

Role of Service Innovation in Enhancing Customer Satisfaction in the Public Sector Organization

Handi Dipo Santosa

Business Administration Program, International Women University, Indonesia

E-mail: handidipos@iwu.ac.id

ABSTRACT

This research aims to explore the role of service innovation in enhancing customer satisfaction in the public sector organization in Indonesia. The research is conducted to address the lack of studies on the implementation of service innovation in the public sector organization in Indonesia, despite its importance in enhancing customer satisfaction. The study adopts a qualitative research approach, which involves collecting data from multiple sources, including interviews with service providers and customers, observations, and document analysis. The data collected were analyzed using content analysis to identify the themes and patterns. The findings of the study suggest that service innovation plays a crucial role in enhancing customer satisfaction in the public sector organization in Indonesia. Service innovation can improve the quality of service delivery, increase the efficiency of operations, and provide better customer experience. The study also identifies several factors that facilitate and hinder the implementation of service innovation, such as organizational culture, leadership support, and budget constraints.

Keywords: service innovations; public sector; public sector organizational

INTRODUCTION

In recent years, the Indonesian government has put a greater emphasis on the importance of enhancing customer satisfaction in the public sector. However, despite the efforts made by the government, customer satisfaction in the public sector remains low, indicating a need for more innovative approaches to improve the quality of public services (Johnson, 2020; Rengifurwarin et al., 2018, 2018).

Service innovation has been identified as a key strategy to enhance customer satisfaction in the public sector organization. According to Vargo and Lusch (2016), service innovation is a process that involves the creation and implementation of new or improved services that meet the changing needs of customers.

The importance of service innovation in the public sector organization cannot be overstated. As the needs and preferences of customers evolve, public sector organizations need to adapt their services to meet these changing demands. This is where service innovation comes in - by creating and implementing new or improved services, public sector organizations can ensure that they are meeting the needs of their customers.

Berné-Martínez et al.(2021) highlight that service innovation is not just about creating new services, but also improving existing ones. This means that public sector organizations should continuously assess their services to identify areas for improvement. For example, they could introduce new technologies to improve the efficiency of their services or make changes to

their processes to reduce waiting times. By doing so, they can enhance the quality of their services and increase customer satisfaction.

In addition, service innovation can also provide public sector organizations with a competitive advantage. By offering innovative services, public sector organizations can differentiate themselves from their competitors and attract more customers. This is particularly important in industries where there is significant competition, such as healthcare and education. By continuously innovating their services, public sector organizations can remain relevant and ensure that they are meeting the needs of their customers in a dynamic environment.

Although previous research has highlighted the importance of service innovation in the private sector, there is a lack of studies on the implementation of service innovation in the public sector organization, especially in Indonesia. Therefore, this study aims to explore the role of service innovation in enhancing customer satisfaction in the public sector organization in Indonesia.

The state of the art in service innovation research indicates that service innovation is critical to enhancing customer satisfaction in the public sector (Admin, 2022). However, the implementation of service innovation in the public sector is complex and faces various challenges, such as a lack of resources, bureaucratic culture, and resistance to change (D. Osborne & Gaebler, 1992).

The research aims to identify the factors that facilitate or hinder the implementation of service innovation in the public sector organization in Indonesia and to provide insights for public sector organizations to implement service innovation effectively.

METHOD

This study adopts a qualitative research approach to explore the role of service innovation in enhancing customer satisfaction in the public sector organization in Indonesia. Qualitative research is chosen as it allows for in-depth exploration and understanding of complex phenomena (Fetters et al., 2013).

The informants of this study are customers and service providers of public sector organizations in Indonesia. Purposive sampling is used to select informants who have experience with the implementation of service innovation in the public sector. This ensures that the data collected is relevant to the research question and provides valuable insights (Creswell & Clark, 2017).

Data is collected through semi-structured interviews, observation, and document analysis. Semi-structured interviews are conducted with customers and service providers to gather their perceptions and experiences of service innovation in the public sector organization. Observation is used to observe the implementation of service innovation in public sector organizations, and document analysis is used to analyze policy documents related to service innovation in the public sector.

The data collected from the interviews, observation, and document analysis are analyzed using content analysis. This involves identifying themes and patterns in the data and organizing them into categories (Mishra & Alok, 2022). The categories are then used to develop an understanding of the role of service innovation in enhancing customer satisfaction in the public sector organization in Indonesia..

RESULT AND DISCUSSION

Result

The findings of this study indicate that service innovation plays a crucial role in enhancing customer satisfaction in the public sector organization in Indonesia. Service innovation is identified as a key strategy for public sector organizations to meet the changing needs of their customers and improve the quality of their services.

The implementation of service innovation in the public sector organization in Indonesia has resulted in several positive outcomes. These include improved service delivery, increased efficiency of operations, and better customer experience. For example, the implementation of digital platforms in public sector organizations has improved access to services and reduced waiting times for customers. Additionally, the implementation of new technologies has enabled public sector organizations to improve the quality of their services and enhance the customer experience.

However, the implementation of service innovation in the public sector organization in Indonesia also faces several challenges. These include a lack of resources, bureaucratic culture, and resistance to change. Public sector organizations need to address these challenges to implement service innovation effectively and enhance customer satisfaction.

This study also identified several factors that facilitate or hinder the implementation of service innovation in the public sector organization in Indonesia. These factors include organizational culture, leadership support, and budget constraints. Organizational culture plays a critical role in the implementation of service innovation as it influences the willingness of employees to adopt new ideas and practices. Leadership support is also essential in driving the implementation of service innovation and creating a culture of innovation in public sector organizations. Lastly, budget constraints were found to hinder the implementation of service innovation, indicating a need for public sector organizations to allocate sufficient resources to support innovation initiatives.

Overall, the findings of this study provide valuable insights for public sector organizations in Indonesia to enhance customer satisfaction by implementing service innovation. Public sector organizations need to address the challenges and leverage the facilitators identified in this study to successfully implement service innovation initiatives. By doing so, they can improve the quality of their services and meet the changing needs of their customers, ultimately leading to enhanced customer satisfaction.

Finally, this study contributes to the literature on service innovation in the public sector by providing insights into the implementation of service innovation in Indonesia. The findings of this study can be used as a basis for further research on the topic and can inform the development of policy and practice in the public sector.

It is important to note that this study has some limitations. The sample size may not be representative of the entire population, and the findings may not be generalizable to other contexts. Moreover, this study did not explore the impact of service innovation on other stakeholders, such as employees and shareholders, which may be important to consider in future research.

In conclusion, this study has demonstrated the importance of service innovation in enhancing customer satisfaction in the public sector organization in Indonesia. The findings highlight the need for public sector organizations to continuously assess their services and implement service innovation to meet the changing needs of their customers. By doing so, public sector organizations can improve the quality of their services and provide better customer experience, ultimately leading to enhanced customer satisfaction.

Discussion

The findings of this study suggest that service innovation plays a crucial role in enhancing customer satisfaction in the public sector organization in Indonesia. This is consistent with previous research that has highlighted the importance of service innovation in enhancing customer satisfaction in both the public and private sectors (Alami et al., 2022; Markovits et al., 2007; van Dijk, 2020).

The positive outcomes of service innovation identified in this study, such as improved service delivery, increased efficiency of operations, and better customer experience, are also consistent with previous research (Lemon & Verhoef, 2016; Puccinelli et al., 2009). This suggests that service innovation can have a significant impact on the quality of services provided by public sector organizations, leading to enhanced customer satisfaction.

However, this study also identified several challenges to the implementation of service innovation in the public sector organization in Indonesia, such as a lack of resources, bureaucratic culture, and resistance to change. These challenges are consistent with previous research that has highlighted the complexities of implementing service innovation in the public sector (Ashaye & Irani, 2019; Fest et al., 2022).

The factors that facilitate or hinder the implementation of service innovation identified in this study, such as organizational culture, leadership support, and budget constraints, are also consistent with previous research (C. Osborne et al., 2021). This highlights the importance of addressing these factors to successfully implement service innovation initiatives in the public sector organization.

In conclusion, this study provides valuable insights into the role of service innovation in enhancing customer satisfaction in the public sector organization in Indonesia. The findings suggest that service innovation can have a significant impact on the quality of services provided by public sector organizations, leading to enhanced customer satisfaction. However, public sector organizations need to address the challenges and leverage the facilitators identified in this study to successfully implement service innovation initiatives.

CONCLUSION

this study has provided insights into the role of service innovation in enhancing customer satisfaction in the public sector organization in Indonesia. The findings indicate that service innovation is a key strategy for public sector organizations to meet the changing needs of their customers and improve the quality of their services. Service innovation can lead to positive outcomes such as improved service delivery, increased efficiency of operations, and better customer experience. However, the implementation of service innovation in the public sector organization in Indonesia faces several challenges, such as a lack of resources, bureaucratic

culture, and resistance to change. Public sector organizations need to address these challenges to implement service innovation effectively and enhance customer satisfaction.

The factors that facilitate or hinder the implementation of service innovation identified in this study, such as organizational culture, leadership support, and budget constraints, provide insights for public sector organizations to successfully implement service innovation initiatives. Organizational culture, leadership support, and sufficient resources are important in driving the implementation of service innovation and creating a culture of innovation in public sector organizations. Overall, this study has demonstrated the importance of service innovation in enhancing customer satisfaction in the public sector organization in Indonesia. The findings highlight the need for public sector organizations to continuously assess their services and implement service innovation to meet the changing needs of their customers. By doing so, public sector organizations can improve the quality of their services and provide better customer experience, ultimately leading to enhanced customer satisfaction.

REFERENCES

- Admin, A. (2022). The Effect of Organizational Justice and Service Quality on Customer Perceived Value among University Students: Controlling the Effect of Demographic Variables (Age, Gender, Social-Economic Status, and GPA). *International Journal of Educational Administration, Management, and Leadership*, 3(1), 27–32. <https://doi.org/10.51629/ijeamal.v3i1.87>
- Alami, H., Lehoux, P., Shaw, S. E., Papoutsis, C., Rybczynska-Bunt, S., & Fortin, J.-P. (2022). Virtual Care and the Inverse Care Law: Implications for Policy, Practice, Research, Public and Patients. *International Journal of Environmental Research and Public Health*, 19(17), 10591. <https://doi.org/10.3390/ijerph191710591>
- Ashaye, O. R., & Irani, Z. (2019). The role of stakeholders in the effective use of e-government resources in public services. *International Journal of Information Management*, 49, 253–270. <https://doi.org/https://doi.org/10.1016/j.ijinfomgt.2019.05.016>
- Berné-Martínez, J. M., Arnal-Pastor, M., & Llopis-Amorós, M.-P. (2021). Reacting to the paradigm shift: QCA study of the factors shaping innovation in publishing, information services, advertising and market research activities in the European Union. *Technological Forecasting and Social Change*, 162, 120340. <https://doi.org/https://doi.org/10.1016/j.techfore.2020.120340>
- Creswell, J. W., & Clark, V. L. P. (2017). *Designing and conducting mixed methods research*. Sage publications.
- Fest, I., Wieringa, M., & Wagner, B. (2022). Paper vs. practice: How legal and ethical frameworks influence public sector data professionals in the Netherlands. *Patterns*, 3(10), 100604. <https://doi.org/https://doi.org/10.1016/j.patter.2022.100604>
- Fetters, M. D., Curry, L. A., & Creswell, J. W. (2013). Achieving integration in mixed methods designs—principles and practices. *Health Services Research*, 48(6pt2), 2134–2156.
- Johnson, F. (2020). Health information professionals: delivering core services and value in

- extraordinary times. *Health Information & Libraries Journal*, 37(3), 245–247. <https://doi.org/10.1111/hir.12319>
- Lemon, K. N., & Verhoef, P. C. (2016). Understanding customer experience throughout the customer journey. *Journal of Marketing*, 80(6), 69–96. <https://doi.org/10.1509/jm.15.0420>
- Markovits, Y., Davis, A. J., & Van Dick, R. (2007). Organizational commitment profiles and job satisfaction among Greek private and public sector employees. *International Journal of Cross Cultural Management*, 7(1), 77–99. <https://doi.org/10.1177/1470595807075180>
- Mishra, S. B., & Alok, S. (2022). *Handbook of research methodology*. Educreation publishing.
- Osborne, C., Mayo, L., & Bussey, M. (2021). New frontiers in local government community engagement: Towards transformative place-based futures. *Futures*, 131, 102768. <https://doi.org/https://doi.org/10.1016/j.futures.2021.102768>
- Osborne, D., & Gaebler, T. (1992). *Reinventing Government* Addison-Wesley. Reading, MA.
- Puccinelli, N. M., Goodstein, R. C., Grewal, D., Price, R., Raghurir, P., & Stewart, D. (2009). Customer experience management in retailing: understanding the buying process. *Journal of Retailing*, 85(1), 15–30.
- Rengifurwarin, Z. A., Akib, H., Jasruddin, & Salam, R. (2018). Snapshot of public service quality in the center for integrated business service (CIBS), cooperative micro small and medium enterprises (CMSME), Maluku province, Indonesia. *Journal of Entrepreneurship Education*, 21(3).
- van Dijck, J. (2020). Governing digital societies: Private platforms, public values. *Computer Law & Security Review*, 36, 105377. <https://doi.org/https://doi.org/10.1016/j.clsr.2019.105377>