracted due to bounded rationality. The challenge of integrating such diverse information outweighs the information's heterogeneity (Mors, 2010; Simon, 1991). In addition, information from different geographical units is likely to be very different in terms of language, culture, norms and values, which may not integrate well into the team's local operating environment (Mors, 2010).

Second, I predict that efficiency will decrease at a very high level of nonredundancy. Nonredundancy may lead to lower information sharing and use (Bizzi, 2013; Hansen, 1999). Although teams have diverse information, they may be reluctant to share it with others with whom they have not yet established relationships (Moran, 2005). In addition, teams may want to maintain exclusive access to unique information and not share it with others, leading to tensions between the teams (Bizzi, 2013; Krackhardt, 1999).

I therefore hypothesise that nonredundancy has an inverted U-shaped relationship with service innovation, such that service innovation increases up to a certain point before decreasing as the nonredundancy increases.

Hypothesis 1: Nonredundancy has a non-linear relationship with service innovation.

3.2.2 Hypothesis 2

A team usually acquires more resources and power if it is high in the organisational hierarchy. However, in a decentralized organisation, a low position in the organizational hierarchy could be related to openness in information and efficiency in innovation management. I therefore predict that hierarchical position is negatively related to service innovation and offer two reasons below for this prediction.

First, the information exchanged at a high hierarchical position requires strict conformity with an organisation's strategic goals and standards, less flexibility and a greater emphasis on pre-assigned work rules (Damanpour, 1991). High formalization limits openness in information exchange, which discourages new ideas and behaviours (Pierce & Delbecq, 1977). Some companies maintain secrecy and limit information flows in important new product projects in order to prevent information leak (Moenaert et al., 2000). More generic and routine information exchange can be expected at high hierarchical levels. This mechanism facilitates tasks that are routine, which calls for a structured and codified knowledge. In this situation, the hierarchy is destructive to and limits the incentives in the production of new knowledge (Alder, 2001). Hence, teams that are higher in the hierarchy lack the information that generates innovation. Consequently, the higher the team's position in the hierarchy, the more it must adhere to pre-assigned work rules and the more routine the information, which both lead to a lower level of service innovation. Therefore, teams with high positions in the hierarchy are less likely to create novel solutions.

On the contrary, the information exchange for teams at lower positions in the hierarchy tends to be more operational, which requires it to be flexible and timely (Cummings & Cross, 2003). When teams encounter unstructured problems, the know-how

(i.e., non-routine information) required to deal with 'sticky' issues comes from lower levels of the hierarchy, as the units at those levels are well versed in operational issues. Hence, the teams at lower positions in the hierarchy are likely to have more information when it comes time to generate new ideas.

Second, teams with high hierarchical positions tend to have lower autonomy. A team's chain of command or direct report may influence or control its autonomy when exploring new information (Morn et al., 2007; Walter, Lechner, & Kellermanns, 2007). Higher-level management may play it safe and behave conservatively when dealing with unstructured problems that call for novel solutions. In the interests of control and consistency, higher-level management usually opts for standard operating procedures and methods when dealing with ad-hoc issues (Dewar & Dutton, 1986). This limits the team's ability to integrate new information with current knowledge to yield innovative services. Therefore, a higher amount of control lowers the autonomy of a team to combine information and provide service innovation. Based on the preceding discussion, I hypothesise that the higher a team's position in the hierarchy, the lower its service innovation.

Hypothesis 2: Organisational hierarchy is negatively related to service innovation.

3.2.3 Hypothesis 3

I predict that a team's vertical trust in its headquarters is positively related to its service innovation for two reasons.

First, teams receive relevant information from their headquarters to innovate when the level of trust is high. Teams occasionally consult their headquarters for information pertaining to daily operations, which usually takes the form of documented information such as standard operating procedures and is explicit in nature. In seeking advice and

information from their headquarters, units with high levels of trust perceive that headquarters is taking a strong interest in their overall well-being and taking care of their interests. Teams do not fear being queried or even penalised for their lack of knowledge. Hence, a team that trusts its headquarters will seek more information from it. The teams are more able to implement initiatives or suggestions from their headquarters, which influences their thinking (Levin & Cross, 2004; Mayer et al., 1995). They integrate the new information into their current knowledge. This leads to a higher level of knowledge exchange between teams and headquarters, and subsequently to the adoption of novel ideas. The integration of new and current information produces greater novelty (Moran & Ghoshal, 1999; Nahapiet & Ghoshal, 1998).

Second, a high level of trust makes interactions between teams and their headquarters more efficient. A team that trusts its headquarters is more willing to cooperate with it. Cooperation enhances the opportunity for resources to be exchanged and misunderstandings to be minimised, which facilitates the efficiency of interactions (Tsai & Ghoshal, 1998). As a team's cooperation with its headquarters increases, the team becomes more willing to take risks, acquire knowledge and learn. These processes in turn promote innovation (Fukuyama, 1995; Putnam, 1993).

In summary, as a team's vertical trust in its headquarters develops, the team becomes able to acquire more information from the headquarters. Vertical trust also enhances cooperation and efficiency. Hence, I hypothesise that a higher level of vertical trust results in higher levels of information and efficiency, and consequently leads to a higher level of service innovation.

Hypothesis 3: Vertical trust is positively related to service innovation.

3.2.4 Hypothesis 4

Assuming tacit knowledge transfer is important for service innovation in retailing industry, I predict that a team's horizontal trust in other teams is positively related to service innovation for two reasons.

First, a high level of trust between teams means that the teams are willing to exchange tacit information without fearing that they are being taken advantage of (Levin & Cross, 2004; Tsai & Goshal, 1998). Exchanging knowledge with other teams enhances a team's innovative capability (Andersson, Forsgen, & Holm, 2002). Teams encounter daily operational problems where codified information and resources are not readily available. Novel solutions are required to solve these problems. It is also not feasible to consult headquarters on a needed basis, as doing so may discount the credibility of the unit and require time to obtain a response. Other teams may possess tacit information in the forms of knowhow, insights and experience. A high level of trust between teams facilitates the exchange of information or advice between units.

Second, more tangible resources are exchanged when there is trust between teams (Tsai & Ghoshal, 1998). Units use the new resources or integrate new and current resources (Moran & Ghoshal, 1999) to create novel services. The combination and exchange of resources subsequently leads to higher levels of innovation (Kanter, 1998; Moran & Ghoshal, 1999; Tsai & Ghoshal, 1998).

Hypothesis 4: Horizontal trust is positively related to service innovation.

3.2.5 Hypothesis 5

Hypotheses 5 and 6 relate to the interactive effect of the content and level of social capital on service innovation.

Focusing on the horizontal level of social capital, nonredundancy enhances service innovation by providing peer units with access to diverse information (as argued in Hypothesis 1). Horizontal trust in other teams can leverage the value of information by increasing confidence in the received information (Das & Teng, 1998). Hence, horizontal trust and nonredundancy are likely to interact to affect service innovation. I predict that horizontal trust will positively moderate and thereby strengthen the relationship between nonredundancy and service innovation for two reasons.

First, acquiring new information through a nonredundant structure may be risky due to the probability of loss if the information adopted is inaccurate (Chiles & McMackin, 1996). Trusting another team's goodwill may enhance the probability that the information obtained from an interaction is adopted. When the level of horizontal trust is high, units do not fear that other units are acting only to achieve their own goals at the expense of others and are thus more willing to act on the information received (McEvily, Perrone, & Zaheer, 2003). In addition, horizontal trust makes it possible for teams to reveal 'trade secrets' and sensitive information without having to worry that the information will be used against them in the future (McEvily & Marcus, 2005). Moreover, a team is more likely to absorb information from other competent teams. A team learns when it believes that an information source can provide the skills and knowledge necessary to help it address a problem. In summary, at the same level of nonredundancy, horizontal trust increases the adoption of information, leading to a higher level of service innovation.

Hypothesis 5: Horizontal trust positively moderates the non-linear relationship between nonredundancy and service innovation.

3.2.6 Hypothesis 6

Focusing on the vertical level of social capital, I predict that a team's vertical trust in its headquarters negatively moderates the relationship between the organisational hierarchy and service innovation.

To be more specific, vertical trust weakens the negative relationship between the hierarchy and service innovation. Teams with a high level of vertical trust do not have to comply strictly with work rules and procedures, which permits them to be open to new ideas (Damanpour, 1991; Pierce & Delbecq, 1977). Rules and procedures hinder experimentation with ad-hoc problem-solving efforts and present a deviation from current practices (Jansen, Van Den Bosch, & Volberda, 2006). Deviation from work rules and procedures increases a team's flexibility, which weakens the negative effect of hierarchy on service innovation.

Moreover, with a high level of vertical trust, teams with high positions in the hierarchy can regain autonomy from their headquarters. This autonomy facilitates the delegation of work to teams (Damanpour, 1991). Teams are given the necessary autonomy to exercise their own judgments rather than closely follow the information provided by their headquarters. This autonomy allows for timely knowledge sharing (Inkpen & Tsang, 2005) and increases a team's commitment and involvement (Damanpour, 1991). I therefore
expect the negative relationship between hierarchy and service innovation to be weaker, given a higher level of vertical trust, but vice versa given a lower level.

Hypothesis 6: *Vertical trust moderates the negative relationship between organisational hierarchy and service innovation. When the level of vertical trust is high, the relationship between organisational hierarchy and service innovation is less negative.*

3.3 How Do Service Innovation and Quality Affect Team Performance?

To examine the effects of service innovation on team performance, I consider the simultaneous effect of service quality and innovation in this thesis. I explore two opposing possibilities based on current theories. First, service quality may mediate the effect of service innovation and team performance. Second, service quality may moderate the effect of service innovation on team performance. Figure 2 graphically summarises these two competing hypotheses.

3.3.1 Hypothesis 7

Some studies have acknowledged service quality as a mediator of various organisational relationships (Mukherjee, Nath, & Pal, 2003; Ramayah, Samat, & Lo, 2011; Roth & Jackson, 1995; Salvaggio, Schneider, Nishii, Mayer, Ramesh, & Lyon, 2007). Early studies found that service quality must take on an important role for service innovation to be successful, implying a possible mediation effect (Cooper & Bretani, 1991; Cooper & Kleinschmidt, 1995).

More recently, Cho and Pucik (2005) suggested that the quality of new products and services mediates the relationship between innovation and performance. My work advances Cho and Pucik's (2005) study in two ways. First, Cho and Pucik (2005) adopted an assimilation approach that combined product and service innovation and quality. I use a demarcation approach to examine only service innovation and quality. Second, Cho and Pucik (2005) measured product and service quality based on the Fortune Reputation Survey. The variables of that survey have been criticised for using single items to measure quality (Fryxell & Wang, 1994) and focusing solely on performance (Caruana, 1997). I use the SERVQUAL survey scale (Parasuraman et al., 1985), which is a widely accepted measure of service quality.





I suggest that service quality may mediate the relationship between service innovation and performance. As service quality intervenes between service innovation and performance, it provides a mechanism for explaining the relationship between the predictor (service innovation) and criterion (team performance) (Baron & Kenny, 1986). This idea requires service innovation to affect service quality, and service quality to affect performance.

Innovative service is likely to increase service quality (Barras, 1986; Cho & Pucik, 2005; Roth & Jackson, 1995). Quality service means meeting and exceeding the customer's expectations. It refers to the gap between the perceived actual service experience and the expectations of that service. The smaller the gap, the greater the quality of service experienced by the customer (Reeves & Bednar, 1994).

Innovative service closes the gap between perceived and expected service. The most unique features of quality service are its flexibility and endless combinations. Quality service can improve everything to meet and exceed customer expectations, and introduce novel services that can enhance it (Barras, 1990). Innovative service is both a response to and a forecast of changing customer needs. When a new service is introduced, two things are accomplished. First, service innovation increases customers' perceived service level by responding to their needs. Second, it changes or manages the service that customers expect by anticipating their needs. In both situations, the gap is filled.

Service quality leads to performance. The research findings have indicated a positive relationship between service quality and performance (Cho & Pucik, 2005; Mukherjee et al., 2003; Phillips, Chang, & Buzzell, 1983; Roth & Jackson, 1995). When quality increases, customers are better served and repeat purchases, resulting in higher sales and profit. As innovation affects quality, and quality affects innovation in turn, it may also affect performance through increased service quality.

Hypothesis 7: Service quality mediates the relationship between service innovation and performance.

3.3.2 Hypothesis 8

As an alternative to Hypothesis 7, I suggest that service quality may moderate the relationship between service innovation and performance. In other words, the creation of novel or new services is positively related to team performance, and this relationship is enhanced when the level of service quality is high.

The adoption of innovative services has both benefits and downsides. New and innovative services provide enhanced value and benefits to customers if they are better than the services of competitors or become more efficient and faster (Cooper & de Brentani, 1991; Van Riel, Lenmink, & Ouwersloot, 2004). However, innovative service may communicate the perception that a team is not consistent or reliable in terms of its service delivery, as its standards are constantly changing. In addition, not all innovative ideas work, and some may fail to deliver what they promise.

I argue that when the level of service quality is high, the benefits and downsides of service innovation are strengthened and weakened, respectively. Although innovative service offers newly enhanced and more efficient features to customers, a high level of service quality is critical to its success, as it can facilitate the implementation of novel services. However, service innovation is often associated with inconsistency and deviations from the standard. In such a situation, quality service warrants that customers be more lenient towards and forgiving of the introduction of novel ideas, which weakens the downside of service innovation.

As a result, successful service innovation is contingent on the level of service quality provided by a team. I therefore argue that a high level of service quality enhances the effect of service innovation on performance.

Hypothesis 8: Service quality moderates the positive relationship between service innovation and performance. The higher the service quality, the more positive the effect of service innovation on performance.

Table 3 summarises the eight hypotheses of this thesis.

Table 3 Summary of Hypotheses

	Hypothesis	Supported	Not supported
1	Nonredundancy has a non-linear relationship with service innovation		
2	Organizational hierarchy is negatively related to service innovation.		
3	Vertical trust is positively related to service innovation		
4	Horizontal trust is positively related to service innovation		
5	Horizontal trust positively moderates the non-linear relationship between nonredundancy and service innovation.		
6	Vertical trust negatively moderates the negative relationship between organizational hierarchy and service innovation		
7	Service quality mediates the relationship between service innovation and team performance.		
8	Service quality moderates the relationship between service innovation and performance. Specifically, the higher the level of service quality, the higher the positive impact of service innovation on team performance.		

CHAPTER 4 METHODS

4.1 Sample

The research setting of this thesis is a fashion retail company located in Hong Kong that focuses on providing a full range of daily mid-priced apparel items (such as tee shirts, jeans, socks, jackets) for men, women and children. Over the past decade, the global retail industry has been one of the most rapidly changing and fiercely competitive industries. In particular, fast turnaround times and innovation intermediaries have toppled competition in the fashion industry since 2000 (Tran, Hsuan, & Mahnke, 2011). In addition to rapid product innovation, retail companies compete in the industry by relying on employees to provide innovative customer service (Arnold, Palmatier, Grewal, & Sharma, 2009; Grewal, Levy & Kumar, 2009).

The fashion retail industry is an appropriate setting for this thesis because it provides large variance in the key variables specified in the theoretical model, in particular for social capital and service innovation. Specifically, there are four reasons why the fashion retail industry is chosen..

First, service innovation in the retail industry is an important focus along with product innovation (Lusch, Largo, & O'Brien 2007). The business of fashion retail has become increasingly global and fuelled the development of retail innovation (Reinartz, Dellaert, Krafft, Kumar, & Varadarajan, 2011). One of the most important aims of retail innovation is to develop novel service experience for customers based on the expertise of frontline staff (Pine & Gilmore, 1998; Reinartz et al., 2011). Retail is a business that involves continuous interactions between customers and frontline employees. It is intriguing to examine how retail teams create personalised and attractive service experiences that are also innovative. Large retail chains such as Takashimaya in Singapore and Lane Crawford in Hong Kong have enhanced the personal shopping experiences of customers by offering advice. The interactions between frontline employees and customers allow plenty of opportunities for employees to be innovative when responding to customer needs (Merlo, Bell, Menguc, & Whitwell, 2006).

Second, the retail industry highlights the relationships between service quality, service innovation and team performance. The fashion industry is characterised by short product lifecycles, unpredictable demand and extensive product variety. In such a competitive environment, retailers devote a considerable amount of effort and resources to developing service strategies and tactics that differentiate them from their competitors. Fashion retailers have embraced high service quality as a way to compete and differentiate themselves from others in the market (Berry, 1986; Grewal et al., 2009). As a fashion retail experience includes a mix of merchandise and service experiences, customers evaluate a company's service quality in terms of the appearance of its stores, its merchandise displays and how well store employees respond to their needs.

Third, the retail business is leveraged on the extensive use of social capital between units to enhance service quality and novel services (Merlo et al., 2006). Retail units share information and knowledge to generate new ideas and respond promptly to the needs of customers. Stores make an effort to develop relationships and networks so that information can be dispatched efficiently and effectively (Merlo et al., 2006). Hence, retail provides a good empirical setting in which to examine how the information and knowledge transfers arising from social capital affect team performance.

Finally, the competitiveness of a retail firm depends on its capability to provide innovative services. As products become more standardised globally, retailers focus considerable attention on novel or new practices when dealing with customer needs.

Service innovation differs from product innovation in retail because of the intensity of the customer/sales team interactions. Any innovative service must be offered to a customer in a particular physical setting. Thus, sales teams play an important role in improvising and triggering useful ideas for innovation and customer interaction, making the retail shop a crucial arena in which retail firms are differentiated (Skaggs & Huffman, 2003). With its high level of employee/customer interactions, the retail setting is ideal for this thesis.

A leading Hong Kong-based apparel retail firm that operated in China was chosen as the research site. It was selected because it had adopted an assertive strategy in recent years to become a brand leader, undergoing a major brand revamp to compete with both foreign and domestic brands. The company established operations in the 1980s before growing into a large and renowned retail apparel chain in Hong Kong with retail shops operating globally. It opened its first retail outlet in China in the 1990s to take full advantage of the country's economic growth and the huge consumer demand for quality apparel, and since that time China has become its biggest market. The company's expansion strategy was a combination of self-managed and franchise stores. The company had more than 390 selfmanaged stores in Hong Kong and China. Its total revenue was in excess of USD\$320 million in 2012-2013, with a gross profit of around USD\$154 million. The company had 2,700 full-time employees working in Hong Kong, Macau, mainland China, Taiwan and Singapore, and was listed on the Hong Kong Stock Exchange in 1993.

The company sold low- to medium-priced mercantile items such as jeans and jackets. Although its merchandise was standardised across its retail stores, the individual stores were allowed autonomy in their service. For instance, stores were encouraged to set up unique merchandise displays based on their own needs and to develop close relationships with customers. Innovative customer service and sales behaviour were expected from store

employees. Moreover, the store managers attended regular sales meetings and training sessions, and shared market information informally with those who worked in close proximity. The importance the company placed on innovative service and interactions between its retail teams provided a suitable setting for a study of social capital and innovation.

Although this retail firm emphasised innovative service, its retail shops functioned as sales teams with the primary purpose of selling merchandise rather than developing innovations. This setting was different from those of the new product development teams typically studied in innovation studies (e.g., Sivasubramaniam, Liebowitz, & Lackman, 2012). Although the theoretical model should apply to organisational units with various functions, the predicted relationship between social capital and innovation is expected to be weaker for sales teams than for new product development teams, as innovation is not the former's primary function. In such an empirical context, the results would strongly support the theoretical model.

The sample consisted of 175 retail shops located in six Chinese cities, including Hong Kong, Macau, Shenzhen, Guangzhou, Beijing and Shanghai. There were 44 shops in Hong Kong and Macau, 42 in Shenzhen, 23 in Guangzhou, 32 in Beijing and 34 in Shanghai. The chosen retail firm offered a good venue for considering topics related to service innovation, service quality and social capital.

4.2 Procedures

The Head of Human Resources of the fashion retail firm was first contacted for research access in September 2008. Formal approval and authorisation from the host organisation was sought in confirmation with ethical research requirements (Grove & Fisk, 1992). The initial proposal and research objectives were sent to the Head of Human Resources. The researcher was invited to present the objectives to the CEO and board of directors for approval in December 2008. During the presentation, the CEO granted consent to proceed with the research with full logistic support.

Both the Head of Human Resources and the Human Capital Development Manager acted as liaison points and assisted in the coordination of surveys, interviews and observations. The lengthy period of dialogues, meetings, visits to shops and headquarters, and hundreds of e-mail exchanges allowed an understanding of not only the businesses of the host organisation but also implicit factors such as their languages and culture. This enhanced the authenticity of the research (Golden-Biddle & Locke, 1993).

The full population of self-managed shops managed by the company in Hong Kong, Macau and primary cities in China were included. The franchise stores, which often comprised small booths in department stores operated by one or two salespersons, were excluded. Employees' innovative behaviour was difficult to observe in these stores. The final sample included 175 of the company's self-managed shops located in Hong Kong, Macau, Shenzhen, Guangzhou, Beijing and Shanghai in 2009. As of 2013, the firm had 41 self-managed stores in Hong Kong and 144 in China.

The common practice of studying service innovation in a single institution, such as a library (Damanpour & Evan, 1984; Damanpour et al., 1989), a financial institution (Bantel & Jackson, 1989; Lievens & Moenaert, 2000; Pennings & Hariato, 1992), a hotel (Ordanini & Parasuraman, 2010) or a hospital (Kimberly & Evanisko, 1981; Meyer & Goes, 1988; West & Anderson, 1996; Goes & Park, 1997), was followed. This singular study context lessened the problem of structural differences presented by considering multiple industries (Ordanini & Parasuraman, 2010). A triangulated data collection strategy was used that integrated qualitative and quantitative methods to maximise the credibility of the thesis (Jick, 1979). Data was collected from multiple sources through a variety of methods, including interviews with the senior executives at the company headquarters, surveys of shop managers and employees and field observations conducted at the retail shops. Two independent case studies were conducted to address the three research objectives posited in Chapter 1 (Section 1.3). Study one (participant observation) addressed the first objective, and study two (survey) addressed the second and third objectives.

The two case studies were begun by interviewing senior managers and directors to obtain a basic understanding of the firm's operation. The interviews were conducted with 20 key managers and directors from the marketing, human resources, regional retail managers, IT, visual and merchandising display divisions at the company's offices in Hong Kong, Guangzhou, Beijing and Shanghai. The information gathered during this stage helped in the design of the observation template and questionnaire for studies one and two, respectively. The interviews with regional retail managers and the Human Capital Development Manager in the development of the observation template to ensure its accuracy and reflect the store service operations procedure for study one. The interviews also helped in fine tuning the specific wordings in the survey for study two. The interview questions are attached in Appendix 1. In addition, all of the interviewees were assured that the contents of the interviews would be kept confidential, and signed a consent form as part of the research ethics protocol (Appendix 2).

Study One

Study one was a qualitative study. An observation template for service innovation was developed. Field observations were conducted from September to December 2009 at 158 retail shops to measure the creative acts of frontline employees during service encounters. The research has usually measured service innovation according to a perceptual survey scale (e.g., Bantel & Jackson, 1989; Damanpour & Evan, 1984; Damanpour et al., 1989; Goes & Park, 1997; Kimberly & Evanisko, 1981; Lievens & Moeneart, 2000; Meyer & Goes, 1988; Pennings & Hariato, 1992; West & Anderson, 1996). However, Scott and Bruce (1994, p. 603) called for studying actual innovative behaviour in a natural work context. Greenhalgh, Robert, MacFarlane, Bate and Kyriakidou (2004) further elaborated that innovation would be more likely and accessible if its benefits were observable.

The observation template was used to identify the innovative activities that take place during customer/service provider interactions in addition to any significant correlation between the innovative behaviour measured by the template and the innovation adoption measured by the survey. Chapter 5 discusses the details of study one.

Study Two

Study two consisted of quantitative surveys of the managers and employees of 175 retail shops. The surveys used standard questions to measure the adoption of service innovation and some key contingencies of innovation in the shops. The first survey was administered to the shop managers, who were asked about their own networks, service innovation, service quality and the performance of their shops. The second survey was administered to the shop employees, who were asked about service innovation, service quality and the performance of their shops.

The surveys were conducted in April 2009. The survey for shops in Hong Kong and Macau was administered during an in-house shop manager training session at company headquarters. The Beijing, Shanghai, Guangzhou and Shenzhen surveys were sent via the company's head office through the internal corporate mail system. Chapter 6 discusses the details of study two.

The retail firm was assured that all of the information and data collected would be subjected to very stringent procedures to ensure privacy and confidentiality, with an aim to protect the participants in the research project. The guidelines stipulated by the Human Research Ethics at the University of New South Wales were followed to ensure the integrity of the research. All of the information collected was safely stored and participation was anonymous and voluntary. The ethics approval form is attached in Appendix 3.

CHAPTER 5 STUDY ONE

Study one was designed to explore novel service encounters in a retail setting. Novel service encounters refer to the creative acts undertaken by frontline employees during the customer/service provider interaction. Although these acts are important sources of new ideas for service innovation, they have not been systematically studied. Hence, the objective of study one was to explore what happens during novel service encounters. I developed a field observation template based on the service blueprinting (Bitner, Ostrom, & Morgan, 2008) to examine the creative acts that occurred during service encounters. I applied the template to retail shops, and was able to observe and document the creative acts of frontline employees at various stages of the encounters. I related these acts to key innovation contingencies (market environment and shop size) and service innovations measured separately via surveys. This chapter describes the initial empirical evidence related to novel service encounters and highlights participant observation as a useful methodology for studying service encounters in an actual retail setting.

5.1 Service Encounters

A service encounter refers to the moment during an interaction when a frontline employee delivers a service to a customer (Bitner, 1990; Bitner, Booms, & Tetreault, 1990; Victorino, Verma, Bonner, & Wardell, 2012). The research has linked service encounters to service quality, customer feelings and purchase intention (Farrell, Souchon, & Durden, 2001; Lloyd & Luk, 2011; Mattila & Enz, 2002; Patterson, Hodgson, & Shi, 2008). During service encounters, frontline employees sometimes improvise creative acts to solve customer problems and generate new ideas for service innovation (Jafari, 1981; Wang & Netemeyer, 2004; Weitz, 1981). Indeed, the frontline employee/customer interaction has been identified as a popular area for creativity and innovation (Cadwallader, Jarvis, Bitner, & Ostrom, 2010; Chai, Zhang, & Tan, 2005; Chiang & Jang, 2008; Lages & Piercy, 2012).

Despite the promise of innovation presented by sales and frontline employees, the service innovation research has largely focused on the manufacturing industry to conceptualise service innovation in terms of new products and technologies (Barras, 1986; Drejer 2004; Gallouj & Weinstein, 1997; Hipp & Grupp 2005) and measure it as the adoption of new business practices (Costanzo, Keasey, & Short, 2003; Damanpour & Evan, 1984; Goes & Park, 1997; Lievens & Moenaert, 2000). This approach cannot capture novel service encounters, during which the customer consumes the service and ideas are generated on the spot.

Indeed, the novel service encounter differentiates service innovation from product innovation in two ways. First, service encounters emphasise the creative process of innovation, which involves employees linking ideas from multiple sources and delving into unknown areas to solve a problem (Gilson & Shalley, 2004). Novel service encounters provide new experiences to customers (Kelley, Longfellow, & Malehorn, 1996; Madjar, Greenberg, & Chen, 2011; Selden & MacMillan, 2006; Skaggs & Huffman, 2003). Second, novel service encounters emphasise the role of frontline employees in innovation. Frontline employees have first-hand information about customers and the market. When they improvise during service encounters, they trigger practical and useful ideas that can be implemented firm-wide later on in relation to daily sales routines and operations (Axtell, Holman, Unsworth, Wall, Waterson, & Harrington, 2000; Lages & Piercy, 2012).

The emphasis of novel service encounters on both the innovation process and frontline employees requires unique research tools that address three specific questions. First, what kind of creative acts do frontline employees undertake during novel service encounters?

Second, how are novel service encounters correlated with the service innovation of a retail outlet? Third, how do novel service encounters vary across different contexts? I developed an observation template to answer these questions and study novel service encounters at the selected fashion company's retail outlets. The results from this observation template were related to the surveys conducted in study two.

In the following sections, I elaborate on the nature of novel service encounters. I then discuss the theoretical underpinnings of the observation template that I used to study those encounters. Finally, I present the empirical study I conducted to answer the aforementioned three research questions, and discuss its theoretical and managerial implications.

5.2 Nature of Novel Service Encounters

A service encounter refers to the moment during an interaction when a frontline employee delivers a service to a customer (Bitner, 1990; Bitner et al., 1990). A novel service encounter refers to the employee's engagement in creative acts during the interaction. The creative process includes identifying problems with work tasks, gathering new ideas and seeking new solutions (Gilson & Shalley, 2004). A process view conceptualises the creative process as creativity, regardless of whether the outcomes are novel or useful (Drazin, Glynn, & Kazanjian, 1999, p. 287). The creative process of novel service encounters may not always lead to useful and practical service innovations, but is a necessary first step or precondition for innovative outcomes.

Following Kelley et al. (1996), I used the categories of creative, routine and deviant discretions to operationally identify the creative acts the employees engaged in during service encounters. Creative discretion occurs when a service employee develops a new means of accomplishing a goal or a task to deal with a customer. It can be contrasted with

routine discretion, which occurs when service personnel select an already available and appropriate means of performing a task, and deviant discretion, which occurs when the personnel use inappropriate decision criteria to perform a task. When faced with a problem identified by a customer, employees have the choice of following routine discretion or engaging in a novel service encounter. Selden and MacMillan (2006) provided one example of a novel service encounter that can subsequently be turned into service innovation. They documented how a part-time worker at a 7-Eleven in Japan changed the lunch offering to cool noodles on a day when the weather suddenly turned warm, thereby providing an innovative and satisfying customer experience. Vera and Crossan (2005) discussed the importance of employee improvisation to innovation performance, and Madjar et al. (2011) compared creative performance with the routine non-creative performance of frontline advertising agents.

Table 4 compares novel service encounters with other similar service marketing concepts. Novel service encounters overlap with service customisation in scope: both concepts relate to employees acting discretionarily to fulfil a customer's needs. Indeed, creative discretion often results in the creation of customised services (Kelley et al., 1996). However, novel service encounters differ from service customisation in one important respect: new means are adopted to fulfil the customer's needs. A novel service encounter is more than a customised service such as adaptive selling, in which a salesperson changes and acts differently in response to a customer's demands (Franke & Park, 2006; Weitz, 1981). Adaptive behaviour can be considered a weak form of innovation, as it only taps into current solutions for adaptive responses (Wang & Netemeyer, 2004). However, employees who engage in novel service encounters actively anticipate the needs of customers and seek new and currently unavailable solutions to address those needs. Novel

service encounters also address selling behaviour beyond adaptation. For instance, based on Weitz's (1981) selling behaviour model, although a new influence technique and new ways of controlling sales interactions are innovative, neither is considered adaptive behaviour. Finally, the two also differ in terms of focus: a novel service encounter focuses on the employee's creative acts and service customisation focuses on the customer's perception of the service he or she has received (Bitner et al., 1990).

Novel service encounters differ from service quality in terms of their study scopes. Service quality relates to customer comparisons of expected and perceived service across five dimensions: tangibles, reliability, responsiveness, assurance and empathy (Parasuraman et al., 1988). Although these five dimensions are related to interactions between employees and customers, none is necessarily related to creative acts. Service quality can be attained via current means, but a novel service encounter can only be achieved via new acts. Finally, a novel service encounter differs from extra-role and organisational citizenship behaviour in terms of their study foci. Although extra-role behaviour may or may not involve a creative act, the targets are mostly internal members of the organisation such as supervisors and other employees rather than customers.

	Novel Service Encounter	Service customization	Service quality	Extra-role Behavior/ Organizational Citizenship Behavior
Definition	Novel behavior undertaken by frontline employees when they interact with customers	Adapting employee's acts to suit customer's need (Franke & Park, 2006; Weitz, 1981)	A comparison of what customers feel a company should offer with the company's actual service performance. (Parasuraman et al., 1988)	Willingness to offer assistance that goes beyond one's job requirements or organizational rules (van Dyne, Graham, & Dienesch 1994)
Scope of study	Discretionary acts based on improvisation and creativity	Discretionary acts taken from an existing range of available options	Customer's perception on five dimensions: tangibles, reliability, responsiveness, assurance, and empathy	Extra-role assistance to the direct supervisor; helping one's coworkers; voluntary assumption of ad hoc duties
Focus of study	Employee side of service encounter	Customer side of service encounter	Customer side of service encounter	Organizational internal members such as supervisors, team managers, coworkers, or peers

Table 4 A Comparison of Novel Service Encounter and Other Similar Service Marketing concepts

When studying the novel service encounters, I used a differentiation approach that recognised the fundamental differences between service and product innovation (Miles, 2000; Moeller, 2010). I considered at the customer/employee interaction as a simultaneous process of production (by the service-providing employee) and consumption (by the customer). The same is not true for manufacturing, where goods can be produced at a production plant offsite or at an earlier time and stored for later use. A differentiation approach is particularly relevant for innovation at retail outlets. Services are 'essentially a series of interactions between participants, processes and physical elements' (Tax & Stuart 1997, p. 107). New service occurs at retail outlets when any one of three elements (i.e., the participants, processes or physical setting) changes. Novel service encounters at retail outlets are therefore characterised by the intensity of the customer/employee interaction, the simultaneous process of service production and consumption and the intangibility of the interaction experience. Thus, it is important to examine the customer/employee interaction processes when studying novel service encounters.

5.3 Developing an Observation Template for Novel Service Encounters

I developed an observation template to examine the creative acts undertaken by frontline employees during service encounters at retail outlets. The template was based on Bitner, Ostrom and Morgan's (2008) service blueprint, which accurately portrays service delivery systems (Flie β & Kleinaltenkamp, 2004). The service blueprint 'was initially introduced as a process control technique for services that offered several advantages: it was more precise than verbal definitions, it could help solve problems preemptively, and it was able to identify failure points in a service operation' (Bitner et al., 2008, p. 71). Service

blueprinting allowed the objective identification of service interaction episodes, the actors involved and the novel behaviour that occurred. Other service process models are available, such as Lovelock's (1994) supplementary services model, which classifies supplementary services into eight categories: information, consultation, order taking, hospitality services, safekeeping, exceptions, billing and payment. Den Hertog's (2000) innovation model for knowledge-intensive services includes service concepts, client interactions, delivery systems and technological options. The blueprint used by Bitner et al. (2008) enabled me to study novel service encounters by putting frontline employees at the centre and establishing the sequential stages of the service encounter process. Its features directly address the customer-service interaction, making the blueprint the most appropriate template for this study.

The five components of the service blueprint used by Bitner et al. (2008) are customer actions, onstage employee actions, backstage employee actions, support processes and physical evidence. I excluded backstage employee actions and support processes from my model because they were secondary to the customer/employee interactions. Using the remaining three components, I articulated the flow of customer actions to reflect their relationships with onstage employee actions and physical evidence. My observation template divided the flow of a typical customer into seven stages: (1) enter shop, (2) view merchandise, (3) select merchandise, (4) fitting, (5) decide to buy or reject, (6) pay for merchandise and (7) leave shop. Frontline employees are often trained to follow the standard service operating procedures. I consider novel and creative encounters as any behaviour beyond the standard procedure that is intended to provide better customer service (Kelley et al., 1996). The template contrasted creative encounters with routine encounters. Employees follow established procedures for routine encounters. However, during creative encounters, employees attempt to do things differently with an aim to improve service (Kelley et al., 1996; Madjar et al., 2011; Vera & Crossan, 2005). To measure creative acts, I had to first identify a retailer's standard operating procedures. To do so, I worked in concordance with the retail regional managers and Human Capital Development Manager of the case firm, as they had intimate knowledge of their sales employees' standard operating procedures. Table 5 shows the seven stages of the observation template; the three corresponding components of customer actions, physical evidence and onstage employee actions; and some examples of the standard and novel acts recorded for the apparel retailer. Appendix 4 shows the observation template record sheet used in the field, on which observers checked the novel behaviour box and documented the specific behaviour observed in the observation template.

The seven consecutive interaction stages outlined in the observation template allowed me to examine an employee's novel behaviour during a service encounter in detail. For example, a customer enters a shop and is greeted by the service employee with a smile. The customer browses, and based on cues and hints, the service employee approaches the customer to make appropriate recommendations. Matching advice may also be extended based on the customer's needs. The customer then tries on some of the items and finally decides whether to make a purchase. The service employee then either attempts to up-sell or execute persuasive communication depending on the customer's decision. Regardless of whether the customer makes a purchase, the customer/service employee interaction is an intangible experience (Bitner et al., 1990; Poulsson & Kale, 2004; Prahalad & Ramaswamy, 2004).

Stage	Customer Actions	Physical Evidence (Shop exterior)	Onstage Employee Actions	Examples of Standard Behaviors (specified in the standard service operating procedure)	Examples of novel behaviors recorded from fieldwork (novel service encounter)
1	Enter Shop	Shop exterior/ interior	Greet Customer; smile	Employees actively greet warmly and politely	 Multi language greetings Timely festival and national day greetings Inform where the ladies and men's section is depending on the gender of the customer Offer bag for umbrella
2	View Merchandise	Merchandise Display	Readiness; Neatness of product and merchant arrangement	Keep abreast of customer needs and provide timely help	 Mix and match advices Help to carry customers bag and belongings during the shopping process Advice of store and mall promotion details Offer seat to companions of shoppers
3	Selecting Merchandise	Basket for Merchandise	Help in sizes; assist in recommendation/ matching advice; friendly and warm service	Understanding, listening, and observing the needs of customers – extend appropriate advice	 Mix and match advices Explain features of products and how it differs from competitors Educate customer on how to store, wash, and iron apparels
4	Fitting	Fitting rooms/ mirrors	Friendly and warm service; help in sizes; assist in recommendation/ matching advice	Actively assist in fitting and provide suggestions	 Provide sandals for fitting comfort Appropriate shoes for mix and match during fitting Help to tie up customer hair for fitting

Table 5 An Observation Template of Novel Service Encounter (Used in Participant Observation)

Stage	Customer Actions	Physical Evidence (Shop exterior)	Onstage Employee Actions	Examples of Standard Behaviors (specified in the standard service operating procedure)	Examples of novel behaviors recorded from fieldwork (novel service encounter)
5	Decide – buy/reject	Advertiseme nt/ Branding	Communication; customer service	If size not available, transfer from other stores; up-selling	 Encourage customer to try different style Ask for customer contact if sizes not available Send sms to customer in the evening (to avoid interruption during day time) on available size and new stocks
6	Pay for Merchandise	Bill/ Counter Display	Payment process/ packaging	Identify customer by last name if paying with credit card; Confirm number and value of goods	 Chat with customer while waiting to pay Suggest various discount or benefit of using different credit card Allowed delayed payment if customer do not have enough cash or credit card on hand
7	Leave Shop	Shop exterior	Thank customer	Thank customer sincerely and with friendly smile	 Occasional shout of 'cheer up' and 'be happy today' Courteously ask customer for contact to inform on new products Employees remind others about out of stock goods and needs refill

Notes: The observation template is an extension of Bitner et al.'s (2008) service blueprint model.

The inherent difficulty with accurately translating customer expectations has led organisations to offer service that is 'simple to produce, deliver, and consume by people who are attracted by efficiency, convenience, and reliability of the service offering' (Carman & Langeard, 1980, p. 8). Frontline employees are usually trained according to the standard service operating procedures established by their organisations. However, how employees individually react and behave during service encounters contributes to the customer's experience. Employees may need to customise service offerings for different customers. It is difficult to ensure uniformity because the actual service delivery may deviate dramatically from the standard (Parasuraman et al., 1985). Moreover, it may not be good to ensure uniformity, as customers are able to distinguish between scripted and spontaneous service encounters (Victorino et al., 2012). The seven interaction stages in the observation template thus provided a protocol for examining the novel behaviour of employees during service encounters.

Some clarifications about the observation template are warranted. The template examined creative discretion during service encounters, which can be adopted and implemented as a firm-wide systematic innovation practice. This is consistent with a study by Kelley et al. (1996) related to creative discretion for banking and insurance service personnel, and Gilson and Shalley's (2004) study of the creative processes of mechanical service teams. Novel service encounters are different from planned, large-scale innovations that are systematically implemented in a top-down manner in an organisation (Miles, 2010). When salespersons improvise in their job activities, they generate new ideas and exhibit novel behaviour to serve customers (Bitner et al., 1990; Wang & Netemeyer, 2004). Improvisation is important, as it generates ideas that if found useful can be systematically

integrated into an organisation (Miles, 2010; Vera & Crossan, 2005). These creative acts are often incremental, unplanned and localised, and another store or organisation may not consider them novel.

5.4 Methods

5.4.1 Field observation

Using the observation template, I measured the novel service encounters of retail shops through field observations conducted from September to December 2009. As a field study method, participant observation helps significantly with the understanding and development of a study. As observation can enhance acquaintance and familiarity (Golden-Biddle & Locke, 1993), it generates insights and onsite data that other field methods cannot make available (Atkinson & Hammersley, 1994; Grove & Fisk, 1992; Martinko & Gardner, 1985). I used direct and concealed observation to record real-life service encounter situations. This method prevented unwanted 'acting' behaviour in the subjects, as observers went into the shops as mystery guest shoppers. I also used a structured observation method to augment systematic data tabulation. I discuss the measures taken to address the potential biases of the participant observation method below.

5.4.2 Observer training

Due to the extent of the field work and the overall scope of the project, the number of shops involved and their distance from the city centre (some shops took a few hours to reach via a combination of public transport and taxi), I recruited three volunteer undergraduate business students who did not know the underlying objectives of this thesis to help me with the observations. I personally accompanied the observers to all of the cities

and to stores in remote locations during the observation stage to resolve any difficulties. Five potential observer candidates were recruited and thoroughly trained in the specific uses of the observation template. During the orientation process, the candidates were asked to practise observing similar retail outlets of other apparel companies. As the candidates familiarised themselves with the observation template and the activities to be recorded, they determined whether they were comfortable with this type of research. I also determined their suitability through their behaviour and adaptability to different environments (Grove & Fisk, 1992). At the conclusion of the training, I selected the three candidates who best exemplified the necessary observation skills. The three observers were then trained thoroughly in accuracy enhancement and the common errors of observation (Campbell, 1958; Luthans & Ibrayeva, 2006; Thornton & Zorich, 1980). A meeting at the retail company's headquarters further clarified issues such as shop operations, standard service operation procedures, location and safety when visiting remote shops. During the meeting, the observers learned the company's standard service protocol. This enabled them to accurately observe and record creative acts in the field.

5.4.3 Observation procedures

A list of 175 retail shops in Hong Kong, Macau, Shanghai, Beijing, Shenzhen and Guangzhou was obtained from the fashion company. I was able to conduct observations at 158 stores on the list. The remaining stores were either closed at the time of the site visit or in a location too remote for viable field observation. The observers spent 20-30 minutes at each shop, with the duration varying by store size and the number of customers in the store during the observation period. The observation schedule for each city was made known to headquarters for security reasons. Lingering too long in a shop without a purchase would

have probably raised suspicions of shoplifting, and the shop managers would have probably notified security or the police. The shop managers and employees were not notified about the exact visiting time of the observers to ensure that their natural behaviour and actions were recorded.

During the field observations, the observers entered the shops as typical shoppers. Although they appeared to be shopping, they were actually observing the activities of the employees and customers. Upon exiting the shop, the observers immediately recorded their observations on the field observation template. For each of the seven stages, they placed a checkmark in one of four categories: *not observed* (if a standard behaviour was not observed during the observation period), *deviant below standard* (if the behaviour was below the standard operating service procedure), *routine according to standard* (if the behaviour agreed with the standard operating service procedure) and *novel* (if the behaviour deviated from the standard operating service procedure and enhanced the customer's experience). If a novel box was checked, the observers provided details related to the specific novel behaviour they had observed. I accompanied the observers to all of the research sites.

5.4.4 The survey

I used the survey administered in study two to compare the results obtained using the observation template. The survey measured the adoption of service innovation based on Daft's (1978) dual core model. The dual core model suggests that service innovation adoption has two aspects: technical innovation related to new technology, and administrative innovation related to a new social structure. It has been widely adopted in surveys to measure service innovation based on an inventory of innovations specific to

institutions such as libraries (Damanpour & Evan, 1984) and hospitals (Goes & Park, 1997).

Based on the interviews conducted during the first stage of the study and on previous research, I identified 16 store-based innovation practices that retail shop managers could choose to adopt in their stores. The survey contained 16 questions pertaining to whether a store had adopted any technical or administrative innovations during the past 6 months. The technical innovation items included creative workflow processes, market research usages and customer management structures. The administrative innovation items included employee experience feedback and skills training in sales. The items were measured on a 5-point Likert scale, ranging from 1 ('strongly disagree') to 5 ('strongly agree'). Table 6 presents all 16 items. Chapter 6 elaborates further on the survey data collection procedure (p. 107) and how service innovation was measured (p. 111).

5.5 Results and Discussion

The results of the participant observations provided a rich profile of the employees' novel behaviour during the service encounters. Table 7 presents the frequency of novel behaviour, with detailed breakdowns for each stage and city. Unlike perpetual survey questions, observation allows actual behaviour to be recorded. This kind of observation is crucial because it provides a better understanding of the kinds of novel behaviour that actually occur in a natural setting (Luthans & Ibrayeva, 2006). It also details the customer/frontline employee interactions in which novel behaviour is exhibited.

In answer to the first research question posed in this chapter, i.e., what kinds of creative acts frontline employees undertake, Table 7 shows that 346 acts of novel behaviour occurred at the 158 shops visited during the field study. On average, 2.19 acts of novel

behaviour were recorded at each shop during a 30-minute period. The highest frequency of novel behaviour was recorded during the third stage, i.e., 'select merchandise' (114 counts; 32.9%), followed by the second stage, i.e., 'view merchandise' (71 counts; 20.5%), and fifth stage, i.e., 'decide to buy or reject' (45 counts; 13.0%).

Table 6 Adoption of Service Innovation (Items used in Survey)

To what extent your store has introduced the following new practices for your own store during the past 6 months?
1. Customer loyalty strategies
2. Strategy and process for generating customers
3. Use of market research
4. Customer management structure
5. Brainstorming techniques
6. Creative input work-flow process
7. Store employees involvement in creative process
8. Other innovative services
9. Introduction of briefing session
10. Performance appraisal system
11. Job referral
12. Employee experience feedback
13. Employee information database
14. Sales skills training
15. 7 habits training
16. Other innovative administrative processes

Note: Items were measured on a 5-point Likert scale, ranging from 1 'strongly disagree' to 5 'strongly agree'

Shop locations	No. of Shops	Total no. of novel behavior	Average No. of Innovative behavior per shop	Stage 1 (entering shop) No. of Novel behavior	Stage 2 (viewing merchandise) No. of Novel behavior	Stage 3 (selecting merchandise) No. of Novel behavior	Stage 4 (fitting) No. of Novel behavior	Stage 5 (decide- buy or reject) No. of Novel behavior	Stage 6 (pay for merchandise) No. of Novel behavior	Stage 7 (leaving shop) No. of Novel behavior
HK and Macau	43	101	2.35	8	14	30	14	10	8	17
Shenzhen	29	83	2.86	3	15	30	3	16	4	12
Guangzhou	22	51	2.32	4	11	14	4	10	5	3
Beijing	30	62	2.06	1	13	22	11	7	4	4
Shanghai	34	49	1.44	1	18	18	3	2	4	3
All shops	158	346	2.19	17	71	114	35	45	25	39

Table 7 Novel Behaviour Measured in Participant Observation

Note: Number of novel behaviour refers to number of boxes of novel behaviour checked across the seven stages as recorded in the service encounter template across all shops unless otherwise stated.

These results were consistent with my expectations. Compared with the other stages provided by the template, the employees and customers interacted most during the second, third and fifth stages. The novel behaviour exhibited during the second stage related to creative methods of suggestive selling. Examples of the novel behaviour exhibited during the third stage included briefing customers on the latest trends and products, and giving mix-and-match advice based on the way the customer was dressed. During the fifth stage, the salespersons offered customers advice related to the best buys and ways to save money. Some notable examples of the novel behaviour exhibited during the other stages included helping customers with shopping bags upon entering the store (stage 1, 'enter shop') and sweeping and cleaning the fitting room after a customer finished using it (stage 4, 'fitting'). Table 5 provides more examples of the novel behaviour exhibited during the seven interaction stages.

The observational template reported the creative acts that frontline employees engage in during their otherwise routine interactions with customers. Salespersons improvise and generate new ideas that differ from their standard training and go beyond adaptive selling when serving customers. For instance, briefing customers on the latest trends and products goes beyond adapting behaviour to meet customer needs, and requires salespersons to equip themselves with the latest professional knowledge. It taps into new solutions (providing information) for old problems (buying indecisiveness). Helping a customer with shopping bags is considered proactive behaviour in an employee-customer interaction. This idea is creative in that it tries to solve customer problems that are unrelated to immediate sales while adding to the service experience. The template shows that most creative acts involve unintended deviations from the standard protocol. Store managers can readily adopt certain

practices for shop-wide implementation. Novel service encounters thus provide useful ideas for service innovation. The template also shows that novel service encounters usually involve no radical changes, but are mostly incremental in terms of how frontline employees offer their services to customers.

The second research question related to how novel service encounters correlate with conventional measures of service innovation. I believe that some novel behaviour can be adopted and subsequently implemented as new services. To answer the question, I compared the results obtained using the template with the survey-based service innovation measure developed by Daft (1978). The innovation adoption was measured via a 16-item scale in the survey applied during the third stage of the study. I was able to match 145 shops that completed both the field observation and survey. The data were used for the following analysis. According to the survey, the average level of innovation adoption was 3.88 (*s.d.*= 0.56) based on a 5-point Likert scale. Cronbach's alpha of the scale was 0.86, signifying acceptable reliability.

I expected a positive correlation between the measure of innovation adoption in the survey and the measure of novel service encounters in the field observation. The correlation was moderate at 0.17 (p < 0.05). This was convincing, as I adopted the triangulation method during the data collection process. A survey of the shop managers was conducted to measure the innovation adoption, and the trained observers, who were unaware of the survey, measured the novel service encounters. The significant positive correlation between the two measures implied that the retail shops shared some common attributes in their interactions that were also conceptually separate. The survey measured the adoption of innovative practices and the observation template measured the creative process of the service encounters.

To answer the third research question, i.e., how novel service encounters vary across contexts, I explored how the different stages of service encounters are related to the well-established contingent factors for innovation. Knowing how the different stages of service encounters vary with some contingent factors could provide insight into service encounter management. Hauser et al. (2006) and Crossan and Apaydin (2010) tallied the various contextual and structural drivers of innovation, and Damanpour (2010) identified market competition and store size as two of its key factors. Informed by these studies, I examined the market environment as an external contingent factor and store size as an internal contingent factor in novel service encounters.

A market environment is operationalised as a shop's geographic location. A shop's geographic location determines its competitors, tourist movements, retail regulations and customer spending habits (Shoval, McKercher, Ng, & Birenboim, 2011). The same shop chain thus faces a wide range of different market environments depending on where its stores are located. I divided the case study shops into three clusters based on their market similarities and geographical proximities, with Hong Kong and Macau included in group 1, Shenzhen and Guangzhou in group 2 and Beijing and Shanghai in group 3 (see Table 8).

Table 8 shows significant differences in the overall novel service encounters across the three groups (F(2, 142) = 5.72, p < 0.01). In general, the shops in Shenzhen and Guangzhou had the highest level of novel behaviour (2.68), and the shops in Shanghai and Beijing had the lowest level (1.76). The groups differed in three of the service encounter stages: 'enter shop', 'decide to buy or reject' and 'leave shop'. The shops in Hong Kong and Macau were the most innovative when the customers entered and left, and those in Shenzhen and Guangzhou were the most innovative when the customers decided to buy or reject an item.

Shop locations	Average no. of novel behavior per shop	Stage 1 (entering shop) No. of Novel behavior per shop	Stage 2 (viewing merchandise) No. of Novel behavior per shop	Stage 3 (selecting merchandise) No. of Novel behavior per shop	Stage 4 (fitting) No. of Novel behavior per shop	Stage 5 (decide-buy or reject) No. of Novel behavior per shop	Stage 6 (pay for merchandise) No. of Novel behavior per shop	Stage 7 (leaving shop) No. of Novel behavior per shop
HK and Macau (group 1)	2.61	.22	.33	.83	.30	.27	.19	.44
Shenzhen & Guangzhou (group 2)	2.68	.14	.52	.88	.14	.52	.18	.30
Beijing & Shanghai (group 3)	1.76	.03	.50	.66	.16	.13	.13	.11
ANOVA across Group 1 to 3 (F value)	5.72**	4.17**	1.27	1.00	2.03	9.34***	.33	3.55*
Shop size (Employee no.) Bivariate correlation	.17*	.13†	06	.06	.19*	02	.07	.17*

Table 8 Novel Behaviour across Geographic Clusters and Shop Size

Notes: † *p* < .10; * *p* < .05; ** *p* < .01; *** *p* < .001

The results were consistent with the argument that geographical regions and locations affect innovation in different ways (Pouder & St. John, 1996; Shoval et al., 2011; Tödtling & Trippl, 2005). The regional differences may be attributed to multiple factors, such as the cultures in different regions (Drazin & Schoonhoven, 1996), market structure (Damanpour, 2010) and availability of skilled workers (Baptista & Swann, 1998).

The second contingent factor examined was shop size. I used employee numbers, which were reported in the survey, to measure shop size and examine its correlation with novel service encounters as recorded in the observation template. The results are reported in the final row of Table 8. The average shop employed 8.05 salespersons (*s.d.* = 8.43), representing a relatively small team size. In general, the larger shops exhibited more novel behaviour (r = 0.17, p < .05). Shop size was positively and significantly related to novel service encounters in three stages of the customer-service interaction: 'enter shop' (stage 1), 'fitting' (stage 4) and 'leave shop' (stage 7). The highest correlation was found during the fitting stage. The employees at bigger shops were more creative than those at smaller shops when the customers were trying on merchandise. These results are in line with the argument that slack resources are required for innovative activities (Damanpour, 1991). In the context of this thesis, the large shops possessed slack resources in terms of manpower. Their shop employees were less occupied with routine work and had more time to engage in new ideas to improve the customers' experience.

Based on the discussion of the observation and the survey results, the observation template proposed in this study is a useful tool for examining novel service encounters. It can identify the specific creative acts performed by frontline employees that are not specified in the standard procedures and training. Beyond merely dealing with unstructured
issues, frontline employees engage in novel behaviour to enlighten customers in a creative manner. In addition, the template can distinguish variations of novel encounters by market environment and shop size. It therefore reveals the stages of service encounters that must be properly managed to deal with critical contingent factors.

5.6 Limitations

Although study one had a number of limitations, its results indicate fruitful future lines of investigation. First, as I focused on the novel behaviour of salespersons, I only included 'front of the house' operations in the observation template. Future research could extend the template to include creative backstage or support processes, as defined by the service blueprint (Bitner et al., 2008).

Second, the creative acts that the employees engaged in during service encounters were shop-floor innovations that tended to be related to incremental, spontaneous and nonradical ideas (Axtell et al., 2000). This differs substantially from organizational-wide innovation program (Reinartz et al., 2011). However, creative acts provide important sources of new ideas (Gilson & Shalley 2004; Lages & Piercy, 2012). Future research could compare and contrast the processes and effects of shop-floor and systematic retail innovations.

Finally, I collected the empirical data from a single firm and industry. Confining my study to one retail firm in one industry allowed me to control for product and organisational culture variations that could have affected the service encounters. I believe that the organisational template can be used to examine service encounters in the retail outlets of other industries, which all provide high-contact and transaction-based services. However, the template may not be suitable for services in which customer contact is less extensive

and labour is less intensive, such as financial or consulting services. Given the diversity of services (Mills & Margulies, 1980; Schmenner, 1986), a different template would be required for other service types.

5.7 Conclusions

This chapter considers novel service encounters in retail outlets. I developed an observation template to study the creative acts that employees engage in during service encounters. I considered how these acts related to service innovation, environment and shop size for the retail outlets of a case study firm. I did so to address the topic of service innovation and investigate the process of novel service encounters.

However, I did not study the link between service encounters and innovation. I contend that it is necessary to study novel service encounters before this link can be examined. My work in study one provided initial empirical evidence of novel service encounters. Future research may examine how novel service encounters affect service innovation.

To the extent that the three research questions posed at the beginning of this chapter were answered, this thesis contributes to the general understanding of service encounters and innovation. First, it contributes to the study of service encounters in its use of an observation template to systematically map out the novel aspects of those encounters. Most of the service encounter research has focused on its relation to service quality (e.g., Farrell et al., 2001; Verhoef, Antonides, & de Hoog, 2004). Studies that have attempted to measure the innovativeness of frontline employees have usually adopted established scales to determine the extents to which frontline employees generate, share and implement new ideas (e.g., Gilson & Shalley, 2004; Lages & Piercy, 2012). This thesis complements the

service encounter research by identifying the creative acts that add value and uniqueness to the customer experience. I found that novel service encounters tend to be incremental in nature and provide useful ideas for service innovation. The novel aspects of service encounters examined in this thesis could inform future research related to the topic.

Second, this thesis contributes to the service innovation research by emphasising the unique interactions between customers and service providers. As the production and consumption of services take place simultaneously, it is imperative to identify which activities are actually occurring during a service encounter (Karniouchina, Victorino, & Verma, 2006). A novel and engaging process can produce a personal commercial experience for customers, one that is characterised by personal relevance, novelty and engagement (Patterson et al., 2008; Prahalad & Ramaswamy, 2004). The creative process is an important innovation research area (Gilson & Shalley, 2004). I also highlighted the crucial role of frontline employees in these interactions. Shop-floor and frontline employee innovation is a crucial source of innovation (Axtell et al., 2000). I provided further evidence that, in addition to the research and development team at a firm's headquarters, the retail operation and frontline personnel are hotbeds of service innovation (Cadwallader et al., 2010; Selden & MacMillan, 2006).

Finally, I advocated participant observation as a complement to the survey as a research tool for the study of service innovation. The service innovation research that has relied on surveys has typically focused on planned top-down innovation and measured innovation as the adoption of new practices. This approach ignores the unique features of service as a process and the customer-service interaction involved. Participant observation of the shop-floor and service process can provide a complementary research tool to the survey.

The observation template introduced in this study could be useful for managers who seek to improve service encounters at retail outlets. The data collected via its use should enable managers to identify and determine what, where and how novel behaviour takes place (Day & Nedungadi, 1994). As the template divides service encounters into consecutive stages, managers can match training and resources to decrease the deficiency of frontline employees at any particular stage. The ability to match service encounters to contingent factors is important when selecting appropriate levels of novelty under different conditions (Larsson & Bowen, 1989; Shoval et al., 2011).

This thesis also challenges the current trend of adopting service operating procedures for retail outlets. Standardising the customer/service provider interaction decreases the variance of employees' responses to individual customer needs (Bitner et al., 1990). Indeed, Victorino et al. (2012) found via a simulated video experiment that customers could distinguish between scripted and impromptu service encounters during hotel check-ins. Thus, companies must be careful about the potential effects of their service design on their customers' service experience and perception of the company. Allowing frontline employees to innovate and match their services to specific customer situations can create individualised interactions (Halliday, Davies, Ward, & Lim, 2008; Kelley et al., 1996; Vera & Crossan, 2005). As retail stores and frontline employees deal with customers first-hand, they provide a field learning laboratory for customer-centric innovation (Selden & MacMillan, 2006). I am not advocating that frontline salespersons adopt a totally handsfree approach, as retailers must also manage the efficiency of the service process (Fließ & Kleinaltenkamp, 2004). However, more employee autonomy over the completion of tasks could motivate frontline employees to implement innovative ideas (Cadwallader et al., 2010; Chiang & Jang, 2008).

In conclusion, the observation template developed for this study provides a rich account of the creative acts that frontline employees engage in during service encounters. Study one laid the foundation for a structured approach to examining the novel service encounters of frontline employees and their potential connection with service innovation.

CHAPTER 6 STUDY TWO

6.1 Objectives

Study two was designed to statistically test the eight hypotheses developed in Chapter 3 via surveys administered to sales teams. The hypotheses examine the social network antecedents and performance consequences of the teams' service innovation. The model was tested on the 175 retail shops of the fashion retail firm based on the survey responses from the managers and employees of each shop. The sample characteristics are discussed in Chapter 4. This chapter reports the survey analysis and results. It explains the data collection procedures, variable measurements, analytical method and results.

6.2 Data Collection Procedures

As described in Chapter 4, interviews were first conducted with the senior managers of the company. The information gathered during the interviews helped in the design the two surveys (one for the store managers and one for the store staff) used in study two. The surveys were initially written in English and then translated into Chinese, as most of the store managers and staff were literate only in Chinese, according to the Human Capital Development Manager. The standard practice of back translation was used to ensure the accuracy of the wording (Douglas & Craig, 1983). Language specialists translated both the Chinese and English versions. In addition, two versions of the Chinese survey were used, including a traditional character version for the Hong Kong/Macau region and a simplified character version for the other Chinese cities (Shenzhen, Guangzhou, Beijing and Shanghai). The survey was then pilot tested by 10 managers working at another similarly sized Hong Kong fashion retail company. The wordings were further refined after consulting with the host company. All of the variables were measured on a 5-point Likert

scales unless otherwise stated, and all but 'service quality' and 'team performance' were taken from the manager survey. Appendix 1 includes both the Chinese and English versions of the shop manager and employee surveys.

The surveys were conducted in 2009. To minimise the common method bias, the data were collected from two sources, i.e., the manager and employees, using two surveys. The shop manager survey conducted in Hong Kong and Macau was administered during inhouse training sessions at the Hong Kong headquarters. The manager surveys conducted in Beijing, Shanghai, Guangzhou and Shenzhen were administered via an internal mail system. To ensure confidentiality, all of the manager surveys were sent back to headquarters in sealed envelopes and delivered to the researcher immediately.

The shop managers were then asked to nominate three members of their staffs in each shop to complete the staff surveys. To ensure confidentiality, all of the staff surveys were sent back to headquarters in sealed envelopes and delivered to the researcher immediately. Owing to the support of top management, all 175 shop managers completed and returned the first survey, and 432 staff responses were received. The final sample consisted of 147 shops, due to missing data and a lack of response from certain shop staff members. An average of 2.42 staff members from each shop completed the second survey.

6.3 Measures

Service innovation. Service innovation was the dependent variable and consisted of both technical (i.e., new technology) and administrative (i.e., new social structures) aspects. Daft's (1978) dual core model has been widely adopted in surveys to measure service innovation based on an inventory of innovations specific to institutions such as libraries (Damanpour & Evan, 1984) and hospitals (Goes & Park, 1997). Based on the interviews

conducted during the first stage of the study and on previous research, 16 store-based innovation practices that the retail shop managers might have chosen to adopt in their stores were identified. The survey contained 16 questions pertaining to whether a store had adopted any technical or administrative innovations during the past 6 months. The eight technical innovation items were (1) customer loyalty strategies, (2) strategies and processes for generating customers, (3) use of market research, (4) customer management structures, (5) brainstorming techniques, (6) creative input workflow processes, (7) store employee involvement in the creative process and (8) other innovative services. The eight administrative innovation items were (1) the introduction of a briefing session, (2) a performance appraisal system, (3) job referrals, (4) employee experience feedback, (5) an employee information database, (6) sales skills training, (7) seven habits training and (8) other innovative administrative processes. The items were measured on a 5-point Likert scale, ranging from 1 ('strongly disagree') to 5 ('strongly agree'). Table 6 in the previous chapter presents all 16 items. The service innovation mean was 3.90 (s.d. = 0.53).

Nonredundancy. Nonredundancy refers to the extent to which a focal unit's contact is not connected to another contact (McEvily & Zaheer, 1999). Nonredundancy can be measured based on an overall network structure or on an ego-centred network (Ma, Huang, & Shenkar, 2011). As the complete network structure of the sample was not known, an egocentred network was used (Aldrich, Rosen, & Woodward, 1986; McEvily & Marcus, 2005) to measure the nonredundancy. In the survey, the shop managers (ego) were asked to identify at most five important shop managers as advisors (alters) from whom they obtained store management advice or whom they relied upon, and to report whether these advisors knew one another. The nonredundancy variable was calculated as follows:

Nonredundancy = (*Potential Ties* – *Actual Ties*) / *Number of Advisors*

Potential Ties is equal to the maximum number of ties that could have existed between the advisors, or n(n-1)/2, where *n* is the total number of advisors listed. Hence, it ranged from 0 to 10. *Actual Ties* measures the number of ties that actually existed between the advisors as reported by the manager (ranging from 0 to 10). *Number of Advisors* represents the total number of advisors listed (ranging from 0 to 5). The nonredundancy mean was 0.90 (*s.d.* = 0.56).

Hierarchy. Hierarchy is the reporting level of a team within an organisational structure, and was measured according to the specific hierarchical level of a team within the organisation. The shops in the sample were classified into three distinctive reporting levels. The top level was coded as 3, and consisted of the shops that reported to the Retail Director, Regional Manager and Assistant Retail Manager. The middle level was coded as 2, and consisted of shops that reported to the Area Manager, Senior Shop Manager and Sales Manager. The lowest level was coded as 1, and consisted of shops that reported to the Area Supervisor. As the hierarchy increased from 1 (lowest) to 3 (highest), the three categories were treated as a continuous scale. The hierarchy mean was 1.34 (*s.d.* = 0.68).

Vertical trust. Vertical trust refers to the willingness of a unit to be susceptible to the actions of its headquarters while also exhibiting confidence in its benevolence and competence (Levin & Cross, 2004). The original 5-item trust scale of Levin & Cross (2004) with an additional sixth item was used to assess the stores' levels of vertical trust. Three of the items measured benevolence-based trust, i.e., 'headquarters always looks out for our store's interest', 'headquarters goes out of its way to make sure that our store is not damaged or harmed' and 'headquarters does not care what happens to our store (reverse coding)'. Two of the items measured competence-based trust, i.e., 'headquarters approaches its jobs with professionalism and dedication' and 'given its track record, there is

no reason to doubt headquarters' competence and preparation'. A sixth item was added, i.e., 'whether headquarters is knowledgeable'. The vertical trust mean was 4.0 (s.d. = 0.66).

Horizontal trust. Horizontal trust refers to the willingness of a unit to be susceptible to the actions of other units while also exhibiting confidence in their benevolence and competence (Levin & Cross, 2004). The original 5-item trust scale of Levin & Cross (2004) with an additional sixth item was used to assess horizontal trust, replacing 'headquarters' with 'peer stores' in the questions. The horizontal trust mean was 3.34 (*s.d.* = 0.67).

Service quality. Service quality refers to the discrepancy between what the customers expect and what is actually being offered (Parasuraman et al., 1985). Since Parasuraman et al. (1985) and (1988), the SERVQUAL scale has been subjected to various theoretical and operational criticisms (see for example Babakus & Boller, 1992; Brown, Churchill, & Peter, 1993). The SERVQUAL scale emphasizes the gap between customer expectation and performance of the service providers, while some other scales of service quality focus on service perception only. Moreover, customers may not always go for the best quality service, and hence some other scales focus on service value instead of service quality. However, the gap model proposed by SERVQUAL remains influential (Seth, Deshmukh & Vrat, 2005); and the SERVQUAL scale has remained the most comprehensive and most widely used measures on service quality.

I followed Sivadas and Baker-Prewitt (2000) to measure the perception of service quality based on Parasuraman's SERVQUAL scale. This is because prior research has indicated that perception has been more useful than gap analysis to predict service quality. The 22-item scale was based on the following five dimensions: tangibles (physical facilities, equipment and appearance of personnel), reliability (the ability to perform the promised service dependably and accurately), responsiveness (a willingness to help

customers and provide prompt service), assurance (the knowledge and courtesy of employees and their ability to inspire trust and confidence) and empathy (the caring, individualised attention paid by the service provider to its customers). The variable was taken from the employee survey and its mean was 4.19 (*s.d.* = 0.31).

Team performance. A seven-item scale was used to measure the stores' perceptual performance. Of the seven items, six were adapted from a study by Homburg and Pflesser (2000). The remaining item, i.e., 'a positive established store image', was added to include brand image as part of a store's performance. The variable was taken from the employee survey.

Control variables. Four variables were controlled for that previous research has shown to affect innovation or performance. These included two store-level variables, i.e., employee number and industry experience. The number of employees in a store affects the store's adoption of service innovation (Baldridge & Burnham, 1975). *Employee number* was measured as the number of full-time employees working at a store (mean = 6.12; *s.d.* = 5.63). The retail industry work experience of a shop in charge is conducive to its service innovation process (Allen, 1970). *Industry experience* was measured as the number of years a shop manager had worked in the retail industry (mean = 4.16; *s.d.* = 3.15).

Two location variables, tourist and prime location, were also controlled for. The very different retail environments of tourist and non-tourist areas are likely to affect service innovation in different ways. *Tourist location* was coded as 1 if the store was located in an area that was attractive to visitors, such as a place of interest or a mega shopping mall, and 2 if it was located in a non-tourist area. The mean was 1.78 (s.d. = 0.40). *Prime location* was separated into two categories. Shops with high levels of productivity and that were located in prime locations were coded as 1. Shops with medium levels of productivity and

that were located in good locations, together with shops with relatively lower levels of productivity and that were located in residential areas were coded as 0. The mean was 0.22 (*s.d.* = 0.41).

6.4 Data Analysis and Results

Multiple regression analysis was used to test the hypotheses. This section reports the data analysis results. The first section presents the descriptive statistics, zero-order correlations and reliability. The second section presents the regression results of the direct effects of social capital (Hypotheses 1-4). The third section presents the results of the moderating effect of trust (Hypotheses 5-6). The fourth section presents the mediating and moderating effects of service quality on performance (Hypotheses 7-8).

6.4.1 Descriptive statistics, correlation and scale reliability

Table 9 reports the descriptive statistics and zero-order correlation coefficients for all of the variables. As expected, the relational dimension of social capital was positively correlated with service innovation. Furthermore, service innovation was positively related to vertical trust (r = .26, p < .01) and horizontal trust (r = .25, p < .01). In terms of the structural dimension of social capital, organisational hierarchy was negatively correlated with service innovation (r = -.29, p < .01), which was consistent with expectations. Although nonredundancy was not significantly correlated with service innovation, the results showed a negative correlation (r = -.13, *n.s.*). Performance was positively related to both service innovation (r = .18, p < .05) and service quality (r = .60, p < .01). For all of the scales, the Cronbach alpha values were above the norm of 0.70 except for horizontal trust

(α = .68), which just missed the cut-off value of 0.70. Therefore, the statistical tests exhibited sufficient reliability.

6.4.2 Test of the direct effect of social capital on service innovation

Hypotheses 1-4 test the direct effect of social capital on service innovation. Table 10 reports the regression analysis results. The control variables were entered in step 1. In step 2, the three terms (i.e., nonredundancy, its squared term and that organisational hierarchy) of the two structural social capital variables were entered. In step 3, the two relational social capital variables (i.e., horizontal and vertical trust) were entered.

Model 2 shows that the structural social capital explained a further 7% of the service innovation on top of the control variables ($\Delta R^2 = .07, F = 3.51$). The coefficient of nonredundancy was negative ($\beta = -.68; p < .01$), and the coefficient for its squared term was positive ($\beta = .60, p < 0.01$). Thus, Hypothesis 1 was supported, but in the opposite direction. Hypothesis 2, which predicts a negative relationship between the organisational hierarchy and service innovation, was supported ($\beta = -.18, p < .05$).

Hypothesis 3 predicts that vertical trust in a unit's headquarters is positively related to service innovation, and Hypothesis 4 predicts that horizontal trust in other units is positively related to service innovation. Model 3 of Table 10 confirms these hypotheses. Relational social capital as a whole explained a further 10% of the variance in service innovation, on top of the control variables and structural social capital variables ($\Delta R^2 = .10$, F = 5.43). Horizontal trust was found to be positively related to service innovation ($\beta = .17$, p < .05) and vertical trust was found to be positively related to service innovation ($\beta = .20$, p < .01). Hypotheses 3 and 4 were therefore supported.

	Variables	Μ	SD	1	2	3	4	5	6	7	8	9	10	
1.	Service innovation	3.90	0.53	(.86)										
2.	Team performance#	4.08	0.37	.18*	(.78)									
3.	Service quality#	4.19	0.31	.16*	.60*	* (.84)								
4.	Non-redundancy	0.90	0.56	13	.03	03	()							
5.	Organizational hierarchy	1.34	0.68	29 **	00	.03	.03	()						
6.	Horizontal trust	3.34	0.67	.25**	.05	.06	04	.06	(.68)					
7.	Vertical trust	4.00	0.66	.26**	.14	.24**	.00	.01	.46**	(.74)				
8.	Employee (number)	6.12	5.63	25 **	00	.01	.06	.55**	.07	.12	()			
9.	Industry experience (years)	4.16	3.15	17 *	02	00	.02	.27**	08	06	.41**	()		
10.	Tourist location	1.78	0.40	.14	.05	.02	07	13	.10	11	33**	.00	()	
11.	Prime location	0.22	0.41	03	06	03	01	.06	.05	.13	.34**	.15	20*	()

Table 9 Means, Standard Deviations, Correlations, and Cronbach's Alphas

Notes: N = 147; *p < .05; **p < .01; ***p < .001

Values in parentheses along the diagonal are reliability estimates (Cronbach's alpha)

Variables from the Employee Survey. All of other variables are from shop manager's survey

	Service Innovation								
Variables	Model 1		Model 2		Model 3	Model 3			
	β	t	β	t	β	t			
Employee Number	17*	-1.93	09	87	14	-1.39			
Industry Experience	11	-1.34	06	76	00	06			
Tourist Location	.03	.40	.04	.49	.01	.21			
Prime Location	.05	.67	.01	.24	01	16			
Non-redundancy			68**	-2.91	60**	-2.70			
Non-redundancy ²			.60**	2.57	.52*	2.34			
Organizational Hierarchy			18*	-1.94	18*	-2.04			
Horizontal Trust					.17*	2.13			
Vertical Trust					.20**	2.58			
R^2	.06		.13		.23				
ΔR^2			.07*		.10***				
F	2.74*		3.51*		5.43***				

Table 10 Results for the Direct Effects of Social Capital on Service Innovation

Note: Standardized regression coefficients (β) are shown in each equation. N = 147*p < .05**p < .01***p < .001

6.4.3 Test of the moderating effect of trust on service innovation

Hypothesis 5 predicts that horizontal trust moderates the nonlinear relationship between nonredundancy and service innovation. Whether trust moderated the U-shaped relationship between nonredundancy and service innovation was tested. Two interaction terms were created between nonredundancy and horizontal trust. These two terms were entered into the regression following the control variables, the main effects of nonredundancy and horizontal trust. As horizontal trust might have interacted with the organisational hierarchy, an interaction term between the two was also included. As shown in Table 11, the interaction between horizontal trust and nonredundancy was significant ($\beta = 2.29$, p < .25), and the interaction between horizontal trust and nonredundancy squared was marginally significant ($\beta = -2.07$, p < .10, $R^2 = .27$). Therefore, Hypothesis 5 was supported. Figure 3 depicts the plot of the relationship, and reveals that the shops with high levels of horizontal trust exhibited a U-shaped relationship between nonredundancy and service innovation. However, the shops with low levels of horizontal trust exhibited a generally linear relationship between nonredundancy and innovation.

Hypothesis 6 predicts that vertical trust moderates the negative relationship between the organisational hierarchy and service innovation. To test this moderating effect, an interaction term was created by multiplying the hierarchy by vertical trust. As vertical trust might have also interacted with nonredundancy, the interaction between the two was also included. The two interaction terms were entered into the regression following the control variables, main effects of the organisational hierarchy and vertical trust. As shown in Table 12, counter to the prediction, vertical trust did not show any moderating effect on the relationship between the organisational hierarchy and service innovation ($\beta = .19$, *n.s.*). Hence, Hypothesis 6 was not supported.

Service Innovation						
Variables	Model 1		Model 2		Model 3	
	β	t	β	t	β	t
Control Variables			-			
Employee Number	17*	-1.93	14	-1.39	17	-1.68
Industry Experience	11	-1.34	00	06	.01	.16
Tourist Location	.03	.40	.01	.21	.04	.58
Prime Location	.05	.67	01	16	.00	.10
Main Effects						
Structural Capital						
Non-redundancy			60**	-2.70	-2.77**	-2.47
Non-redundancy ²			.52*	2.34	2.54*	2.30
Organizational			18*	-2.04	.87*	1.91
Hierarchy						
Relational Capital						
Horizontal Trust			.17*	2.13	.28	1.32
Vertical Trust			.20**	2.58	.18*	2.24
Interaction Effects						
Horizontal Trust x					2.29*	1.98
Non-redundancy						
Horizontal Trust x					-2.07^{\dagger}	-1.83
Non-redundancy ²						
Horizontal Trust x					-1.13**	-2.37
Organizational						
Hierarchy						
	04		22		77	
R	.00		.23 17***		.27	
	 2 74*		.1/		.04 [·] 5 00***	
Г	Z./4 ^{**}		3.43		3.00	

Table 11 Results for the Moderating Effects of Horizontal Trust on theRelationship between Nonredundancy and Service Innovation

Notes: Standardized regression coefficients (β) are shown in each equation. N = 147 $\dagger p < .10$ * p < .05 ** p < .01*** p < .001

	Service Innovation						
Variables	Model 1		Model 2		Model 3		
	β	t	β	t	β	t	
Control Variables	-		-				
Employee Number	17*	-1.93	14	-1.39	14	-1.34	
Industry Experience	11	-1.34	00	06	00	04	
Tourist Location	.03	.40	.01	.21	.02	.26	
Prime Location	.05	.67	01	16	01	14	
Main Effects							
Structural Capital							
Non-redundancy			60**	-2.70	-1.42	98	
Non-redundancy ²			.52*	2.34	1.41	1.03	
Organizational			18*	-2.04	37	59	
Hierarchy							
Relational Capital							
Horizontal Trust			.17*	2.13	.17*	2.07	
Vertical Trust			.20**	2.58	.10	.37	
Interaction Effects							
Vertical Trust x					.87	.58	
Non-redundancy							
Vertical Trust x					93	66	
Non-redundancy ²							
Vertical Trust x					.19	.29	
Organizational							
Hierarchy							
\mathbb{R}^2	.06		.23		.23		
ΔR^2			.17***		.00		
F	2.74*		5.43***		4.05***		

 Table 12 Results for the Moderating Effects of Vertical Trust on the Relationship

 between Organisational Hierarchy and Service Innovation

Notes: Standardized regression coefficients (β) are shown in each equation. N = 147 $\dagger p < .10$ * p < .05 ** p < .01*** p < .00

Figure 3 Curvilinear interaction of non-redundancy and horizontal trust on service innovation



6.4.4 Test of the effect of service innovation on performance

Hypotheses 7 and 8 are competing hypotheses posed to test for the two roles (i.e., mediation and moderation) of service quality in the service innovation/team performance relationship. In the case of Hypothesis 7, Baron and Kenny's (1986) three-step procedure for assessing the mediating effect of service quality was followed. First, the independent variable should be significantly related to the mediator variable; second, the independent variable should be related to the dependent variable; and third, the mediating variable should be related to the dependent variable, with the independent variable included in the equation. If the first three conditions are satisfied, mediation is present at least in part. If the independent variable has a non-significant coefficient in the third step, then complete mediation is present.

The mediator (service quality) was regressed on the independent variable (service innovation). As shown in Table 13, the regression coefficient for innovation was significant ($\beta = .18$, p < .05, $R^2 = .03$), satisfying the first requirement for mediation. The dependent variable (team performance) was then regressed on the independent variable (service innovation). The coefficient for innovation was significant ($\beta = .20$, p < .01), satisfying the second requirement for mediation. To test the third requirement, the dependent variable (team performance) was regressed on the mediating variable (service quality), with the independent variable (service innovation) included in the equation. With service quality in the equation, the coefficient of service innovation was not significant ($\beta = .09$, *n.s.*), and the coefficient of service quality was significant ($\beta = .59$, p < .001, $R^2 = .38$). This indicated that service quality completely mediated the relationship between service innovation and team performance. Therefore, Hypothesis 7 was supported.

A Sobel test was conducted to further assess the significance of the indirect effect (MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002; Sobel, 1982). The Sobel test involves calculating the magnitude of the unstandardised indirect effect and its accompanying standard error. The ratio of the indirect effect over its standard error, referred to as the Sobel statistic, is then compared with a *z distribution* to determine the statistical significance of the indirect effect. Following the 'product of coefficients' approach advocated by MacKinnon et al. (2002), mediation is demonstrated when an independent variable has a statistically significant indirect effect on a dependent variable when a direct effect is also modelled. In this study, the results from the Sobel test indicated that the indirect effect of innovation on performance was significant (*z* = 2.04, *p* < .05), providing strong support for the mediation effect.

Hypothesis 8 predicts that service quality moderates the relationship between service innovation and performance. A hierarchical moderated multiple regression analysis was used to test this hypothesis. An interaction term was created by multiplying service innovation by service quality. The term was entered into the regression equations following the control variables, main effects of service innovation and service quality variables.

Model 3 in Table 14 presents the results. Counter to the prediction, service quality did not positively moderate the relationship between service innovation and performance ($\beta = 1.60$, *n.s.*). Therefore, Hypothesis 8 was not supported.

To summarise, six of the eight hypotheses proposed in Chapter 3 were supported, with two supported in opposite directions (Table 15). The results are discussed in the following chapter.

	Service Quali	Performa	nce [#]				
Variables	Model 1		Model 2		Model 3		
	β	t	β	t	β	t	
Control Variables							
Employee Number	.00	.07	00	10	01	17	
Industry Experience	.07	.71	.09	.90	.04	.58	
Tourist Location	.00	.09	.03	.44	.03	.47	
Prime Location	04	52	08	90	05	74	
Independent Variable							
Service Innovation	.18*	2.11	.20**	2.41	.09	1.41	
Mediating Variable							
Service Quality [#]					.59***	8.77	
R^2	.03		.04		.38		
ΔR^2			.01		.34***		
F	.94		1.38		14.60***		

Table 13 Results for the Mediating Effects of Service Quality on Team Performance

Notes: Standardized regression coefficients (β *) are shown in each equation.* N = 147[#] = rated by employees

$$\dagger p < .10$$

* $p < .05$
** $p < .01$
*** $p < .001$

	Performa	ance [#]					
Variables	Model 1		Model 2		Model 3		
	β	Τ	β	t	β	t	
Control Variables							
Employee Number	02	29	01	17	01	22	
Industry Experience	.04	.41	.04	.58	.04	.59	
Tourist Location	.05	.61	.03	.47	.05	.69	
Prime Location	06	72	05	74	04	59	
Main Effects							
Innovation			.09	1.41	-1.21	-1.45	
Service Quality [#]			.59***	8.77	13	28	
Interaction Effect							
Innovation x					1.60	1.57	
Service Quality [#]							
R^2	.00		.38		.39		
ΔR^2			.38***		.01		
F	.26		14.60***		13.00***		

Table 14 Results for the Moderating Effects of Service Quality on Team Performance

Notes: Standardized regression coefficients (β) are shown in each equation. N = 147[#] rated by employees

 $\begin{array}{l} \dagger \ p < .10 \\ * \ p < .05 \\ ** \ p < .01 \\ *** \ p < .001 \end{array}$

Table 15 Summary of Hypotheses and Results

	Hypothesis	Supported	Not supported
1	Nonredundancy has a non-linear relationship with service innovation	supported in the opposite direction	
2	Organizational hierarchy is negatively related to service innovation.	r	
3	Vertical trust is positively related to service innovation	~	
4	Horizontal trust is positively related to service innovation	~	
5	Horizontal trust positively moderates the non-linear relationship between nonredundancy and service innovation.	Supported in the opposite direction	
6	Vertical trust negatively moderates the negative relationship between organizational hierarchy and service innovation		V
7	Service quality mediates the relationship between service innovation and team performance.	~	
8	Service quality moderates the relationship between service innovation and team performance. Specifically, the higher the level of service quality, the higher the positive impact of service innovation on team performance.		~

CHAPTER 7 DISCUSSION

This chapter discusses the statistical results of the surveys conducted in study two and provides a possible explanation for why some of the hypotheses were not supported. In summary, six out of the eight hypotheses were supported, with Hypotheses 1 and 5 supported in the opposite direction.

7.1 Different Effects of Social Capital on Service Innovation

Hypotheses 1-4 lay out the direct effects of four types of social capital on service innovation. As predicted in Hypothesis 2, organisational hierarchy was found to suppress service innovation. Organisational hierarchy limited the sales teams' ability to access tacit information and decreased their ability to explore combinations of various information to create new knowledge. In addition, as predicted in Hypotheses 3 and 4, respectively, both vertical and horizontal trust were positively related to service innovation. The results supported the argument that trust is an important element between units within a single organisation. Substantive trust between teams and headquarters increases each individual team's service innovation. Trust lubricates the interpersonal relationships between actors and facilitates exchanges of information and resources, resulting in greater service novelty (Moran & Ghoshal, 1999).

Building on the trust research, intrafirm trust was found to be both vertical and horizontal. Vertical trust enables the individual units to connect with their headquarters, and horizontal trust links the individual units with other units. These links and connectivity enhances the diversity of the shared information and resources. As trust continues to develop, the opportunities for sharing and transferring information and resources increases (Inkpen & Tsang, 2005). This finding furthers the general understanding of trust in an intrafirm setting.

However, the survey results showed that nonredundancy had a U-shaped rather than inverted U-shaped relationship with service innovation, as posited in Hypothesis 1. This suggests that nonredundancy decreased service innovation in the beginning and only increased it after a certain point.

Nonredundancy may have decreased service innovation initially due to the unique Chinese sample used. When nonredundancy increases, an individual team treats other teams that do not communicate between themselves as its own advisors. It is quite unusual for a team to befriend other teams that do not know one another. This type of network could increase the level of conflict and create suspicion in the Chinese context. China is a society that relies significantly on social relationships, which are considered very important aspects of a manager's social fabric (Luo, 2005; Xiao & Tsui, 2007; Tsui, 1997). The partners involved in a nonredundant network may experience greater conflicts with one another, and may foster partner units' suspicion of the focal unit.

In this theoretical framework, information access is a fundamental mechanism that explains why nonredundancy may increase service innovation. If nonredundancy is related to conflicts between the network partners in the sample, free access to information cannot occur. This could be a reason why an inverted U-shaped relationship between nonredundancy and service innovation was not found. In fact, nonredundancy may have decreased the level of service innovation. Unit partners involved in a nonredundant network associated with high levels of conflict and suspicion are reluctant to share valuable information and resources, and this decreases the level of service innovation. Ahuja (2000) found that interfirm collaboration with many structural holes led to a low level of trust and hence decreased innovation. The assumption is that having more structural holes increases threats and produces a less meaningful collaboration. The conflict arising from nonredundancy is detrimental to service

innovation. Only when nonredundancy continues to increase and the benefits of information diversity become greater than the downsides of conflict can service innovation finally increase.

Furthermore, innovation may have increased at high levels of nonredundancy in the study because the sample consisted of teams from a single firm. According to Hypothesis 1, information overload and inefficient information flow explain why high levels of nonredundancy decrease innovation. This may not be relevant for teams from a single firm that share a high level of commonality. As the teams within a firm share an organisational culture and standard operating procedures, their flow of information is much easier (Mors, 2010). Moreover, a common language within a firm is developed based on commonalities that facilitate the flow of information (Boisot, 1995). Therefore, the culture, standard operating procedure and language of a firm enhance the integration of diverse information and help the firm generate novel information, even when the level of nonredundancy is high.

7.2 Moderating Effect of Relational Social Capital on Service Innovation

Hypotheses 5 and 6 test the moderating effect of horizontal and vertical trust on service innovation. The results of the test of Hypothesis 5, suggested that horizontal trust moderated the nonlinear relationship between nonredundancy and service innovation, as depicted in Figure 3.

Two observations can be made. First, the U-shaped relationship was found only when the level of horizontal trust between units was low. Suspicion and conflict are introduced into a nonredundancy network when the level of trust is low. Actors become more reluctant to share information and more cautious when dealing with outside actors, especially in a collectivist culture like China (Xiao & Tsui, 2007). This results in a U-

shaped relationship. However, the amount of conflict in a focal team's nonredundant network is lowered when the level of trust is high.

Second, the effect of nonredundancy on service innovation is mostly higher in highrather than low-trust situations. Collaborations are more meaningful in high-trust situations. Once a relationship is developed, the transfer of information and resources becomes easier and units no longer fear being taken advantage of (Ahuja, 2000). Therefore, service innovation will always be higher in high- rather than low-trust situations between the teams.

In the test of Hypothesis 6, the moderating effect of vertical trust on the relationship between organisational hierarchy and service innovation was not supported. The results suggested that vertical trust did not weaken the negative relationship between hierarchy and service innovation. Hypothesis 6 posits that vertical trust weakens the effect of hierarchy on innovation, as a team with a high level of trust in its headquarters is more willing to follow its suggestion for adopting new practices, leading teams with high positions in the hierarchy to innovate more.

There are two potential reasons why this argument did not apply in this sample. First, a team's trust in its headquarters may not translate directly into obedience and a willingness to follow instructions from headquarters. Hence, even a team that trusts in its headquarters may not follow its suggestions. If this were the case, a high level of trust would not moderate the negative effect of hierarchy on innovation. Second, local innovation may be more important than following instructions from headquarters in a retail setting. Service innovation in retail operations may be location specific (Pouder & St. John, 1996; Tödtling & Trippl, 2005) and subject to the perception of cultural differences (Drazin & Schoonhoven, 1996). What is considered to be an innovative service in one city may not necessarily be considered as such in another city. If this is

true, even if a team trusts and is willing to accept and follow instructions from its headquarters, the negative effect of hierarchy on innovation may not be reduced. Therefore, following headquarters may not necessarily increase service innovation, and trust does not moderate the relationship between the organisational hierarchy and service innovation.

7.3 The Effect of Service Innovation on Team Performance

Hypotheses 7 and 8 test the interactions between service innovation, service quality and team performance. According to the results, service quality mediated the relationship between service innovation and team performance, and the moderating effect of service quality was not supported.

Service quality may have failed to be a moderator for several reasons. First, it does not strengthen the relationship between service innovation and performance. This occurs if the benefits of innovation are not increased and the costs are not decreased when the level of service quality is high. The benefits of innovation do not increase if service quality does not help the implementation of service innovation. This probably occurred in this sample because the resources that facilitated the implementation of service quality does not increase the level of service innovation. Second, within a competitive business environment, customers are more likely to be unforgiving of a retailer's mistakes and expect any service innovation to add value to their experience, even when the level of service quality is high. Therefore, service quality does not weaken the downside of service innovation.

However, service quality does play a mediating role in the relationship between service innovation and performance, as an attempt to deliver innovative service leads to

an improvement in service quality (Barras, 1990). When the level of service quality is high, service innovation enhances team performance.

CHAPTER 8 CONCLUSIONS

This thesis aimed to unbundle the antecedents and consequences of work team service innovation. To achieve these aims, the nature of service innovation as a process was re-examined and a model that focuses on the social capital antecedents of service innovation and the interactive effect of service quality and innovation on team performance was proposed. Two studies were conducted that tested the model on the sales teams of a regional apparel retail company. The first study was a qualitative participant observation study that aimed to explore the novel service encounter process of the sales teams. The second study used large-scale surveys to quantitatively test the antecedents and consequences of service innovation in 175 retail shops. The limitations and potential contributions of study one were discussed in Chapter 5. In this chapter, the limitations, theoretical contributions and managerial implications of study two are discussed.

8.1 Limitations

The results of this thesis should be interpreted in light of its limitations, which provide avenues for future study. The limitations of Study 1 have been discussed in Section 5.6 (p. 98-99). I will discuss the limitations of Study 2 here.

The surveys used in study two had four limitations. First, they were conducted at a single firm in a single industry. Confining the study to one firm in one industry allowed extraneous variations due to firm or industrial differences to be controlled. However, this may limit the generalisability of the results. Generalisability refers to the applicability of results to other contexts and involves enhancing the external validity of those results (Hubbard, Veter, & Little, 1998). It plays a crucial role in the research

process because it is important for findings to be replicable in other settings, such as different industries, firms, periods, populations and geographical areas, rather than be localised in nature (Hubbard et al., 1998). When a study's level of generalisability is low, its contributions are greatly confined (Lindsay & Ehrenberg, 1993). Therefore, generalisability is central to determining whether a model is legitimate in other firm settings (Steers, 1975) and whether its results are valuable and can be applied to other pragmatic issues (Hubbard & Lindsay, 1995). For instances, an assumption of Hypothesis 2 is that the organization adopts a decentalised structure, and an assumption of Hypothesis 4 is that tacit knowledge transfer is important for innovation in the service industry. Both assumptions are valid for the studied firm and the retail industry, but they may not be valid in other firms and other contexts.

The multiunit setting enhances the potential effects of regional and cultural differences on social capital variations. Given the strong presence of global firms in various countries, the opportunities to network and access diverse information are among the biggest advantages of a multiunit firm (Bartlett & Ghoshal, 1989). There is currently an immense opportunity to integrate and combine information to create novel services. Hence generalizing results of this study to multinational firms and other service industries is important. However, since this study is conducted in a regional multiunit firm and a high contact transaction-based service setting, the results may not be generalisable. Future studies should extend this research to multinational firms and other service industries such as airlines and hotels and involve a broader range of tasks to generalise the findings.

Second, although the hypotheses are based on causal arguments, the surveys were cross-sectional and did not establish causality. Causality refers to the independent variable that causes the dependent variable, which is one of the most common

characteristics of research studies (Neumann, 1978). If reverse causality existed, then the regression coefficients would have been wrongly estimated. Social capital was explicitly assumed to be exogenous. However, past research has shown that business units or teams that are capable (Monteiro, Arvidsson, & Birkinshaw, 2008; Schulz, 2001) or have valuable and relevant knowledge to provide to other units (Gupta & Govindarajan, 2000; Yang, Mudambi, & Meyer, 2008) have high levels of social capital. To the extent that innovative teams have higher levels of social capital, study two faced an endogeneity bias due to the reverse causality from innovation to social capital (Phelps, Heidl, & Wadhwa, 2012). The possibility of reverse causality could not be ruled out because the research design was cross-sectional. Further longitudinal research designs are required to directly test the causal relationships over time.

Third, the performance measure of study two was based on the perceptual scale, referring to the subjective ratings provided by the respondents. The scale faces certain problems, including an escalation of measurement errors and monomethod bias (Delaney & Huselid, 1996). In addition, perceptual measures are problematic due to their (a) generalisability limitations, (b) reliability and validity issues and (c) uncertainty (Boyd, Dess, & Rasheed, 1993).

Perceptual measures of performance were relied on, as the firm examined was reluctant to provide objective sales figures due to sensitivity issues. Although the research has indicated that perceptual measures are positively correlated with a firm's objective measures (Dess & Robinson, 1984; Dollinger & Golden, 1992; Powell, 1992), future research may benefit from obtaining actual performance data and are strongly encouraged to do so (Dess & Robinson, 1984). Other organisational performance measures such as employee satisfaction could also be included (Katsikeas, Leonidou, & Morgan, 2000).

Fourth, study two included a common method variance (i.e., sourcing from the same respondents). This may have artificially increased the strength of the relationships between the study variables. The potential effects produced from a common rater include a motif of consistency, where the rater tries to organise the information so that it appears consistent when answering similar types of questions; implicit theories and illusory correlations, which distort the relationships between variables, as the rater assumes that the survey items co-occur; social desirability, which infers that the rater gives only favourable answers to the survey items while hiding his or her true feelings; leniency bias, which refers to the rater's tendency to give better ratings to the people he or she knows well; acquiescence, which refers to the rater's tendency to agree to survey items that are worded similarly regardless of their content; positive and negative affectivity, which refer to the rater's mood disposition and infer that a rater's negative mood influences him or her to see the surrounding environment as negative, thereby affecting the relationships between the variables; and the transient moon state, which reflects how the rater's trait characteristics may influence his or her responses to the survey items (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

The data used to test Hypotheses 1-6 were collected from a single source (i.e., the store managers) and subject to common method bias (Podsakoff et al., 2003). The self-reported measures bias would have been more significant if the independent and dependent variables had come from the same person (i.e., the store manager). The data used to test Hypotheses 7 and 8 were obtained from a second data source (i.e., the shop employees). This procedure made it difficult for a single rater to predispose the relationship between the independent and dependent variables and therefore eliminated the effects of consistency motifs and implicit theories (Podsakoff et al., 2003).

8.3 Managerial Implications

The findings of this thesis offer some pragmatic implications for managers in terms of how to manage social capital and service quality as they relate to team service innovation.

First, according to the survey results, nonredundancy in a team network tends to lower service innovation initially and improve it afterwards. Based on this result, managers should not be overly discouraged by the initial costs of nonredundancy. Instead, they should attempt to shorten the initial cost period as quickly as possible to benefit from nonredundancy at a higher level. It is suggested that nonredundancy initially lowers service innovation due to the lack of information sharing in a nonredundant network (Bizzi, 2013). To deal with this issue, managers should invest in the development of a knowledge-sharing platform, which is necessary for different teams to interact and share their experience (Ordanini & Parasuraman, 2010; Subramanian & Youndt, 2005). Managers often focus on daily work routines and aligning teams with the company's vision and strategy while ignoring the need to create synergy between teams and unleash the potential of social capital in enhancing service innovation. A knowledge-sharing platform could create knowledge-sharing opportunities via (1) soft skills training such as teambuilding to enhance teams' networking ability, (2) continuous periodical meetings that bring managers from all of the teams together and encourage the exchange of ideas and (3) job rotation for team managers with teams in the same or different regions. This would allow team managers to foster stronger ties with other team managers offering diverse information and backgrounds (Rodan & Galunic, 2004).

Second, according to the survey results, teams that are high in their organisational hierarchies tend to have lower levels of service innovation. Based on this result,

managers must try harder to foster team innovation and should allow teams with high hierarchical positions more flexibility and autonomy. Managers must recognise that the dark sides of formalities and procedures are detrimental to innovation initiatives. Although too much autonomy may lead to inconsistencies in a team's service delivery and hence lower its performance, managers must balance rigid standard operating procedures with autonomy for innovation to occur. Employee involvement and a team climate can be created for this purpose. Involving teams in the decision-making process for any service innovation initiative enhances employees' commitment and motivation. As the teams examined in this study understood the needs and wants of the customers at the front end, their managers were able to consider shifting new service development responsibilities to the operations level (Easingwood, 1986; Schneider & Bowen, 1995). In addition, the support of team innovation enhances the climate for service innovation (West & Anderson, 1996). Encouraging employees to experiment without penalty facilitates the development of new ideas. A culture that does not help a team exercise its own discretion makes empowerment counterproductive (Kelley, 1993).

Third, according to the survey results, a team's relational social capital is important to its service innovation. Both the horizontal trust between teams and the vertical trust between a team and its headquarters lead directly to service innovation, and indirectly facilitate the effect of structural social capital on service innovation. Trust can facilitate resources and tacit information sharing to enhance service innovation. Each team has its own unique resources that contribute to its own capability (Tsai & Ghoshal, 1998). Therefore, a team must be proactive in reaching out to other teams to develop relationships and trust. Team managers must continue to fill in structural holes and forge new ties (Moran, 2005). Although corporate-sponsored functions, such as forums, seminars and meetings, can be time-consuming for team managers, they present
opportunities to develop relationships with other team managers. In addition, team managers should not only attempt to acquire information from other units, but also disseminate their own information to other units to facilitate self-learning and create a reciprocal learning process (Moran, 2005). In other words, team managers must coordinate both combined and balanced flows of information to maximise service innovation. The advancement of telecommunication-based social network systems may allow relationships to be forged across geographic regions (Oh et al., 2004).

Fourth, according to the survey results, service innovation affects a team's performance through increased service quality. Based on this result, managers should not relentlessly pursue service innovation for the sake of innovation. Too much innovation may increase costs, confusion and inconsistencies in the service provided to customers. The sole pursuit of service innovation without commitment to service quality may not always result in improved performance. Managers should pay more attention to how novel service can translate into quality service that fulfils customer needs. Service quality gaps related to tangibles, reliability, responsiveness, assurance and empathy are immediate outputs of service innovation. Considering them will enable managers to identify novel ways of filling the gaps created by customers' expectations. In addition, managers must ascertain that any innovative service introduced is supportive of service quality. As novel services can be risky (Scheuing & Johnson, 1989), managers must match service innovation practices with current service quality. They must also consider how to plan and modify novel services systematically to make them compatible with the current system and part of the quality service system (Tax & Stuart, 1997).

8.2 Theoretical Contributions

This thesis makes three contributions to the service innovation research. First, it considers service innovation as a process. Second, it extends the study of social capital as a crucial antecedent of service innovation. Third, it clarifies the interactive effect of service innovation and quality on team performance.

8.3.1 Service innovation as a process

This thesis improves the general understanding of service innovation by shifting the manufacturing-based adoption and assimilation approach of its examination to a demarcation approach. The process characteristics of service in a retail setting were examined via two case studies. By focusing on the innovative behaviour of frontline employees in the retail industry, it was shown that service innovation should be examined differently from technology-based product innovation. Moreover, although most of the research has examined individual- or firm-level innovation (Crossan & Apaydin, 2010; Damanpour, 1991), this thesis focused on team-level innovation, which is important for multiunit firms (Tsai, 2001). It also introduced the observation template as a research tool for observing novel service encounters. Insights from the service encounter template should enable researchers to document the nature of service encounters during customer/employee interactions.

8.3.2 Social capital as an antecedent

This thesis contributes to the development of a more comprehensive theory of social capital by using four 2x2 typology dimensions ('vertical relational', 'horizontal relational', 'vertical structural' and 'horizontal structural') to classify the relational and structural dimensions of social capital in an intrafirm setting. In the literature, social

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capital has been examined according to relational, structural and cognitive dimensions (Alder & Kwon, 2002). However, cognitive social capital has often been excluded from the intrafirm setting due to its small amount of variance and the common cognitive approach used for single firms. In this thesis, this new typology was used to clarify the social and structural dimensions of social capital. The interrelationships between the four types of social capital were shown to significantly affect service innovation and to each have their own effects.

This thesis also extends the research related to trust between teams within an organisation. Trust in both a team's headquarters and other teams contributes to the heterogeneity of information that affects service innovation. At the horizontal level, trust provides a forum for the exchange of tacit knowledge between teams. At the vertical level, it facilitates efficient operation and the autonomy that a team negotiates with its headquarters. This thesis provides two mechanisms to explain how both vertical and horizontal trust within a firm lead to service innovation.

8.3.3 Service quality and innovation

This thesis attempted to unpack the interactive effect of service innovation and quality on team performance. Past research has studied the independent effects of service quality (Buzzell & Gale, 1987; Garvin, 1988; Schneider & Bowen, 1995; Storbacka et al., 1994) and innovation (Choi & Chang, 2009; Lievens & Moenaert, 2000) on performance. The results of this thesis suggest that service quality is a mediator rather than a moderator of the service innovation/performance relationship. Although service innovation affects performance through increased service quality, service quality does not strengthen the relationship between service innovation and performance. These results add to the literature by detailing the mechanism through

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which service innovation leads to team success. They also add to the research related to the interactive effect of product/service innovation and quality on performance (Brown & Perry, 1994; Cho & Pucik, 2005; Cooper & de Bretani, 1991).

8.4 Future Research Agenda

This thesis has proposed and empirically verified a theoretical model on service innovation. Building on the initial support of the thesis, some important research agenda are delineated below. First, I have examined service innovation as a process in this thesis. Specifically, study one proposes that service innovation is fundamentally different from product innovation, and goes on to examine novel service encounters at the employee-customer interface as service innovation. While it is important to study service innovation as a process, study one could be criticised as the documented innovations are often incremental in nature. The innovations are new to a team only but may not be new to the firm or the industry. In order to further examine service innovation as a process, the observation template developed in study one should be revised and adjusted for more substantial innovations in other service settings.

Second, I have examined social capital as a crucial antecedent to service innovation in this thesis. With a two by two typology, I have progressed the understanding on the interrelationships among four types of social capital on service innovation. To further validate the theoretical model, it is important to actually measure the three proposed mechanisms (i.e., information, efficiency, and resources) between social capital and service innovation, and look for potential moderators that form the boundary of these mechanisms.

Third, I have clarified the interplay between service innovation and service quality on team performance in this thesis. Specifically, I found that service innovation

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affects team performance through increased service quality. Future research should go on to clarify the mediating role of service quality. In particular, it would be useful to compare the strength of the mediation vis-à-vis other known mediators between service innovation and team performance. It would also be useful to examine whether characteristics of the service setting would attenuate the strength of the mediation.

8.5 Conclusion

This thesis addressed some of the crucial debates over service innovation. It presented (1) a participant observation template to study the service innovation process, (2) a fine-grained typology of social capital as an antecedent of service innovation and (3) two competing roles of service quality in the service innovation/team performance relationship. These ideas were tested empirically on shops in a retail service setting. This thesis advances the theoretical understanding of the nature of service innovation, the richness of the social relational antecedents of service innovation and the complex interactive effect of service quality and innovation on team performance. As such, it helps to lay a foundation for a more structured way of investigating the relationships between social capital, service innovation and team performance.

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APPENDIXES Appendix 1 Interview Questions



Innovation is a much examined topic. We would like to ask you on the following:

What is service innovation to (the company) and to you?

- What is service innovation?
- Can the same theory and framework we used in understanding production innovation be extended to understanding service innovation?
- If service innovation is different from product innovation, what makes service more innovative?

Consequences of service innovation

- What are the positive and negative outcomes of service innovation?
- Under what condition can we maximize the positive outcomes of service innovation and minimize its negative outcomes?
- The relation between service innovation and service quality is also an important area to explore. Service quality is an important indicator for good service. Would higher service innovation lead to better service quality?
- Under what conditions do you think this will this happen?

Network resources and service innovation

- What do you think affect the extent of service innovation of an organization?
- Will training and knowledge sharing affect service innovation? How and Why?

Vertical intra-organizational linkage.

- How would you describe the interaction between you and other store managers / HQ?
- Is the interaction well planned or spontaneous?
- Have you or the other store managers / HQ taken any particular strategy to manage the process and each other?
- Do you think the interaction affects the outcomes service innovation?
- What factors do you think affect the interaction?

Adoption of brand revamp

- Do you and your staff understand all the values of brand revamp?
- What are the factors do you think affect the degree of adoption of brand revamp?
- How can we improve the adoption?

Appendix 2 Consent Forms



THE UNIVERSITY OF NEW SOUTH WALES

PARTICIPANT INFORMATION STATEMENT AND CONSENT FORM <u>Intra-firm Network and Service Innovation (Interview)</u>

Participant selection and purpose of study

You are invited to participate in a study of intra-firm network and service innovation. We hope to learn about the antecedents and the consequences of service innovation. You are selected as a possible participant in this study because of your experience and expertise in the retailing industry and in (the company).

Description of study and risks

If you decide to participate, you will participate in an interview, which involves a discussion on service innovation with an interviewer in a casual and open manner. The discussion will take about 20minutes and will be tape recorded. If you do not wish to be tape recorded, the interviewer will take hand-written notes only. You can also withdraw from the interview any time.

Confidentiality and disclosure of information

Any information that is obtained in connection with this study and that can be identified with you will remain confidential and will be disclosed only with your permission, except as required by law. If you give us your permission by signing this document, we plan to publish the results in academic journals. In any publication, information will be provided in such a way that you cannot be identified.

Recompense to participants

Complaints about the research may be directed to the Ethics Secretariat, The University of New South Wales, SYDNEY 2052 AUSTRALIA (phone 9385 4234, fax 9385 6648, email <u>ethics.sec@unsw.edu.au</u>). Any complaint you make will be investigated promptly and you will be informed about the outcome.

Your consent

Your decision whether or not to participate will not prejudice your future relations with the University of New South Wales. If you decide not to participate, you are free to withdraw your consent and to discontinue participation at any time without prejudice.

If you have any questions, please feel free to ask us. If you have any additional questions later, Dr. Steven Lui, Associate Professor of the School of Management, The University of New South Wales (Tel. 61 2 93857139, email <u>steven.lui@unsw.edu.au</u>) will be happy to answer them.

You will be given a copy of this form to keep.



THE UNIVERSITY OF NEW SOUTH WALES

PARTICIPANT INFORMATION STATEMENT AND CONSENT FORM (continued)

Intra-firm network and service innovation (Interview)

You are making a decision whether or not to participate. Your signature indicates that, having read the information provided above, you have decided to participate in an interview, and allow us to record the interview by:

Please check appropriate box(es)

Tape recording

Handwritten notes

Signature of Research Participant

Signature of Witness

(Please PRINT name)

Date

Nature of Witness

Steven Lui Associate Professor School of Management Australian School of Business The University of New South Wales Australia

John Lai PhD Candidate School of Management Australian School of Business The University of New South Wales Australia



REVOCATION OF CONSENT <u>Intra-firm network and service innovation (Interview)</u>

I hereby wish to **WITHDRAW** my consent to participate in the research described above and understand that such withdrawal **WILL NOT** jeopardise any treatment or my relationship with The University of New South Wales.

Signature

Date

Please PRINT Name

The section for Revocation of Consent should be forwarded to Steven Lui, School of Organisation & Management, Australian School of Business, The University of New South Wales, Sydney, 2052, Australia.

Appendix 3 Ethics Approval Forms



AUSTRALIAN SCHOOL OF BLSINESS HUMAN RUSEARCH ETHES ADVISORY PANEL ASSOCIATE PROFESSOR AVEORE AURUM

27 May, 2010

Mr John Lai Organisation & Management

Dear Mr Lai,

Project Title:

Approval No:

Intra-firm network and service innovation: An integrated network and learning approach 106015

Following your submission of further information, the Australian School of Business Human Research Ethics Advisory Panel has recommended to your Head of School and the Human Research Ethics Committee that this project, being of minimal ethical impact, may proceed.

The approval number for this project is 106015. This approval is valid for 12 months from the date of this letter.

Yours sincerely

Adute Saun

A/Prof Aybüke Aurum (Convenor)

Ce:

. . .

Assoc Prof J Cogin Head, Organisation and Management

Dr Steven Lui - Supervisor

AUSTRALIAN SCHOOL OF BUSINESS THE UNIVERSITY OF NEW SOUTH WALES UNSW SYDNEY NSW 2052 AUSTRALIA

Telephone: +61(2) 9385 4418 Facsimile: +61(2) 9385 4451 Email: <u>arbukedjunaw.edu.au</u> www.business.unsw.edu.au

A B N 57 195 873 179 CRICOS Provider No. 000986



AUSTRALIAN SCHOOL OF BUSINESS HUMAN RESEARCH ETHICS ADVISORY PANEL ASSOCIATE PROFESSOR AVRONE AURUM

19 January, 2009

Mr John Lai Organisation and Management

Dear Mr Lai,

Project Title: Approval No: Intra-firm network and service innovation: An integrated network and learning approach 08678

Following your submission of further information, the Australian School of Business Human Research Ethics Advisory Panel has recommended to your Head of School and the Human Research Ethics Committee that this project, being of minimal ethical impact, may proceed.

Your signature is missing: Please sign the application form and resend it to me.

The approval number for this project is 08678. This approval is valid for 12 months from the date of this letter.

Yours sincerely

Afterthe Sauce

A/Prof Aybüke Aurum (Convenor)

Cc: Prof Steve Frenkel Head, O&M

Dr Steven Lui - Supervisor

AUSTRALIAN SCHOOL OF BUSINESS THE UNIVERSITY OF NEW SOUTH WALES UNEW SYDNEY NSW 2052 AUSTRALIA

Telephone: +61(2) 9365 4418 Facsimile: +61(2) 9385 4451 Email: <u>arbuko@praw.edu.au</u> www.businees.unsw.edu.au

A B N 57 195 873 179 CRICOS Provider No. 000986

Appendix 4 Survey Questionnaires for Store Employees

Questionnaire for store employees (English Version)

Innovation Survey

The information that you provided will be strictly confidential and will be used for research purpose only. Please contact John LAI if you have any queries.

John LAI Department of Management Faculty of Business The Chinese University of Hong Kong KK Leung Building Tel: 2609-7787 Fax: 2603-5104 Email: johnlai@cuhk.edu.hk

Part 1. We would like to know a little about you and your store (Please tick and fill in).

1. Please tick your store location and provide store number :

□ Hong Kong	Macau	Shenzhen	Guangzhou 🗆	Beijing	Shanghai
(Shop No.)		_			

2. Gender?

□ Female

3.

Your age (based on your last birthday)?

Below 25	41-45
26-30	46-50
31-35	above 50
36-40	

4. Highest education level that you have attained?

- □ University or above
- □ Vocational
- □ High School
- □ Primary School or below
- 5. a) Your work experience in this store? Years Monthsb) Your work experience in retailing industry? Years Months

Part 2. We would like to know your store management of innovation (Please circle).

		Strongly Disagree		Neutral		Strongly Agree
6.	To what extent your store has introduced the following new practices (for your own store) during the past 6 months.					
	a) Customer loyalty strategies	1	2	3	4	5
	b) Strategy and process for generating customers	1	2	3	4	5
	c) Use of market research	1	2	3	4	5
	d) Customer management structure	1	2	3	4	5
	e) Brainstorming techniques	1	2	3	4	5
	f) Creative input work-flow process	1	2	3	4	5
	g) Store employees involvement in creative process	1	2	3	4	5
	h) Other innovative services	1	2	3	4	5
	i) Introduction of briefing session	1	2	3	4	5
	j) Performance appraisal system	1	2	3	4	5
	k) Job referral	1	2	3	4	5
	l) Employee experience feedback	1	2	3	4	5
	m) Employee information database	1	2	3	4	5
	n) Sales skills training	1	2	3	4	5
	o) 7 habits training	1	2	3	4	5

Strongly Disagree		Neutral		Strongly Agree
1	2	3	4	5

$(1) \cap (1) = (1) $	
b) Other innovative administrative processes	
p) o dior mile (di constructe processes	

7. Our store provides knowledge and skills to other stores in the following area during the last 6 months.

	a) Marketing know-how	1	2	3	4	5
	b) Merchandise stocking know-how	1	2	3	4	5
	c) Merchandise display	1	2	3	4	5
	d) Operations process design	1	2	3	4	5
	e) Stocking know-how	1	2	3	4	5
	f) Management systems and practices	1	2	3	4	5
8.	Our store receives knowledge and skills from other stores in the following area during the last 6 months?					
	a) Marketing know-how	1	2	3	4	5
	b) Merchandise stocking know-how	1	2	3	4	5
	c) Merchandise display	1	2	3	4	5
	d) Process designs	1	2	3	4	5
	e) Stocking know-how	1	2	3	4	5
	f) Management systems and practices	1	2	3	4	5
9.	Our store has fully adopted to the brand revamp in the following areas:					
	a) Humor (communication)	1	2	3	4	5
	b) Color (Energetic staff, customer service, colorful products)	1	2	3	4	5

	Strongly	LUISABTEE	Neutral		Strongly Agree		
c) A Smile (Happy shopping ambience)	1	2	3	4	5		
d) Family values (family-oriented service, products and shopping ambience)	1	2	3	4	5		

Part 3. We would like to know about the management of your store (Please circle).

		Strongly Disagree	:	Neutral		Strongly Agree
10.	Our Store Manager takes actions if mistakes are made	1	2	3	4	5
11.	Our Store Manager points out what we as store employees will receive if we do what needs to be done	1	2	3	4	5
12.	Our Store Manager reinforces the link between achieving goals and obtaining rewards	1	2	3	4	5
13.	Our Store Manager focuses attention on irregularities, exceptions, or deviations from what is expected	1	2	3	4	5
14.	Our Store Manager talks about special commendations and/or promotions for good work	1	2	3	4	5
15.	Our Store Manager shows determination when accomplishing goals	1	2	3	4	5
16.	We as store employees have complete confidence in our Store Manager	1	2	3	4	5
17.	We as store employees feel good when with or around our Store Manager	1	2	3	4	5
18.	Our Store Manager communicates high performance expectations	1	2	3	4	5
19.	Our Store Manager generates respect	1	2	3	4	5
20.	Our Store Manager transmit a sense of mission	1	2	3	4	5
21.	Our Store Manager provides a vision of what lies	1	2	3	4	5
22.	ahead Our store employees search out new technologies, processes, techniques, and/or product ideas	1	2	3	4	5
23.	Our store employees generate creative ideas	1	2	3	4	5
24.	Our store employees promote and champion ideas to others	1	2	3	4	5
25.	Our store employees investigate and secure funds needed to implement new ideas	1	2	3	4	5
		Strongly Disagree		Neutral		Strongly Agree
-----	--	----------------------	---	---------	---	-------------------
26.	Our store employees develop adequate plans and schedules for the implementation of new ideas	1	2	3	4	5
27.	Our store employees as a group is not innovative ®	1	2	3	4	5
28.	I demonstrated originality in my work	1	2	3	4	5
29.	I took risks in terms of producing new ideas in doing	1	2	3	4	5
30.	I found new uses for existing methods or equipments	1	2	3	4	5
31.	I solved problems that had caused other difficulty	1	2	3	4	5
32.	I tried out new ideas and approached to problems	1	2	3	4	5
33.	I identified opportunities for new products/processes	1	2	3	4	5
34.	I generate novel, but operable work-related ideas	1	2	3	4	5
35.	I served as a poor role model for creativity ®	1	2	3	4	5
36.	I generated ideas revolutionary to our field	1	2	3	4	5
37.	Our Store Manager never keep us as store employees from getting a raise/promotion/transfer we should got	1	2	3	4	5
38.	Our Store Manager never threaten to fire us as store employees	1	2	3	4	5
39.	Our Store Manager never keep us as store employees from getting the training we needed	1	2	3	4	5
40.	Our Store Manager gives some of us as store employees privileges others did not get ®	1	2	3	4	5

Part 4. We would like to know about the performance of your store (Please circle).

		Strongly Disagree		Neutral		Strongly Agree
41.	Our store has an interior that is visually appealing.	1	2	3	4	5
42.	We as store employees appear neat.	1	2	3	4	5
43.	Our merchandise displays are visually appealing.	1	2	3	4	5
44.	We as store employees complete things as promised.	1	2	3	4	5
45.	We as store employees show sincere interest in solving customer problems.	1	2	3	4	5
46.	We as store employees could not provide our services at the time promised to do so. ®	1	2	3	4	5
47.	We as store employees perform the service right the first time.	1	2	3	4	5
48.	We as store employees provide error-free sales receipt.	1	2	3	4	5
49.	We as store employees are able to tell customers exactly when they will be helped.	1	2	3	4	5
50.	We as store employees provide prompt service.	1	2	3	4	5
51.	We as store employees are willing to help customers at all times.	1	2	3	4	5
52.	We as store employees are too busy to respond to customer requests. ®	1	2	3	4	5
53.	We as store employees instill confidence in customers.	1	2	3	4	5
54.	We as store employees make customers feel secure in their transactions with our store.	1	2	3	4	5
55.	We as store employees are consistently courteous with customers.	1	2	3	4	5
56.	We as store employees have insufficient knowledge to answer customer questions. ®	1	2	3	4	5
57.	We as store employees give customers individual attention.	1	2	3	4	5

		Strongly Disagree		Disagree Neutral		Strongly Agree
58.	Our store has operating hours that are convenient to all customers.	1	2	3	4	5
59.	We as store employees give customers personal attention.	1	2	3	4	5
60.	We as store employees have the customers' best interest at heart.	1	2	3	4	5
61.	We as store employees understand the specific needs of customers.	1	2	3	4	5
62.	Our store has up-to-date equipment.	1	2	3	4	5
63.	Relative to our competitors, our store has performed much better over the last three months with respect to:					
	a) Achieving customer Satisfaction	1	2	3	4	5
	b) Providing Customer Benefit	1	2	3	4	5
	c) Attaining desired market share	1	2	3	4	5
	d) Attaining desired growth	1	2	3	4	5
	e) Keeping existing customers	1	2	3	4	5
	f) Attracting new customers	1	2	3	4	5
	g) Building a positive store image	1	2	3	4	5

Questionnaire for store employees (Chinese Version)

創新問卷

閣下在問卷中提供的資料會被保密及只會被用作研究用途。如有任何查 詢,請聯絡賴漢榮先生。

香港中文大學商學院管理學系 賴漢榮先生 電話:26097787 傳真:26035104 電郵地址:johnlai@cuhk.edu.hk

第一部份:我們想知道有關你及你的店舖的資料(請勾畫出合適的選項)。

- 閣下工作的店舗地址為:
 □香港 □ 澳門 □ 深圳 □ 廣州 □ 北京 □ 上海 (店舗號碼.)
- 2. 閣下性別為? □ 男 □ 女
- 3.

閣下的年齡為(以閣下最近的生日計算)?

□ 25以下	41-45
26-30	46-50
31-35	🛛 50 以上
36-40	

4.

閣下的最高教育程度為?

□ 大學程度或以上

□ 大專程度/職業訓練

□ 中學程度

□ 小學程度或以下

- 5. a) 你在此店舖任職的年資為? 年 月
 - b) 你在零售行業任職的年資為? 年 月

		非常不同意				非常同意
6.	在過去六個月中,我們的店舖採用了的新措施包 5					
	 括: a) 建立長期顧客的策略。 b) 增加顧客的策略及程序。 c) 利用市場研究。 d) 顧客管理的結構。 	1 1 1 1	2 2 2 2	3 3 3 3	4 4 4 4	5 5 5 5
	 e) 腦震盪的研討技巧。 f) 有創意的工作流程。 g) 讓店舖員工參與創新過程。 h) 其他創新的服務。 	1 1 1 1	2 2 2 2	3 3 3 3	4 4 4 4	5 5 5 5
	 i) 簡報時段。 j) 工作表現評估系統。 k) 內部員工推薦。 l) 員工經驗回饋交流。 	1 1 1 1	2 2 2 2	3 3 3 3	4 4 4 4	5 5 5 5
	 m)員工資料庫。 n)推銷技巧培訓。 o) "7 habits" 培訓。 p) 其他創新的管理程序。 	1 1 1 1	2 2 2 2	3 3 3 3	4 4 4 4	5 5 5 5
7.	 在過去六個月中,我們的店舖<i>為其他的店舖提供</i>了以下的知識及技巧: a)營銷竅門。 b)貨品存放的竅門。 c)貨品陳列。 d)運作流程設計。 e)採購竅門。 f)管理系統及實務。 	1 1 1 1 1 1	2 2 2 2 2 2 2 2	3 3 3 3 3 3	4 4 4 4 4	5 5 5 5 5 5

二部份:我們希望了解你的店舖的創新管理 (請圈出合適的選項)。

第_

8. 在過去六個月中,我們的店舖從其他店舖中獲得了以

下的知識及技巧:

a) 營銷竅門。

1 2 3 4 5

		非				
		常				非
		不				常
		同				同
		意				意
	b) 貨品存放的竅門。	1	2	3	4	5
	c) 貨品陳列。	1	2	3	4	5
	d) 運作流程設計。	1	2	3	4	5
	e) 採購竅門。	1	2	3	4	5
	f) 管理系統及實務。	1	2	3	4	5
9.	在品牌形象改造上,我們的店舖落實了以下的改 ^{戀··}					
	a) 幽默感 (溝通)。	1	2	3	4	5
	b) 色彩 (充滿活力的員工,服務,色彩繽紛的貨品)。	1	2	3	4	5
	c) 笑容 (開心的購物氣氛)。	1	2	3	4	5
	e) 重視家庭的價值觀 (在服務、產品及購物環境上	1	2	3	4	5
	特別照					
	顧家庭的需要)。					

第三部份:我們希望了解你的店舖的一般管理(請圈出合適的選項)。

		非 常				非
		不				堂
		, 同				同
		音				音
10.	當有錯誤出現時,我們的分店主管會作出改善。	1	2	3	4	5
11.	我們的分店主管會對我們作為店舖員工指出當在我	1	2	3	4	5
	們完成工作時,可得到什麼。					
12.	我們的分店主管強調達到目標與得到獎勵之間的關	1	2	3	4	5
	係。					
13.	我們的分店主管集中注意店舖中不尋常、例外和與	1	2	3	4	5
	預期存有誤差的意外情況。					
14.	我們的分店主管提到對於良好的工作表現,會有特	1	2	3	4	5
	別讚賞及/或晉升。					
15.	為達目標,我們的分店主管表現果斷。	1	2	3	4	5
16.	我們作為店舖員工對我們的分店主管有絕對的信	1	2	3	4	5
	心。					
17.	我們作店舖員工喜歡和我們的分店主管相處。	1	2	3	4	5
18.	我們的分店主管表達出他對員工高表現的期望。	1	2	3	4	5
19	我們的分店主管会人奠重	1	2	3	4	5
17.		T	2	5	'	5

		非				
		常				非
		不				常
		同				同
		意				意
20.	我們的分店主管傳遞一份使命感。	1	2	3	4	5
21.	我們的分店主管對未來提出願景。	1	2	3	4	5
22.	整體而言,我們店舖的員工會發掘新的科技、流	1	2	3	4	5
	程、技巧及/或商品意念。					
23.	整體而言,我們店舖的員工能構思出創新意念。	1	2	3	4	5
24.	我們作為店舖員工會推介意念予其他人。	1	2	3	4	5
25.	整體而言,我們店舖的員工能找出及確保所需資金	1	2	3	4	5
	以推行新的意念。					
26.	整體而言,我們店舖的員工能訂出推行新意念時的	1	2	3	4	5
	編排及計劃。					
27.	整體而言,我們店舖的員工沒有創意。	1	2	3	4	5
28.	我在工作上表現出原創性。	1	2	3	4	5
29.	我為工作上的新意而冒險。	1	2	3	4	5
30.	我為已有的方法或工具尋找新用途。	1	2	3	4	5
31.	我解決一些產生其他困難的問題。	1	2	3	4	5
32.	我嘗試新意念去面對困難。	1	2	3	4	5
33.	我確認新產品/新流程的機會。	1	2	3	4	5
34.	在工作上,我創出新奇而又可行的意念。	1	2	3	4	5
35.	我不是創意的好榜樣。	1	2	3	4	5
36.	我創出對行業上有突破性的意念。	1	2	3	4	5
37.	我們的分店主管從不阻止我們作為店舖員工得到應	1	2	3	4	5
	有的加薪,晉升,調動機會。					
38.	我們的分店主管從沒有威脅要開除我們。	1	2	3	4	5
39.	我們的分店主管從不阻止我們作為店舖員工獲得所	1	2	3	4	5
	需的培訓。					
40.	我們的分店主管給予某些店舖員工其他人沒有的優	1	2	3	4	5
	待。					

第四部份:我們希望了解你的店舖的表現 (請圈出合適的選項)。

		非常不同意				非常同意
41. 我	记們店舖的裝修,在視覺上十分吸引。	1	2	3	4	5
42. 我	之們店舖的員工均十分整潔。	1	2	3	4	5
43. 我	动們的貨品,在視覺上陳列得十分吸引。	1	2	3	4	5
44. 我	动們作為店舖員工依照承諾完成工作。	1	2	3	4	5
45. 我 意	注們作為店舖員工在替顧客解決疑難上顯示出誠 f。	1	2	3	4	5
46. 我	就們作為店舖員工未能依時提供所承諾的服務。	1	2	3	4	5
47. 我	於們作為店舖員工在一開始便能為顧客提供適當的	1	2	3	4	5
周	灵務 。					
48. 我	就們作為店舖員工提供正確的付款收據。	1	2	3	4	5
49. 我	於們作為店舖員工能準確地告訴顧客什麼時候能協	1	2	3	4	5
助	」他們。					
50. 我	之們作為店舖員工服務迅速。	1	2	3	4	5
51. 我	之們作為店舖員工樂意隨時幫助顧客。	1	2	3	4	5
52. 我	之們作為店舖員工會因為太繁忙而未能回應顧客的	1	2	3	4	5
雪雨	等求。					
53. 我	於們作為店舖員工的表現令顧客對我們充滿信心。	1	2	3	4	5
54. 我	之們作為店舖員工令顧客在購物時感到安心。	1	2	3	4	5
55. 我	之們作為店舖員工一貫地對顧客有禮貌。	1	2	3	4	5
56. 我	於們作為店舖員工沒有足夠的知識解答顧客的問	1	2	3	4	5
題						
57. 我	於們作為店舖員工照顧每一位顧客的個別需要。	1	2	3	4	5
58 升	們店鋪的營業時間對所有顧客來說都十分方便	1	2	3	4	5
50. 分 59 升	們作為店舖昌丁親白昭顧每一位顧友的雲要	1	$\frac{2}{2}$	3	4	5
50.12 60 新	·們作為店舗員工約百匹廠專一匠廠名的而安。	1	$\frac{2}{2}$	3	4	5
61 升)們作為店舖員工的個名前加強正治工。	1	$\frac{2}{2}$	3	4	5
62 升	·們下為石品只工为百年 医藏名的私所而安。 ·們店鋪的設備失准	1	$\frac{2}{2}$	3	4	5
63 存	- 過去三個日內 我們的店鋪在以下方面比我們的	1		5		5
武王 一	语当一间初期,就能用加加加工具中方面把以相相。 语爭對手表現較好:					
(*)	a) 令顧客滿意	1	2	3	4	5
	b) 令顧客得益	1	$\overline{2}$	3	4	5
	c) 達到預期市場佔有率	1	2	3	4	5
	d) 達到預期增長	1	2	3	4	5
	e) 保留現有顧客	1	-2	3	4	5
	f) 吸引新顧客	1	2	3	4	5
	g) 建立正面的店舖形象	1	2	3	4	5

Appendix 5 Survey Questionnaires for Store Managers

Questionnaires for store managers (English Version)

Innovation Survey

The information that you provided will be strictly confidential and will be used for research purpose only. Please contact John LAI if you have any queries.

John LAI Department of Management Faculty of Business The Chinese University of Hong Kong KK Leung Building Tel: 2609-7787 Fax: 2603-5104 Email: johnlai@cuhk.edu.hk

Part 1. We would like to know a little about you and your store (Please tick or fill in).

1. Please tick your store location and provide store number :

□ Hong Kong □ Macau □ Shenzhen □ Guangzhou □ Beijing □ Shanghai (Shop No.)_____

2. Gender?

□ Male □ Female

- a) Your work experience as manager in this store? Years Monthsb) Your work experience as manager in retailing industry? Years Months
- 4. Your store is at:
 - a) Tourist 🗆
 - b) Non-tourist \Box

5. Your store report directly to?

- a) Retail Director 🗆
- b) Regional Manager 🗆
- c) Assistant Retail Manager
- 6. Your store is located at :
 - a) Type A 🛛
 - b) Type B
 - c) Type C 🗆

- d) Area Manager 🗆
- e) Senior Shop Manager
- f) Shop Manager

7. . Your store has been operating in this location for

Years Months

8. The number of employees in your store _____ of which _____ Full-time

Male: _____%

Part 2. We would like to know the network your store

9. Please write the nickname of the five most important managers of the other (the company) stores that you rely on for advice about managing your own store during the last 12 months:

A: ______ B: ______ C: ______ D: _____ E: _____

Now, using the table provided below, indicate if they are good friends with each other. If so, circle "Y" for yes.

	Α	В	С	D
Α				
В	Y			
С	Y	Y		
D	Y	Y	Y	
Ε	Y	Y	Y	Y

- 10 How often do you interact with each of them? (Please rate from 1 to 7: 1=once a day or more, 2=twice a week, 3=once a week, 4=twice a month, 5=once a month, 6=once every 2nd month, 7=once every 3 months or less)
 - A_____
 - B _____
 - С_____
 - D _____
 - E _____

- 11 How much can you rely on each of them without fear that they will take advantage of you even if the opportunity arises? (Please rate from 1 to 7: 1=cannot rely on at all, like a competitor; 4=can somewhat rely on, like discussing and solving general issues; 7=can very much reply on, like working in the same group)
 - A _____
 - B_____
 - С_____
 - D _____
 - E _____

Please circle the extent to which you agree with the following statements by circling a number in the given scale.

	Strongly	Dianana	Neutral		Strongly Agree
12 The other stores would always look out for our store interests	1	2	3	4	5
13 The other stores would go out of their way to make sure that our store is not damaged or harmed	1	2	3	4	5
14 The other stores do not care what happen to our store $\ensuremath{\mathbb{R}}$	1	2	3	4	5
15 The other store approach their jobs with professionalism and dedication	1	2	3	4	5
16 Given the track record of the other stores, there is no reason to doubt their competence and preparation	1	2	3	4	5
17 The other stores are very knowledgeable	1	2	3	4	5
18 In our relationship with other stores , it is expected that:					
a) Any useful and confidential information is not to be used to the other's disadvantage	1	2	3	4	5
b) Neither party is expected to make demands that might be damaging to the other	1	2	3	4	5
c) One party will not take advantage of a strong bargaining position	1	2	3	4	5
d) Both sides care for the other's profitability	1	2	3	4	5

			Strongly	Diama	Neutral		Strongly Agree
	e)	Both sides are willing to make cooperative changes	1	2	3	4	5
	f)	No matter who is at fault, problems are joint responsibilities	1	2	3	4	5
	g)	Both sides must work together to be successful	1	2	3	4	5
	h)	Both sides do mind owing each other favors ®	1	2	3	4	5
19	Hea inte	idquarters' would always look out for our store rests	1	2	3	4	5
20	Hea that	adquarters' would go out of their way to make sure our store is not damaged or harmed	1	2	3	4	5
21	Hea	adquarters' do not care what happen to our store \mathbb{R}	1	2	3	4	5
22	Hea and	adquarters' approach their jobs with professionalism dedication	1	2	3	4	5
23	Giv Hea	en their track record, there is no reason to doubt adquarters' competence and preparation	1	2	3	4	5
24	The	Headquarters' are very knowledgeable					
25	In o	our relationship with the Headquarters ', it is					
	a)	Any useful and confidential information is not to be used to the other's disadvantage	1	2	3	4	5
	b)	Neither party is expected to make demands that might be damaging to the other	1	2	3	4	5
	c)	One party will not take advantage of a strong bargaining position	1	2	3	4	5
	d)	Both sides care for the other's profitability	1	2	3	4	5
	e)	Both sides are willing to make cooperative changes	1	2	3	4	5
	f)	No matter who is at fault, problems are joint responsibilities	1	2	3	4	5
	g)	Both sides must work together to be successful	1	2	3	4	5

		Strongly	0012001	Neutral		Strongly Agree
	h) Both sides do mind owing each other favors ®	1	2	3	4	5
26	Headquarters' never keep me from getting a raise/promotion/transfer which others got	1	2	3	4	5
27	Headquarters' never threaten to fire me	1	2	3	4	5
28	Headquarters' never keep me from getting the training I needed	1	2	3	4	5
29	Headquarters' give others privileges I did not get®	1	2	3	4	5
30	I definitely want a career for myself in retailing	1	2	3	4	5
31	If I could do it all over again, I would choose to work in retailing	1	2	3	4	5
32	I am disappointed that I ever entered retailing ®	1	2	3	4	5

Part 3. We would like to know your management of innovation (Please circle).

		Strongly		Neutral		Strongly Agree
33	To what extent your store has introduced the following new practices (for your own store) during the past 6 months.					
	a) Customer loyalty strategies	1	2	3	4	5
	b) Strategy and process for generating customers	1	2	3	4	5
	c) Use of market research	1	2	3	4	5
	d) Customer management structure	1	2	3	4	5
	e) Brainstorming techniques	1	2	3	4	5
	f) Creative input work-flow process	1	2	3	4	5
	g) Store employees involvement in creative process	1	2	3	4	5
	h) Other innovative services	1	2	3	4	5

	Strongly	Diconnea	Neutral		Strongly Agree
i) Introduction of briefing session	1	2	3	4	5
j) Performance appraisal system	1	2	3	4	5
k) Job referral	1	2	3	4	5
l) Employee experience feedback	1	2	3	4	5
m) Employee information database	1	2	3	4	5
n) Sales skills training	1	2	3	4	5
o) 7 habits training	1	2	3	4	5
p) Other innovative administrative processes	1	2	3	4	5
34 Our store provides knowledge and skills to other stores in the following area during the last 6 months.					
a) Marketing know-how	1	2	3	4	5
b) Merchandise stocking know-how	1	2	3	4	5
c) Merchandise display	1	2	3	4	5
d) Operations process design	1	2	3	4	5
e) Stocking know-how	1	2	3	4	5
f) Management systems and practices	1	2	3	4	5
35 Our store receives knowledge and skills from other stores in the following area during the last 6 months?					
a) Marketing know-how	1	2	3	4	5
b) Merchandise stocking know-how	1	2	3	4	5
c) Merchandise display	1	2	3	4	5
d) Process designs	1	2	3	4	5
e) Stocking know-how	1	2	3	4	5
f) Management systems and practices	1	2	3	4	5

		Strongly	004000	Neutral		Strongly Agree
36.	Our store has fully adopted to the brand revamp in the following areas:					
	a) Humor (communication)	1	2	3	4	5
	b) Color (Energetic staff, customer service, colorful products)	1	2	3	4	5
	c) A Smile (Happy shopping ambience)	1	2	3	4	5
	d) Family values (family-oriented service, products and shopping ambience)	1	2	3	4	5

Part 4. We would like to know about the management of your store (Please circle).

		Strongly		Neutral		Strongly Agree
37.	I takes actions if mistakes are made	1	2	3	4	5
38.	I points out what my store employees will receive if they do what needs to be done	1	2	3	4	5
39.	I reinforces the link between achieving goals and obtaining rewards	1	2	3	4	5
40.	I focuses attention on irregularities, exceptions, or deviations from what is expected	1	2	3	4	5
41.	I talks about special commendations and/or promotions for good work	1	2	3	4	5
42.	I shows determination when accomplishing goals	1	2	3	4	5
43.	My store employees have complete confidence in me	1	2	3	4	5
44.	My store employees feel good when with or around me	1	2	3	4	5
45.	I communicates high performance expectations	1	2	3	4	5
46.	I generates respect	1	2	3	4	5
47.	I transmit a sense of mission	1	2	3	4	5

		Strongly	Diamaa	Neutral		Strongly Agree
48.	I provides a vision of what lies ahead	1	2	3	4	5
49.	Our store employees as a group searches out new technologies, processes, techniques, and/or product ideas	1	2	3	4	5
50.	Our store employees as a group generates creative ideas	1	2	3	4	5
51.	Our store employees as a group promotes and champions ideas to others	1	2	3	4	5
52.	Our store employees as a group investigates and secures funds needed to implement new ideas	1	2	3	4	5
53.	Our store employees as a group develops adequate plans and schedules for the implementation of new ideas	1	2	3	4	5
54.	Our store employees as a group is not innovative ®	1	2	3	4	5
55.	There is friction among employees in our store	1	2	3	4	5
56.	There is personality conflict evident in our store	1	2	3	4	5
57.	There is tension among employees in our store	1	2	3	4	5
58.	There is emotional conflict among employees in our	1	2	3	4	5
59.	Employees in our store often disagree about opinions regarding the work being done	1	2	3	4	5
60.	There are frequently conflicts about ideas in our store	1	2	3	4	5
61.	There is much conflict about the work we do in our	1	2	3	4	5
62.	There are differences in opinion in our store	1	2	3	4	5
63.	Our store employees have good understanding of what the store is trying to do	1	2	3	4	5
64.	The future direction of the store is clearly communicated to every store employees	1	2	3	4	5
65.	Our store employees aren't clear about the aims of the store ®	1	2	3	4	5

66.	Everyone who works here is well aware of the long term plans and direction of the store	1	2	3	4	5		
67.	There is a strong sense of where the store is going	1	2	3	4	5		
68.	Time and money could be saved if work were better organized	1	2	3	4	5		
69.	Things could be done much more efficiently, if people stop to think	1	2	3	4	5		
70.	Inappropriate scheduling and planning often result in targets not being met	1	2	3	4	5		
71.	Productivity could be improved if jobs were organized and planned better	1	2	3	4	5		
72.	Our store employees are expected to do much in a day	1	2	3	4	5		
73.	In general, our store employees' workload are not particularly demanding ®	1	2	3	4	5		
74.	Our employees work extremely hard	1	2	3	4	5		
75.	Our store employees are under pressure to meet targets	1	2	3	4	5		
76.	The pace of work here is pretty relaxed ®	1	2	3	4	5		
77.	Relative to our competitors, the quality of our store employees are much better in:							
	a) Job related abilities	1	2	3	4	5		
	b) Overall competencies	1	2	3	4	5		
	c) Ability to absorb new knowledge	1	2	3	4	5		
	d) Job-related motivation	1	2	3	4	5		
	e) Involvement	1	2	3	4	5		
	f) Job satisfaction	1	2	3	4	5		
	g) Willingness to absorb new knowledge	1	2	3	4	5		
78.	I never keep subordinates from getting a raise/promotion/transfer they should got	1	2	3	4	5		
79.	D. I never threaten to fire subordinates1234							

80.	I never keep subordinates from getting the training they needed	1	2	3	4	5
81.	I give some subordinates privileges others did not get ®	1	2	3	4	5

Part 5. We would like to know about the performance of your store (Please circle).

		Strongly	Jian maa	Neutral		Strongly Agree
82.	Our store has an interior that is visually appealing.	1	2	3	4	5
83.	Our store employees appear neat.	1	2	3	4	5
84.	Our merchandise displays are visually appealing.	1	2	3	4	5
85.	Our store employees complete things as promised.	1	2	3	4	5
86.	Our store employees show sincere interest in solving customer problems.	1	2	3	4	5
87.	Our store employees could not provide their services at the time promised to do so. ®	1	2	3	4	5
88.	Our store employees perform the service right the first time.	1	2	3	4	5
89.	Our store employees provide error-free sales receipt.	1	2	3	4	5
90.	Our store employees are able to tell customers exactly when they will be helped.	1	2	3	4	5
91.	Our store employees provide prompt service.	1	2	3	4	5
92.	Our store employees are willing to help customers at all times.	1	2	3	4	5
93.	Our store employees are busy to respond to customer requests. ®	1	2	3	4	5
94.	Our store employees' behavior instills confidence in customers.	1	2	3	4	5
95.	Our store employees make customers feel secure in their transactions with the store.	1	2	3	4	5
96.	Our store employees are consistently courteous with customers.	1	2	3	4	5

	Strongly		Neutral		Strongly Agree
97. Our store employees have insufficient knowledge to answer customer questions. ®	1	2	3	4	5
98. Our store employees give customers individual	1	2	3	4	5
99. Our store has operating hours that are convenient to all customers.	1	2	3	4	5
100 Our store employees give customers personal attention.	1	2	3	4	5
101 Our store employees have the customers' best interest at heart.	1	2	3	4	5
102 Our store employees understand the specific needs of your customers.	1	2	3	4	5
103 Our store has up-to-date equipment.	1	2	3	4	5
104 Relative to our competitors, our store has performed much better over the last three months with respect to:					
a) Achieving customer Satisfaction	1	2	3	4	5
h) Providing Customer Benefit	1	2	3	4	5
i) Attaining desired market share	1	2	3	4	5
j) Attaining desired growth	1	2	3	4	5
k) Keeping existing customers	1	2	3	4	5
1) Attracting new customers	1	2	3	4	5
m) Building a positive store image	1	2	3	4	5

 105.
 Our average achieved target sales for the last 3 months:

 a) 100%
 b) 90% - 99%
 c) 80% - 89%

 d)Below 80%
 c) 80% - 89%

- 106.
 Our average employee turnover per month for the last 3 months:

 %
- 107. Our average customer traffic per month for the last 3 months: ______ person
- 108. Our average conversion rate for the last 3 months:
- 109. Our average sales per memo for the last 3 months:

\$_____

Questionnaire for store managers (Chinese Version)

創新問卷

閣下在問卷中提供的資料會被保密及只會被用作研究用途。如有任何查 詢,請聯絡賴漢榮先生。

香港中文大學商學院管理學系 賴漢榮先生 電話:26097787 傳真:26035104 電郵地址:johnlai@cuhk.edu.hk

第一部份:我們想知道有關你及你的店舖的資料 (請勾畫出合適的選項)。

- 閣下工作的店舗地址為:
 □香港 □ 澳門 □ 深圳 □ 廣州 □ 北京 □ 上海 (店舗號碼.)
- 2. 閣下性別為?□男□女
- 3. a) 你在此店舖擔任主管的年資為? 年 月
 - b) 你在零售行業擔任主管的年資為? 年 月
- 4. 你的店舖位於?
 □ 旅遊區
 □ 非旅遊區
- 5. 你的店舖需要直接向以下哪一個報 告?
 - g) 🛛 Retail Director
 - h) 🗆 Regional Manager
 - i) 🛛 Assistant Retail Manager
- 6. 你的店舖是:
 - □ 種類 A
 - □ 種類 B
 - □ 種類 C
- 7. 你的店舖在這地方經營了 年 月

- j) 🛛 Area Manager
- k) 🗆 Senior Shop Manager
- 1) Shop Manager

8. 你的店舖員工人數為 人;其中 人為全職員工;其中 人為男性員 工。

第二部份:我們希望瞭解你的店舖的關係網絡。

- 請列出於過去十二個月內,你曾向其他分店主管請教有關你的店舖管理問題
 中,最重要的五位主管化名:
 - A : ______ B : ______ C : ______ D : ______ E : _____

請用以下的表格指出上列各人是否要好的朋友。如果是, 請圈上方格內的 "Y"字。

	А	В	С	D
В	Y			
С	Y	Y		
D	Y	Y	Y	
Е	Y	Y	Y	Y

10. 你與他們每一個人交流的次數有多頻密?

(請以1至7來表示:1=每天一次或以上,2=每星期兩次,3=每星期一次,4= 每月兩次,5=每月一次,6=隔月一次,7=每三個月一次或以下)

A :	
B :	
C :	
D:	
E :	

11. 在他們有機會的時候,你不怕他們會占你便宜而可依賴他們? (詩)\1 至 7 本書云,1 天能依賴 於傳證இ對美一樣,4 其和度上仍可

(請以1至7來表示:1=不能依賴,就像競爭對手一樣;4=某程度上仍可以依賴, 但只限討論及解決一般的問題;7=絕對依賴,彼此就像在同一店舖工作一樣)

- A : _____
- B:_____
- C : _____
- D : _____
- E:_____

		非常不同意				非常同意		
	請圈出你對下以句子有多同意:							
12. 13	其他店舖非常關心我店的利益。	1	2	3	4	5		
15.	共间泊础冒险回安尔地 公 確保我店仅有文到破袋线 損害。	1	L	5	4	5		
14.	其他店舖並不關心我店所發生的事。	1	2	3	4	5		
15.	其他店舖對他們的工作充滿專注及專業。	1	2	3	4	5		
16.	根據其他店舖的紀錄,並沒有理由懷疑他們的能力 及準備工夫。	1	2	3	4	5		
17.	其他店舖具備知識。	1	2	3	4	5		
18.	在與 其他店舖 的關係上,我們期望: a) 任何有用而機密的資料都不會用以對另一方不	1	2	3	4	5		
	利。							
	b) 雙方均不應作出損害他方的要求。	1	2	3	4	5		
	c) 交涉時占優的一方不會去占其利益。	1	2	3	4	5		
	d) 雙方均會顧及對方的盈利。	1	2	3	4	5		
	e) 雙方均願意作出合作上的改變。	1	2	3	4	5		
	f) 不論是哪方出錯,問題仍是雙方的責任。	1	2	3	4	5		
	g) 雙方需要互相合作以取得成功。	1	2	3	4	5		
	h) 雙方介意拖欠對方的人情。	1	2	3	4	5		
19.	公司總部非常關心我店的利益。	1	2	3	4	5		
20.	公司總部會超出要求地去確保我店沒有受破壞或損	1	2	3	4	5		
	害。							
21.	公司總部並不關心我的店舖所發生的事。	1	2	3	4	5		
22.	公司總部對他們的工作充滿專注及專業。	1	2	3	4	5		
23.	根據總部的紀錄, 並沒有理由懷疑他們的能力及準	1	2	3	4	5		
	備工夫。		•	2		_		
24.	公司總部具備知識。	1	2	3	4	5		
25.	任 兴公可 總前的關係上, 我們期望:	1	C	2	Λ	5		
	a) 工門伯用叫「成伍印貝科的小胃用以到力一刀小	T	L	3	4	J		

		非	:			
		堂	7			非
		不	-			堂
			1			
		白白	, ,			白
	ДI		`			尽
		1	2	0	4	~
	b) 雙力均个應作出損害他力的要求。	I	2	3	4	5
	c) 交涉時占優的一方不會去占其利益。	1	2	3	4	5
	d) 雙方均會顧及對方的盈利。	1	2	3	4	5
	e) 雙方均願意作出合作上的改變。	1	2	3	4	5
	f) 不論是哪方出錯, 問題仍是雙方的責任。	1	2	3	4	5
	g) 雙方需要互相合作以取得成功。	1	2	3	4	5
	h) 雙方介意拖欠對方的人情。	1	2	3	4	5
26.	公司總部從不阻止我得到應有的加薪,晉升,調動	1	2	3	4	5
	機會。					
27.	公司總部從沒有威脅要開除我。	1	2	3	4	5
28.	公司總部從不阻止我獲得所需的培訓。	1	2	3	4	5
29.	公司總部給予某些人我沒有的優待。	1	2	3	4	5
30.	我極之希望在零售業中找到自己的事業。	1	2	3	4	5
31.	如果可以重新選擇,我仍希望在零售業中工作。	1	2	3	4	5
32.	我為自己加入了零售業感到失望。	1	2	3	4	5

第三部份:我們希望瞭解你對創新的管理(請圈出合適的選項)。

			非常不同				非 常 同
			意			意	
33.	在	過去六個月中,我在自己店舖內採用了的新措施					
	包	括:					
	a)	建立長期顧客的策略。	1	2	3	4	5
	b)	增加顧客的策略及程式。	1	2	3	4	5
	c)	利用市場研究。	1	2	3	4	5
	d)	顧客管理的結構。	1	2	3	4	5
	e)	腦震盪的研討技巧。	1	2	3	4	5
	f)	有創意的工作流程。	1	2	3	4	5
	g)	讓店舖員工參與創新過程。	1	2	3	4	5
	h) :	其他創新的服務。	1	2	3	4	5
	i)	簡報時段。	1	2	3	4	5
	j)	工作表現評估系統。	1	2	3	4	5
	k)	內部員工推薦。	1	2	3	4	5

		非常不同意				非常同意
	l) 員工經驗回饋交流。	1	2	3	4	5
	m)員工資料庫。	1	2	3	4	5
	n) 推銷技巧培訓。	1	2	3	4	5
	o)"7 habits" 培訓。	1	2	3	4	5
	p) 其他創新的管理程式。	1	2	3	4	5
34.	在過去六個月中,我的店舖 <i>為其他的店舖提供</i> 了以下的知識及技巧:					
	a) 營銷竅門。	1	2	3	4	5
	b) 貨品存放的竅門。	1	2	3	4	5
	c) 貨品陳列。	1	2	3	4	5
	d) 運作流程設計。	1	2	3	4	5
	e) 採購竅門。	1	2	3	4	5
	f) 管理系統及實務。	1	2	3	4	5
35.	在過去六個月中,我的店舖 <i>從其他店舖中獲得</i> 了以下 的知識及技巧:					
	a) 營銷窮門。	1	2	3	4	5
	b) 貨品存放的竅門。	1	2	3	4	5
	c) 貨品陳列。	1	2	3	4	5
	d) 運作流程設計。	1	2	3	4	5
	e) 採購竅門。	1	2	3	4	5
	f) 管理系統及實務。	1	2	3	4	5
36.	在品牌形象改造上,我的店舖落實了以下的改變::					
	a) 幽默感 (溝通)。	1	2	3	4	5
	b) 色彩 (充滿活力的員工,服務,色彩繽紛的貨品)。	1	2	3	4	5
	c) 笑容 (開心的購物氣氛)。	1	2	3	4	5
	e) 重視家庭的價值觀 (在服務、產品及 購物環境上特別昭	1	2	3	4	5
	顧家庭的需要)。					

第四部份:我們希望瞭解你對店舖的一般管理(請圈出合適的選項)。

\vec{x} \vec{x} \vec{x} 37. 當有錯誤出現時, 我會作出改善。 1 2 3 4 5 38. 我會對店舗員工指出當他們完成工作時, 可得到什 麼。 1 2 3 4 5 39. 我強調達到目標與得到獎勵之間的關係。 1 2 3 4 5 40. 我集中注意店舖中不尋常、例外和與預期存有誤差 1 2 3 4 5 41. 我提及對於良好工作表現的特別讚賞及/政晉升。 1 2 3 4 5 42. 為達目標, 我表現果斷。 1 2 3 4 5 43. 我的店舖員工業我有絕對的信心。 1 2 3 4 5 44. 我的店舖員工書教和我相處。 1 2 3 4 5 45. 我表達出我對員工高表現的期望。 1 2 3 4 5 46. 我令人尊重。 1 2 3 4 5 47. 我傳遞一種使命感。 1 2 3 4 5 48. 我對本來提出願景。 1 2 3 4 5 50. 整體而言,我們店舖的員工會都介育之前給」 1 2 3 4 5 51. 我們店舗的員工之間存在指給的員工之間存在醫務 1 2 3 4 5 <th></th> <th></th> <th>非常不同</th> <th></th> <th></th> <th></th> <th>非常同</th> <th></th>			非常不同				非常同	
37. 當有錯誤出現時,我會作出改善。 1 2 3 4 5 38. 我會對店舖員工指出當他們完成工作時,可得到什 麼。 1 2 3 4 5 39. 我強調達到目標與得到獎勵之間的關係。 1 2 3 4 5 40. 我集中注意店舖中不尋常、例外和與預期存有誤差 1 2 3 4 5 41. 我提及對於良好工作表現的特別讚賞及/或晉升。 1 2 3 4 5 42. 為達目標,我表現果斷。 1 2 3 4 5 43. 我的店舖員工事對我有絕對的信心。 1 2 3 4 5 44. 我的店舖員工會數和我相處。 1 2 3 4 5 45. 我表達出我對人完成在品稿 1 2 3 4 5 46. 我令人尊重。 1 2 3 4 5 47. 我傳遞一種使命感。 1 2 3 4 5 48. 我對未來提出額景二 1 2 3 4 5 50. 整體而言,我們店舖的員工作指介意念予其他人。 1 2 3 4 5 51. 我們店舖的員工之間存在協給員工作指介意念予其他人 2 3 4 5 52. 整體而言,我們店舖的員工之間存在「給和公 1 2 <			意				意	
38. 我會對店舗員工指出當他們完成工作時,可得到什 麼。 1 2 3 4 5 39. 我強調塗到目標與得到獎勵之間的關係。 1 2 3 4 5 40. 我集中注意店舖中不尋常、例外和與預期存有誤差 1 2 3 4 5 40. 我集中注意店舖中不尋常、例外和與預期存有誤差 1 2 3 4 5 41. 我提及對於良好工作表現的特別讚賞及/成晉升。 1 2 3 4 5 42. 為遠目標,我表現果斷。 1 2 3 4 5 43. 我的店舖員工書數和我相處。 1 2 3 4 5 44. 我的店舖員工書數和我相處。 1 2 3 4 5 45. 我表達出我對員工高表現的期望。 1 2 3 4 5 46. 我令人尊重。 1 2 3 4 5 47. 我傳遞一種使命感。 1 2 3 4 5 48. 我對未來提出顧買。 1 2 3 4 5 50. 整體而言,我們店舖的員工作指的員工能構思出創新意念。 1 2 3 4 5 51. 我們店舖前員工會批介給員工作活給員工作批問為意念 1 2 3 4 5 52. 整體而言,我們店舗的員工之間存在關係緊張。 1<	37.	當有錯誤出現時、我會作出改善。	1	2	3	4	5	
\overline{w} . 1 2 3 4 5 39. 我強調達到目標與得到獎勵之間的關係。123 4 5 $40.$ 我集中注意店舖中不尋常、例外和與預期存有誤差123 4 5 60 意外情況.123 4 5 $41.$ 我提及對於良好工作表現的特別讚賞及/威晉升。123 4 5 $42.$ 為達目標,我表現果斷。123 4 5 $43.$ 我的店舖員工書散和我相處。123 4 5 $44.$ 我的店舖員工書散和我相處。123 4 5 $45.$ 我表達出我對員工高表現的期望。123 4 5 $46.$ 我令人尊重。123 4 5 $47.$ 我傳遞一種使命感。123 4 5 $48.$ 我對未來提出翻異。123 4 5 $49.$ 整體而言,我們店舖的員工管發掘新的科技、流12 3 4 5 $48.$ 我對未來指出翻算。12 3 4 5 $50.$ 整體而言,我們店舖的員工能常出人有約意念。12 3 4 5 $51.$ 我們店舖的員工會推介意念予其他人。12 3 4 5 $52.$ 整體而言,我們店舖的員工定有有意念12 3 4 5 $53.$ 基體而言,我們店舖的員工之間存在報人衝突。12 3 4 5 $54.$ 店舖的員工之間存在私人衝突。12 3 4 5 $55.$ 我們店舖的員工之間存在個人衝突。12 3 4 5 $56.$ 店舖的員工之間存在指給不和2 3 4 5 $57.$ 店舖的員工之間存在情俗不和2 3 4 5 $58.$	38.	我會對店舖員工指出當他們完成工作時,可得到什	1	2	3	4	5	
39. 我強調達到目標與得到獎勵之間的關係。 1 2 3 4 5 40. 我集中注意店舖中不尋常、例外和與預期存有誤差 1 2 3 4 5 41. 我提及對於良好工作表現的特別讚賞及/成晉升。 1 2 3 4 5 41. 我提及對於良好工作表現的特別讚賞及/成晉升。 1 2 3 4 5 42. 為達目標,我表現果斷。 1 2 3 4 5 43. 我的店舖員工對我有絕對的信心。 1 2 3 4 5 44. 我的店舖員工對我有絕對的信心。 1 2 3 4 5 44. 我的店舖員工會數和我相處。 1 2 3 4 5 45. 我表達出我到員工高表現的期望。 1 2 3 4 5 46. 我令人尊重。 1 2 3 4 5 47. 我傳遞一種使命感。 1 2 3 4 5 48. 我對未來提出願景。 1 2 3 4 5 49. 整體而言,我們店舖的員工管額公司 1 2 3 4 5 50. 整體而言,我們店舖的員工管館公司 1 2 3 4 5 51. 我們店舖前員工會指介含 1 2 3 <td>001</td> <td>廠。</td> <td></td> <td>_</td> <td></td> <td>· ·</td> <td>-</td> <td></td>	001	廠。		_		· ·	-	
39.我強調達到目標與得到獎勵之間的關係。1234540.我集中注意店舖中不尋常、例外和與預期存有誤差1234541.我提及對於良好工作表現的特別讚賞及/或晉升。1234542.為達目標,我表現果斷。1234543.我的店舖員工對我有絕對的信心。1234544.我的店舖員工書戰和我相處。1234545.我表達出我對員工高表現的期望。1234546.我令人尊重。1234547.我傳遞一桶使命感。1234548.我對未來提出願景。1234549.繁體而言,我們店舖的員工管發掘新的科技、流1234550.整體而言,我們店舖的員工能能的員工能能出創新意念。1234551.我們店舖的員工會推介意念予其他人。1234552.整體而言,我們店舖的員工能找出及確保所需資金1234553.整體而言,我們店舖的員工之間存在磨擦。1234554.軟們店舖的員工之間存在磨擦緊張。1234555.我們店舖的員工之間存在磨擦緊張。1234556.店舖的員工之間存在檔條緊張。1234557.店舖的員工之間存在檔條緊張。1234558.店舖的員工之間存在檔條緊張。1234559.店舖的員工之間存在檔條緊張。1234550.員 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>								
40. 我集中注意店舖中不尋常、例外和與預期存有誤差 1 2 3 4 5 41. 我提及對於良好工作表現的特別讚賞及/或晉升。 1 2 3 4 5 42. 為違目標,我表現果斷。 1 2 3 4 5 43. 我的店舖員工對我有絕對的信心。 1 2 3 4 5 44. 我的店舖員工書散和我相處。 1 2 3 4 5 45. 我表達出我對員工高表現的期望。 1 2 3 4 5 45. 我表達出我對員工高表現的期望。 1 2 3 4 5 46. 我令人尊重。 1 2 3 4 5 47. 我傳遞一種使命感。 1 2 3 4 5 48. 我對未來提出願景。 1 2 3 4 5 48. 我對未來提出願景。 1 2 3 4 5 50. 整體而言,我們店舖的員工會推介意念子其他人。 1 2 3 4 5 51. 我們店舗員工會推介意念子其他人。 1 2 3 4 5 52. 整體而言	39.	我強調達到目標與得到獎勵之間的關係。	1	2	3	4	5	
b) \overline{z} A f \overline{z} . 41. \overline{z} A \overline{z} . 41. \overline{z} A \overline{z} . 42. \overline{z} A \overline{z} . 43. \overline{z} A \overline{z} . 44. \overline{z} A \overline{z} . 43. \overline{z} A \overline{z} . 44. \overline{z} A \overline{z} . 45. \overline{z} A \overline{z} . 44. \overline{z} A \overline{z} . 45. \overline{z} A \overline{z} . 46. \overline{z} A \overline{z} . 47. \overline{z} A \overline{z} . 48. \overline{z} A \overline{z} . 49. \underline{z} B \overline{z} . 41. \overline{z} A \overline{z} . 42. \overline{z} A \overline{z} . 43. \overline{z} A \overline{z} . 44. \overline{z} A \overline{z} . 45. \overline{z} . \overline{z} . 45. \overline{z} . \overline{z} . \overline{z} . 45. \overline{z} . \overline{z} . \overline{z} . 46. \overline{z} . \overline{z} . \overline{z} . \overline{z} . 47. \overline{z} . \overline{z} . \overline{z} . \overline{z} . \overline{z} . 48. \overline{z} . \overline{z} . \overline{z} . \overline{z} . \overline{z}	40.	我集中注意店舖中不尋常、例外和與預期存有誤差	1	2	3	4	5	
41. 我提及對於良好工作表現的特別讚賞及/或晉升。 1 2 3 4 5 42. 為達目標,我表現果斷。 1 2 3 4 5 43. 我的店舖員工對我有絕對的信心。 1 2 3 4 5 44. 我的店舖員工喜歡和我相處。 1 2 3 4 5 44. 我的店舖員工喜歡和我相處。 1 2 3 4 5 45. 我表達出我對員工高表現的期望。 1 2 3 4 5 46. 我令人尊重。 1 2 3 4 5 47. 我傳遞一種使命感。 1 2 3 4 5 48. 我對未來提出腳景。 1 2 3 4 5 49. 整體而言,我們店舖的員工會種介意念予其他人。 1 2 3 4 5 50. 整體而言,我們店舖的員工能常能的員工能打出股確保所需資金 1 2 3 4 5 51. 我們店舖的員工之間存在醫擦。 1 2 3 4 5 53. 整體而言,我們店舖的員工之間存在醫擦。 1 2 3 4 5 54. 團體而言,我們店舖的員工之間存在情察。 1 2 3 4 5 55. 我們店舖的員工之間存在情解來現。 1 2		的意外情况。	-	-	U		C	
11234542. β jælfk, η zgug1234543. η tolfahelg Light and the state and the sta	41.	我提及對於良好工作表現的特別讚賞及/或晉升。	1	2	3	4	5	
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1 2 3 4 5 44. 我的店舗員工言数和我相處. 1 2 3 4 5 45. 我表達出我對員工高表現的期望。 1 2 3 4 5 46. 我令人尊重。 1 2 3 4 5 46. 我令人尊重。 1 2 3 4 5 47. 我傳遞一種使命感。 1 2 3 4 5 48. 我對未來提出願景。 1 2 3 4 5 49. 整體而言, 我們店舖的員工會發掘新的科技、流 1 2 3 4 5 50. 整體而言, 我們店舖的員工能能的員工能常出創新意念。 1 2 3 4 5 51. 我們店舖的員工給前的員工之間存在腳擦 1 2 3 4 5 53. 整體而言, 我們店舖的員工之間存在磨擦。 1 2 3 4 5 54. 整體而言, 我們店舖的員工之間存在標擦 1 2 3 4 5 55. 我們店舖的員工之間存在「小和 2 3 4 5 56. 店舖的員工之間存在「儲不知<	43	我的店舖員工對我有絕對的信心。	1	2	3	4	5	
1 2 3 4 5 45. 我表達出我對員工高表現的期望。 1 2 3 4 5 46. 我令人尊重。 1 2 3 4 5 47. 我傳遞一種使命感。 1 2 3 4 5 48. 我對未來提出願景。 1 2 3 4 5 49. 整體而言,我們店舖的員工會發掘新的科技、流 1 2 3 4 5 50. 整體而言,我們店舖的員工能常想出創新意念。 1 2 3 4 5 51. 我們店舖的員工會推介意念予其他人。 1 2 3 4 5 52. 整體而言,我們店舖的員工能常出出指新意念。 1 2 3 4 5 53. 整體而言,我們店舖的員工之間存在磨擦。 1 2 3 4 5 54. 整體而言,我們店舖的員工之間存在磨擦。 1 2 3 4 5 55. 我們店舖的員工之間存在標擦。 1 2 3 4 5 56. 店舖的員工之間存在標片不和。 1 2 3 4 5 57. 店舖的員工之間存在情緒不和。 1 2 3 4 5 58. 店舖的員工之間存在情緒不和。 1 2 3 4 <	44	我的店舖員工艺数和我相處	1	2	3	4	5	
123446. $\mathfrak{X} \Leftrightarrow / \mathfrak{P} = \mathfrak{a}$ 123447. $\mathfrak{X} \models \mathfrak{a}$ $\mathfrak{A} \models \mathfrak{a}$ 123454. $\mathfrak{X} \Rightarrow / \mathfrak{A} \models \mathfrak{a}$ 1234548. $\mathfrak{X} \Rightarrow / \mathfrak{A} \models \mathfrak{A} = \mathfrak{A} + \mathfrak{A} $	45	我表本出我對昌丁高表現的期望	1	2	3	4	5	
1234547. $\exists k ewide ewide $	46	我会人尊重	1	$\frac{2}{2}$	3	4	5	
11 1 2 3 4 5 48. 我對未來提出願景。 1 2 3 4 5 49. 整體而言,我們店舗的員工會發掘新的科技、流 1 2 3 4 5 在、技巧及/或商品意念。 1 2 3 4 5 50. 整體而言,我們店舗的員工能能問人意念。 1 2 3 4 5 51. 我們店舗員工會推介意念予其他人。 1 2 3 4 5 52. 整體而言,我們店舗的員工能計出進行新意念時的 1 2 3 4 5 53. 整體而言,我們店舗的員工定有容在簡整。 1 2 3 4 5 54. 整體而言,我們店舗的員工之間存在醫療。 1 2 3 4 5 55. 我們店舗的員工之間存在醫療。 1 2 3 4 5 56. 店舗的員工之間存在關係緊張。 1 2 3 4 5 57. 店舗的員工之間存在情緒不和。 1 2 3 4 5 58. 店舗的員工之間存在情緒不和。 1 2 3 4 5 59. 店舗的員工之間存在情緒不和。 1 2 3 4 5 60. 員工之間有在工作意見上經常有衝突。 1 2 3	40. 47	我自父守皇。 我值派一種伸命咸	1	$\frac{2}{2}$	3	т Д	5	
1 1 2 3 4 5 49. 整體而言,我們店舗的員工會發掘新的科技、流 1 2 3 4 5 2 3 4 5 2 3 4 5 2 8 2 3 4 5 50. 整體而言,我們店舗的員工能結的員工能 1 2 3 4 5 51. 我們店舗員工會推介意念 1 2 3 4 5 52. 整體而言,我們店舗的員工能計出及確保所需資金 1 2 3 4 5 53. 整體而言,我們店舗的員工之間存在醫察。 1 2 3 4 5 54. 整體而言,我們店舗的員工之間存在醫察。 1 2 3 4 5 55. 我們店舗的員工之間存在關係緊張。 1 2 3 4 5 55. 店舗的員工之間存在「關係緊張。 1 2 3 4 5 56. 店舗的員工之間存在「儲不和。 1 2 3 4 5 57. 店舗的員工之間存在「「「「」」」」」 1 2 3 4 5 57. 店舗的員工之間存在「「「」」」」 3 </td <td>48</td> <td>我對去來提出願書</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td></td>	48	我對去來提出願書	1	2	3	4	5	
中. 正體加合, 秋門內面納身工 (秋田) 1 2 3 4 5 程、技巧及/或商品意念。 1 2 3 4 5 50. 整體而言, 我們店舖的員工能構思出創新意念。 1 2 3 4 5 51. 我們店舖員工會推介意念予其他人。 1 2 3 4 5 52. 整體而言, 我們店舖的員工能對出後確保所需資金 1 2 3 4 5 53. 整體而言, 我們店舖的員工能訂出推行新意念時的 1 2 3 4 5 編排及計畫。 1 2 3 4 5 54. 整體而言, 我們店舖的員工之間存在磨擦。 1 2 3 4 5 55. 我們店舖的員工之間存在關係緊張。 1 2 3 4 5 56. 店舖的員工之間存在關係緊張。 1 2 3 4 5 57. 店舖的員工之間存在情緒不和。 1 2 3 4 5 58. 店舖的員工在對存在情緒不和。 1 2 3 4 5 59. 店舖員工在對存在情緒不和。 1 2 3 4 5 60. 員工之間存在市會工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作意見上經常有衝突。 1 2 <td>40. 49</td> <td>救野不不足口履乐。 整體而言 我們店鋪的昌丁會發掘新的科技 流</td> <td>1</td> <td>$\frac{2}{2}$</td> <td>3</td> <td>т Д</td> <td>5</td> <td></td>	40. 49	救野不不足口履乐。 整體而言 我們店鋪的昌丁會發掘新的科技 流	1	$\frac{2}{2}$	3	т Д	5	
 50. 整體而言,我們店舗的員工能構思出創新意念。 1 2 3 4 5 51. 我們店舖員工會推介意念予其他人。 1 2 3 4 5 52. 整體而言,我們店舖的員工能找出及確保所需資金 1 2 3 4 5 以推行新的意念。 53. 整體而言,我們店舖的員工能訂出推行新意念時的 1 2 3 4 5 編排及計畫。 54. 整體而言,我們店舖的員工沒有創意。 1 2 3 4 5 55. 我們店舖的員工之間存在磨擦。 1 2 3 4 5 56. 店舖的員工之間存在關係緊張。 1 2 3 4 5 57. 店舖的員工之間存在關係緊張。 1 2 3 4 5 58. 店舖的員工之間存在情緒不和。 2 3 4 5 59. 店舖員工在對如何完成工作方面有不同的意見。 1 2 3 4 5 60. 員工之間在工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作上常有衝突。 1 2 3 4 5 62. 我們的店舖存在不同的意見。 1 2 3 4 5 63. 我們店舖的員工清楚瞭解店舖的發展。 1 2 3 4 5 64. 店舖未來的發展方針清楚地傳遞給每位員工。 1 2 3 4 5 65. 我們的店舖員工並不清楚店舖的目標。 1 2 3 4 5 66. 這裏的每位員工均清楚店舖的長遠計畫及定向。 1 2 3 4 5 68. 如果我們在工作上編排得更有條理,便可節省時間 1 2 3 4 5 	чу.	程 技巧及/ 成 商品 音令	1	2	5	т	5	
50. 正體而言,我們店舖員工會推介意念予其他人。 1 2 3 4 5 51. 我們店舖員工會推介意念予其他人。 1 2 3 4 5 52. 整體而言,我們店舖的員工能找出及確保所需資金 1 2 3 4 5 以推行新的意念。 1 2 3 4 5 53. 整體而言,我們店舖的員工能訂出推行新意念時的 1 2 3 4 5 54. 整體而言,我們店舖的員工之間存在磨擦。 1 2 3 4 5 55. 我們店舖的員工之間存在磨擦。 1 2 3 4 5 56. 店舖的員工之間存在關係緊張。 1 2 3 4 5 58. 店舖的員工之間存在情緒不和。 1 2 3 4 5 59. 店舖員工在對如何完成工作方面有不同的意見。 1 2 3 4 5 60. 員工之間在工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作上常有衝突。 1 2 3 4 5 62. 我們的店舖自工作常範的意見。 1 2 3 4 5 63. 我們店舖的自工作意見上經常有衝突。 1 2 3 4 5 64. 店舖未來的發展方針清楚比你看到的意見。 1	50	整體而言 我們店鋪的昌丁能構思出創新音令	1	2	3	Δ	5	
51. 秋雨油調工電油に対応応すべ他久。 1 2 3 4 5 52. 整體而言,我們店舗的員工能打出推行新意念時的 1 2 3 4 5 以推行新的意念。 1 2 3 4 5 53. 整體而言,我們店舖的員工能訂出推行新意念時的 1 2 3 4 5 54. 整體而言,我們店舖的員工之間存在磨擦。 1 2 3 4 5 55. 我們店舖的員工之間存在磨擦。 1 2 3 4 5 56. 店舖的員工之間存在關係緊張。 1 2 3 4 5 57. 店舖的員工之間存在「結不和。 1 2 3 4 5 58. 店舖的員工之間存在情緒不和。 1 2 3 4 5 59. 店舖員工在對你有意見上經常有衝突。 1 2 3 4 5 60. 員工之間在工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作主常有衝突。 1 2 3 4 5 62. 我們的店舖的員工清楚瞭解店舖的發展。 1 2 3 4 5 63. 我們店舖的自業在本市會意息 1 2 3 4 5 64. 店舖未來的發展方針清楚店舖的發展。 1 2	51	我們店鋪員工會推介音令予其他人	1	$\frac{2}{2}$	3	4	5	
52. 生酸men, 或men og 2 nerkomen g 2 1 2 3 4 5 以推行新的意念。 53. 整體而言, 我們店舖的員工能訂出推行新意念時的 1 2 3 4 5 編排及計畫。 54. 整體而言, 我們店舖的員工沒有創意。 1 2 3 4 5 55. 我們店舖的員工之間存在磨擦。 1 2 3 4 5 56. 店舖的員工之間存在關係緊張。 1 2 3 4 5 57. 店舖的員工之間存在情緒不和。 1 2 3 4 5 58. 店舖的員工之間存在情緒不和。 1 2 3 4 5 59. 店舖員工在對如何完成工作方面有不同的意見。 1 2 3 4 5 60. 員工之間在工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作上常有衝突。 1 2 3 4 5 62. 我們的店舖存在不同的意見。 1 2 3 4 5 63. 我們店舖的員工清楚瞭解店舖的發展。 1 2 3 4 5 64. 店舖未來的發展方針清楚地傳遞給每位員工。 1 2 3 4 5 65. 我們的店舖員工並不清楚店舖的發展。 1 2 3 4 5 64. 店舖未來的發展方針清楚地傳遞給每位員工。 1 2 3 4 5 65. 我們的店舖員工並不清楚店舖的目標。 1 2 3 4 5 66. 這裏的每位員工均清楚店舖的長遠計畫及定向。 1 2 3 4 5 67. 員工對於店舖的發展有很強烈及清晰的意識。 1 2 3 4 5 68. 如果我們在工作上編排得更有條理,便可節省時間 2 3 4 5 68. 如果我們在工作上編排得更有條理,便可節省時間	52	整體而言 我們店鋪的昌丁能找出及確保所雲資全	1	$\frac{2}{2}$	3	4	5	
53. 整體而言,我們店舖的員工能訂出推行新意念時的 1 2 3 4 5 編排及計畫。 5 54. 整體而言,我們店舖的員工沒有創意。 1 2 3 4 5 54. 整體而言,我們店舖的員工沒間存在磨擦。 1 2 3 4 5 55. 我們店舖的員工之間存在不起人衝突。 1 2 3 4 5 56. 店舖的員工之間存在私人衝突。 1 2 3 4 5 57. 店舖的員工之間存在關係緊張。 1 2 3 4 5 58. 店舖的員工之間存在情緒不和。 1 2 3 4 5 59. 店舖員工在對如何完成工作方面有不同的意見。 1 2 3 4 5 60. 員工之間在工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作上常有衝突。 1 2 3 4 5 62. 我們的店舖存在不同的意見。 1 2 3 4 5 63. 我們店舖的員工並不清楚瞭解店舖的發展。 1 2 3 4 5 64. 店舖未來的發展方針清楚地傳遞給每位員工並不清楚店舖的目標。 1 2 3 4 5 65. 我們的店舖員工並不清楚店舖的長遠計畫及定向。 1 2 3 4 5	52.	业提加百,1%而而而10g工能及由及唯体所需要业 以推行新的音念。	1	2	5	т	5	
53. 出版而了, 我們店舗的員工沒有創意。 1 2 3 4 5 54. 整體而言, 我們店舖的員工沒有創意。 1 2 3 4 5 55. 我們店舖的員工之間存在磨擦。 1 2 3 4 5 56. 店舖的員工之間存在關係緊張。 1 2 3 4 5 57. 店舖的員工之間存在關係緊張。 1 2 3 4 5 58. 店舖的員工之間存在情緒不和。 1 2 3 4 5 59. 店舖員工在對如何完成工作方面有不同的意見。 1 2 3 4 5 60. 員工之間在工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作上常有衝突。 1 2 3 4 5 62. 我們的店舖存在不同的意見。 1 2 3 4 5 63. 我們店舖的員工清楚瞭解店舖的發展。 1 2 3 4 5 64. 店舖未來的發展方針清楚比傳遞給每位員工 1 2 3 4 5 65. 我們的店舖員工並不清楚店舖的目標。 1 2 3 4 5 66. 這裏的每位員工均清楚店舖的長遠計畫及定向。 1 2 3 4 5 67. 員工對於店舖的發展有很強烈及清晰的意識。 1	53	整體而言,我們店舖的員工能訂出推行新意念時的	1	2	3	4	5	
54. 整體而言,我們店舖的員工沒有創意。 1 2 3 4 5 55. 我們店舖的員工之間存在磨擦。 1 2 3 4 5 56. 店舖的員工之間存在關係緊張。 1 2 3 4 5 57. 店舖的員工之間存在關係緊張。 1 2 3 4 5 58. 店舖的員工之間存在情緒不和。 1 2 3 4 5 59. 店舖員工在對如何完成工作方面有不同的意見。 1 2 3 4 5 60. 員工之間在工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作上常有衝突。 1 2 3 4 5 62. 我們的店舖存在不同的意見。 1 2 3 4 5 63. 我們店舖的員工清楚瞭解店舖的發展。 1 2 3 4 5 64. 店舖未來的發展方針清楚地傳遞給每位員工。 1 2 3 4 5 65. 我們的店舖員工並不清楚店舖的目標。 1 2 3 4 5 66. 這裏的每位員工均清楚店舖的長遠計畫及定向。 1 2 3 4 5 67. 員工對於店舖的發展有很強烈及清晰的意識。 1 2 3 4 5 68. 如果我們在工作上編排得更有條理,便可節省時間 1 <td>551</td> <td>編排及計畫。</td> <td>1</td> <td>-</td> <td>5</td> <td>·</td> <td>5</td> <td></td>	551	編排及計畫。	1	-	5	·	5	
55. 我們店舗的員工之間存在磨擦。 1 2 3 4 5 56. 店舖的員工之間存在私人衝突。 1 2 3 4 5 57. 店舖的員工之間存在關係緊張。 1 2 3 4 5 58. 店舖的員工之間存在情緒不和。 1 2 3 4 5 59. 店舖員工在對如何完成工作方面有不同的意見。 1 2 3 4 5 60. 員工之間在工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作上常有衝突。 1 2 3 4 5 62. 我們的店舖存在不同的意見。 1 2 3 4 5 63. 我們店舖的員工清楚瞭解店舖的發展。 1 2 3 4 5 64. 店舖未來的發展方針清楚地傳遞給每位員工。 1 2 3 4 5 65. 我們的店舖員工並不清楚店舖的目標。 1 2 3 4 5 66. 這裏的每位員工均清楚店舖的長遠計畫及定向。 1 2 3 4 5 67. 員工對於店舖的發展有很強烈及清晰的意識。 1 2 3 4 5 68. 如果我們在工作上編排得更有條理,便可節省時間 1 2 3 4 5 68. 如果我們在工作上編排得更有條理,便可節省時間	54.	整體而言,我們店舖的員工沒有創意。	1	2	3	4	5	
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57. 店舖的員工之間存在關係緊張。 1 2 3 4 5 58. 店舖的員工之間存在情緒不和。 1 2 3 4 5 59. 店舖員工在對如何完成工作方面有不同的意見。 1 2 3 4 5 60. 員工之間在工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作上常有衝突。 1 2 3 4 5 62. 我們的店舖存在不同的意見。 1 2 3 4 5 63. 我們店舖的員工清楚瞭解店舖的發展。 1 2 3 4 5 64. 店舖未來的發展方針清楚地傳遞給每位員工。 1 2 3 4 5 65. 我們的店舖員工並不清楚店舖的目標。 1 2 3 4 5 66. 這裏的每位員工均清楚店舖的長遠計畫及定向。 1 2 3 4 5 67. 員工對於店舖的發展有很強烈及清晰的意識。 1 2 3 4 5 68. 如果我們在工作上編排得更有條理,便可節省時間 1 2 3 4 5 68. 如果我們在工作上編排得更有條理,便可節省時間 1 2 3 4 5	56.	店舖的員工之間存在私人衝突。	1	2	3	4	5	
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60. 員工之間在工作意見上經常有衝突。 1 2 3 4 5 61. 我們在店舖工作上常有衝突。 1 2 3 4 5 62. 我們的店舖存在不同的意見。 1 2 3 4 5 63. 我們店舖的員工清楚瞭解店舖的發展。 1 2 3 4 5 64. 店舖未來的發展方針清楚地傳遞給每位員工。 1 2 3 4 5 65. 我們的店舖員工並不清楚店舖的目標。 1 2 3 4 5 66. 這裏的每位員工均清楚店舖的長遠計畫及定向。 1 2 3 4 5 67. 員工對於店舖的發展有很強烈及清晰的意識。 1 2 3 4 5 68. 如果我們在工作上編排得更有條理,便可節省時間 1 2 3 4 5 68. 如果我們在工作上編排得更有條理,便可節省時間 1 2 3 4 5	59.	店舖員工在對如何完成工作方面有不同的意見。	1	2	3	4	5	
 61. 我們在店舗工作上常有衝突。 62. 我們的店舖存在不同的意見。 63. 我們店舖的員工清楚瞭解店舖的發展。 64. 店舖未來的發展方針清楚地傳遞給每位員工。 65. 我們的店舖員工並不清楚店舖的目標。 66. 這裏的每位員工均清楚店舖的長遠計畫及定向。 76. 員工對於店舖的發展有很強烈及清晰的意識。 76. 如果我們在工作上編排得更有條理,便可節省時間 76. 真工錄於店舖的發展有很強理,便可節省時間 76. 責工錄於店舖的發展有很強理,便可節省時間 76. 責工錄於店舖的發展有很強理,便可節省時間 76. 責工錄於店舖的發展有很強理,便可節省時間 76. 責工錄於店舖的發展有很強理,便可節省時間 76. 責工錄於店舖的發展有很強理,便可節省時間 76. 責工錄於店舖的發展有很強理,便可節省時間 76. 責工錄於 	60.	員工之間在工作意見上經常有衝突。	1	2	3	4	5	
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68. 如果我們在工作上編排得更有條理,便可節省時間 1 2 3 4 5 和金錢。	67.	員工對於店舖的發展有很強烈及清晰的意識。	1	2	3	4	5	
和金錢。	68	如果我們在工作上編排得更有條理。便可節省時間	1	2	3	4	5	
	501	和金錢。	-	-	-		-	

		非				
		常一				非
		不				常
		同				同
(0	如用了西南南注麻夕,④即伍司四百七故地会出了	<u></u> 1	2	2	4	
69	. 如未个安顧愿這麼多, 我们便可以更有效地元成上 佐	I	Z	3	4	2
70	1F。 我們經常不能達到日標的盾田 - 具不肯的編排及計	1	γ	3	1	5
70	書	1	L	5	4	5
71	。 . 若我們的工作能統籌及計畫好一些. 便能改善生產	1	2	3	4	5
	力。	_	_	-		-
72	. 我們的店舖期望員工在一天內完成很多事情。	1	2	3	4	5
73	. 一般來說, 店舖員工工作量並不算特別吃力。	1	2	3	4	5
74	. 我們店舖的員工非常勤快。	1	2	3	4	5
75	. 我們店舖的員工對達到目標有一定的壓力。	1	2	3	4	5
76	. 這裏的工作節奏頗為輕鬆。	1	2	3	4	5
77	. 與其他競爭對手比較, 我們店舖的員工在以下哪方面	較為				
	優勝:					
	a) 工作相關能力	1	2	3	4	5
	b) 整體能力	1	2	3	4	5
	c) 吸收新知識的能力	1	2	3	4	5
	h) 工作上的幹勁	1	2	3	4	5
	i) 投入參與度	1	2	3	4	5
	j) 工作滿足感	1	2	3	4	5
	k) 吸收新知識的意願	1	2	3	4	5
78	我從不阻止下屬得到確右的加薪。至升。調動機	1	2	3	1	5
10		1	L	J	4	J
79	- 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	1	2	3	4	5
80	我從不阻止下屬獲得所需的培訓。	1	2	3	4	5
81	. 我給予某些下屬其他人沒有的優待。	1	2	3	4	5

第五部份:我們希望瞭解你的店舖的表現 (請圈出合適的選項)。

非				
常				非
不				常
同				同
意				意
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

82. 我們店舖的裝修,補	在視覺上十分吸引。
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- 83. 我們店舖的員工均十分整潔。
- 84. 我們的貨品,在視覺上陳列得十分吸引。
- 85. 我們店舖的員工依照承諾完成工作。

		非常不同意				非常同意
86.	我們店舖的員工在替顧客解決疑難上顯示出誠意。	1	2	3	4	5
87.	我們店舖的員工未能依時提供所承諾的服務。	1	2	3	4	5
88.	我們店舖的員工在一開始便能為顧客提供適當的服 務。	1	2	3	4	5
89.	我們店舖的員工提供正確的付款收據。	1	2	3	4	5
90.	我們店舖的員工能準確地告訴顧客什麼時候能協助 他們。	1	2	3	4	5
91.	我們店舖的員工服務迅速。	1	2	3	4	5
92.	我們店舖的員工樂意隨時幫助顧客。	1	2	3	4	5
93.	我們店舖的員工會因為太繁忙而未能響應顧客的需	1	2	3	4	5
	求。					
94.	我們店舖員工的表現令顧客對我們充滿信心。	1	2	3	4	5
95.	我們店舖的員工令顧客在購物時感到安心。	1	2	3	4	5
96.	我們店舖的員工一貫地對顧客有禮貌。	1	2	3	4	5
97.	我們店舖的員工沒有足夠的知識解答顧客的問題。	1	2	3	4	5
98.	我們店舖的員工照顧每一位元顧客的不同需要。	1	2	3	4	5
99.	我們店舖的營業時間對所有顧客來說都十分方便。	1	2	3	4	5
100.	我們店舖的員工親自照顧每一位元顧客的需要。	1	2	3	4	5
101.	我們店舖的員工將顧客的利益放在心上。	1	2	3	4	5
102.	我們店舖的員工明白每一位元顧客的特別需要。	1	2	3	4	5
103.	我們店舖的設備先進。	1	2	3	4	5
104.	在過去三個月內,我們的店舖在以下方面比我們的					
	競爭對手表現較好:					
	a) 令顧客滿意	1	2	3	4	5
	b) 令顧客得益	1	2	3	4	5
	c) 達到預期市場佔有率	1	2	3	4	5
	d) 達到預期增長	1	2	3	4	5
	e) 保留現有顧客	1	2	3	4	5
	f) 吸引新顧客	1	2	3	4	5
	g) 建立正面的店舖形象	1	2	3	4	5

105. 在最近三個月,我們平均每月已達到的目標銷售數額為:

a) 100% b) 90% - 99% c) 80% - 89% d)低於 80%

- 106. 在最近三個月,我們平均每月的僱員流失量約為: %
- 107. **在最近三個月,我們平均每月的**顧客流量**約為**:人
- 108. 在最近三個月,我們平均每月的訪客轉換為顧客比率約為: %
- 109. 在最近三個月,我們平均每張發票的銷售數額約為: \$

Appendix 6 Observation Templates

Store Location (Circle): Hong Kong/ Macau/ Shenzhen / Guangzhou / Beijing / Shanghai

Store ID:	
Date:	
Time Enter:	

Time Out:

Observer:

Dharaitan		Onstage / Visible Contact Exampl Employee Standar Actions		Please Tick				
Evidence (Shop Exterior / Interior)	Customer Actions		Examples of Standard Behavior	Not Observed	According to Standard	Below Standard	Non- standard	Examples of non- standard
							-	
Shop exterior /	Enter Shop	Enter Shop Greet Customer / Smile 7	Employees actively greet you warmly and politely					
interior	P		They are energetic, happy and smile					
		Colorful Products						
Merchandise	View	& Merchant	Goods are neat and					
Display (VM)	Merchandise	arrangement /	in order					
		neatness						

			Keep abreast of			
			customer needs,			
		Deadinage	provide timely help			
		Readiness	Actively provide			
			suggestions and			
			assistance			
			Keep abreast of			
		Help in sizes	customer needs,			
			provide timely help			
			Actively provide			
			suggestions and			
			assistance			
			Staff if			
			knowledgeable in			
			merchandise and can			
		Assist in	introduce features			
Dealset for	Calastina	recommendation /	Understanding,			
Basket for	Selecting	matching / advice	listening and			
merchandise	Merchandise		observing the needs			
			of customers - give			
			suitable advice			
			Courteously invite			
			customer to try			
			fitting and lead			
		Family Oriented	customer to fitting			
		Services	rooms			
			Show customer to			
			fitting rooms or			
			mirrors			

Fitting rooms / mirros	Fitting	Family Oriented Services	Staff introduce themselves and greet customers and ensure fitting room is ready for use			
		Help in sizes	Offer help when customer come out of fitting room and asked appropriate questions			
		Assist in recommendation / matching / advice	Actively provide suggestions with passion and skillful in selling skills and have patience			
Advertisement / branding	Decide - buy / reject	Communication	Staff can provide suggestions, alternatives (introduce similar style / model,			
			if size not available or transfer from other stores) and other promotions / up- selling			
		Energetic staff	Staff is energetic, happy, smile, patience, have eye contact			
		Customer Service	Provide courteous alteration service (measure, inform customer on time needed)			

Bill / counter display	Pay for Merchandise	Payment process / packaging	Staff is energetic, happy, smile, have eye contact					
			Pacify the que and ask customers for their patience					
			Sincerely and concisely identify / confirm and number and value of goods					
			Identify customers by last name if pay by credit card					
			Reconfirm amount received if pay by cash					
			Sincerely extend goods to customer (handle of bags to the side of customer)					
Shop exterior	Leave shop	Thank customer	Thank customers (including cashiers) sincerely, and invite Customer to shop with us again.					
			See customer away with friendly smile					

		Good communication, courtesy, and cooperation among colleagues			
	Teamwork	Inform others when leaving their positions			
		Take note of colleagues needs; provide quick, polite and initiate help			
Other Observations Recorded:					