

Operations Sensitivity and Service Innovation of Tier-1 Commercial Banks in the South-South of Nigeria

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Abstract

The aim of this paper was to identify the relationship between operations sensitivity and service innovation of tier-1 commercial banks in the south-south of Nigeria. The study is designed as a cross-sectional survey and from a population of 67 staff from the 5 tier-1 commercial data was generated using the questionnaire instrument. The relationship between operations sensitivity and measures of service innovation – service concept, client interface and delivery system, is tested using the Spearman's rank order correlation coefficient at a 0.05 significance level. The test revealed operations sensitivity as a significant predictor of service innovation with all null hypotheses rejected. It was thereon concluded that operations sensitivity attends to the organizations needs through the deliberate and conscious efforts channelled towards assessing, evaluating and addressing the organization's operational capacity concerns in such a way that enhances its service concepts, client interface and delivery system. It was on this basis recommended that the actions related to operations sensitivity can be strengthened through the reinforcement of policies and regulations which control the behaviour and excesses of the organization's members by presenting a framework for functions and behaviour that align and are in consonance with the organizations overall values, operational boundaries and goals.

Keywords: *Service Innovation, Operations Sensitivity, Service Concept, Client Interface, Delivery System*

Introduction

The growing competition and dynamics of today's market and economies are such that mount increasing pressure for service innovation from organizations. This is because service innovation is considered to enhance the significance of organizations and reinforce their relevance within their various markets and industries. Scholars (Ahuja, 2000; Cooper, 2008) identify service innovation as a key determinant of the organization's success and continuity within changing market settings and highly unpredictable environment given its focus on uniqueness in value and service offerings. In this vein, the study of service innovation and its antecedents drives not only for the competitiveness and advantages of the organization but also adopts an approach towards satisfying customers and meeting with market expectations, which emphasizes on quality, meaningful actions and the substantiality of functions and operations.

Igbaekemen (2016) opined that within the Nigerian banking sector, innovation can be considered as a basis for performance and service distinctiveness. According to Igbaekemen (2016), while it is apparent that the Nigerian banking industry still has a lot to learn in relation to banks originating from highly developed nations and economies, innovation within the Nigerian banking industry is a key indicator of its evolution and effectiveness in terms of delivery, client interface and service concepts. This is as Muhammed (2012) observed that the growth and development within the Nigerian banking industry has been marked by increased attention to technological details and operations, automated functions and processes as well as tailored systems and features for the Nigerian market. Igbaekemen (2016) corroborated this view as he noted that innovation is the basis for the change and emerging characteristics of banks today; for even as their core services and goals remain the same, it is the methods, techniques and markets that appear to evolve and change in line with their behavioural adaptation to their environment.

According to Chen, Damanpour and Reilly (2010), innovation is expressed in a variety of ways that enhance the organizations standing and positioning within its own market. This suggests a strong emphasis on the awareness and sensitivity of the organization with regards to its operations and functionality within its context or market. By operations sensitivity, this study describes the state or condition consistent evaluation and consideration of the organizations own capacities in view of its functions and context (Manning, 2013; Dane, 2011). In this way, operational sensitivity facilitates an advanced cognition and realistic

disposition towards the environment as reflected in its choices and decisions. Manning (2013) observed that organizations which are sensitivity and cognitive of their strengths and weaknesses, tend to be more realistic, aware and conscious of their environment, relationships and the implications of their decisions,

Despite the noted imperative of sensitivity to operations in the functionality and wellbeing of organizations, empirical research addressing its role in service innovation has rather been very elusive – especially with reference to the relationship between the variables as manifested within the context of commercial banks in Nigeria. The need for such a study also draws on Chen et al (2010) observation that innovation is a relative concept and behaviour. This according to the author is based on the relativity of features that can be considered as “new” to particular contexts as well as the organizations capacity for innovation given the capacity or adequacy of its existing operational systems and technologies. This paper contributes to developing knowledge on service innovation as it investigated the relationship between operations sensitivity and service innovation (service concept, client interface and delivery system) of tier-1 commercial banks in the south-south of Nigeria.

Conceptual Framework

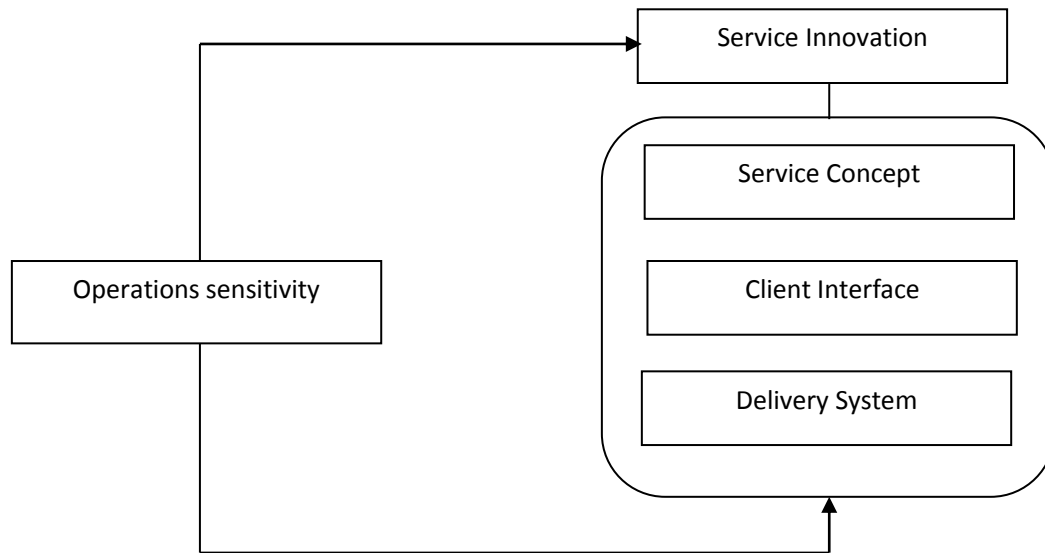


Figure 1: Conceptual framework for operations sensitivity and service innovation

Source: Researchers desk (2020) with measures adapted from Wang and Ahmed (2004)

Research Purpose and Objectives

The purpose of this paper is to examine the relationship between operations sensitivity and service innovation of tier-1 commercial banks in the south-south of Nigeria. In view of this goal, the objectives of the study are as follows:

- i. To ascertain the relationship between operations sensitivity and service concept of tier-1 commercial banks in the south-south Nigeria
- ii. To ascertain the relationship between operations sensitivity and client interface of tier-1 commercial banks in the south-south Nigeria

- iii. To ascertain the relationship between operations sensitivity and delivery system of tier-1 commercial banks in the south-south Nigeria

Research Questions

The following research questions are put forward in view of guiding the activities of this paper. They are stated as follows:

- i. What is the relationship between operations sensitivity and service concept of tier-1 commercial banks in the south-south Nigeria?
- ii. What is the relationship between operations sensitivity and client interface of tier-1 commercial banks in the south-south Nigeria?
- iii. What is the relationship between operations sensitivity and delivery system of tier-1 commercial banks in the south-south Nigeria?

LITERATURE REVIEW

Theoretical Foundation - Theory of intersubjective management

The theory of inter-subjective management describes a level of awareness that is collective, shared and collaborated upon. Inter-subjectivity is a structure of consciousness responding to the fact of existence of other parties or significant others (Zub, 2010). It projects a position of self-knowledge in the light and consciousness of the environment and of the existence and understanding of the behaviour of others. The general tenet of the theory positions the understanding of one's own behaviour and capacities as being fundamental to one's effective relationship and interaction with the social environment (Zeb-Obipi, 2007). As a theoretical foundation to this study, it identifies operations sensitivity as a form of self-knowledge and understanding, critical to the organizations level of interaction with its environment (comprising competitors, customers and a variety of other stakeholders), which necessitates its ability to identify opportunities and areas where its strength and capacities enable its effectiveness and as such, service innovation. It suggests that actions which are collective can emerge from a shared level of consciousness amongst groups and through that enhance the behaviour of groups (World Encyclopedia, 2001).

Operations Sensitivity

Operations sensitivity describes the behaviour of the organization that is reflexive and considerate of its actions and decisions with regards to its capacities and competencies (Manning, 2013). It is described as an internal as well as an external factor as it portends the matching of organizational features to external or the environmental demands of the organization (Langer & Moldoveanu, 2000). McPhee et al (2006) argued that organizations are significantly different in terms of resources, technological applications, size, culture, systems, competencies etc. all of which influence their capacities for partnerships and certain other actions aimed at facilitating their goals – hence, it is imperative that considerations of these factors are addressed in decisions and in the organizations relationship with the significant others that constitute or populate its environment.

Service Innovation

The concept of service innovation describes the features, functions and outputs or service forms that reflect or offer unique experiences for the organizations clients or markets (Janssen, 2009). Service innovation emphasizes on the organizations expression of quality through distinctive service forms which address existing or latent customer satisfaction gaps (Howells, 2000). Innovation is important to business survival as it ensures the customer base of the organization is sustained through the organizations “newness” or creative service forms. Innovation can be expressed in a variety of forms, however, for the purpose of this paper three measures applicable to the banking industry are examined – (a) service concept, (b) client interface, and (c) delivery system (Wang & Ahmed, 2004).

Service concept: This describes the goal and idea behind the service form. The service concept describes the organizations basis and intent in the development and structuring of a particular service (Wang & Ahmed, 2004). The service concept is a vital and defining property of the service form as it basically specifies the

nature, attributes and purpose of the service – detailing its development and functionality as an aspect in the overall operations and behaviour of the organization (Wang & Ahmed, 2004).

Client interface: The client interface describes the creative aspect or distinctiveness in the way the service form interacts or accommodates the expectations of the client. The client interface of any service plays a major role in the depth of satisfaction derivable from such a service since it determines the convenience and reliability of customers with the service form. Wang and Ahmed (2004) noted that customer perceptions on the adequacy and effectiveness of services in addressing their needs are often hinged on the client interface of such service forms (Wang & Ahmed, 2004).

Delivery system: The delivery system of any service describes the speed, packaging and associated processes through which the service is expressed or carried out. Timing according to Wang and Ahmed (2004) is a critical aspect in the delivery system of services, hence, innovation in terms of delivery systems is reflected in the speed and capacity of delivery systems to effectively navigate through a network or collection of protocols in an efficient way that allows for its capacity to meet customers' expectations with regards to time.

Operations Sensitivity and Service Innovation

Dane (2011) opined that when all members of the organization share a common knowledge and understanding of its problem, there will be a stronger level of cohesion in grasping the implications of their actions and behaviour in line with the changes or expectations of the environment or market. This is as Gallos (2002) opined that operations sensitivity offers members of the organization a shared level of understanding and as such improves the level of support and cooperation between members with regards to projects or the operations of the organization. This implies a shared comprehension of the challenges of the organization which could drive improved levels of innovation, in terms of service offerings (Armitage & Conner, 2001).

Operations sensitivity can be as considered advancing both precautionary as well as evaluative stance in terms of organizational functionality and operations. Activities which reflect operations sensitivity can be said to focus on addressing the options and various alternatives available or open to the organization in its activities and operations (Dane, 2011; Cooper, 2008; Becker, 2003). This suggests both effective modes of addressing the gaps and expectations of its market, as well as the efficient structures and operational features such that the organization does not incur additional or unplanned costs in its operations. In this way it is able to adjust effectively in terms of its service goals.

While the views expressed herein and the theory (intersubjective management) examined suggest possible links between operations sensitivity and service innovation, there is however a scarcity in terms of substantial empirical evidence or research to verify the nature of the relationship between the variables particularly within the context of the Nigerian banking industry. This is also as prior studies discussed, hardly identified the implications of operations sensitivity within the context of service innovation research. On the basis of this observation this study hypothesized as follows

HO₁: There is no significant relationship between operations sensitivity and service concept of tier-1 commercial banks in the south-south of Nigeria

HO₂: There is no significant relationship between operations sensitivity and client interface of tier-1 commercial banks in the south-south of Nigeria

HO₃: There is no significant relationship between operations sensitivity and delivery system of tier-1 commercial banks in the south-south of Nigeria.

METHODOLOGY

This paper adopted a cross-sectional survey design as its research design. The population for this paper comprises of all 5 tier-1 commercial banks operational in the south-south of Nigeria comprising - Cross-Rivers, Baylesa, Delta, Edo, Rivers, and Akwa Ibom State. A total of 67 managers and supervisors are identified within the population frame of the study and all are included in the investigation as the study is conducted as a census (Babbie, 2007). The collection of data for this study was carried out using the questionnaire. The instruments utilized in the measurement and operationalization of the variables are adapted and modified to suit the design and features of this study as well as its context of interest. This is as the operationalization for the variables in this study draw extensively from a range of studies which have empirically assessed the observable properties of the constructs (Dane, 2011; Wang & Ahmed, 2004) Each construct is further assessed using a 5 – item instrument with indicators all stated in the positive with statements ranked on the 5 – point Likert of 1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree and 5 = strongly agree.

Table 1: Cronbach alpha reliability coefficient

Variables	Items	Alpha coefficients
Operations sensitivity	5	0.792
Service concept	5	0.795
Client interface	5	0.826
Delivery systems	5	0.806

Source: Research Data, 2020

DATA PRESENTATION AND ANALYSIS

Field Report

Drawing from the population number for the study, 67 questionnaire copies were distributed to the regional offices of the 5 tier-1 commercial banks in the south-south using both manual and online approaches. The questionnaire distribution and retrieval process detailed a span of 2 weeks with all copies successfully retrieved from the participants. Copies were thereafter cleaned for issues, collated and coded into the Statistical Package for the Social Sciences (SPSS) version 24. All retrieved copies were deemed suitable given an observed 0% error outcome.

Descriptive Data Analysis

Table 2: Summary for the distribution for the variables

	N	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic		
	c			Std. Error	Std. Error		
				c	c		
Sensitivity	67	3.3791	.83058	-1.356	.293	1.242	.578
Concept	67	3.2269	.81864	-1.152	.293	.339	.578
Client	67	3.2567	.83325	-1.146	.293	.399	.578

Delivery	67	2.9612	.78566	-.806	.293	.464	.578
Valid N (listwise)	67						

Source: Research Data, 2020

The summary distribution for the variables of the study as demonstrated on table 2 describes the variable all four variables as evident and as characterizing the behaviour of the tier-1 commercial banks in the south-south of Nigeria. Results from the analysis show that while the banks reflect actions and behaviour that can be regarded as reflecting operations sensitivity (x = 3.3791) they also adequately express features concerned with service concept (x = 3.2269) client interface (x = 3.2567) and delivery system (x = 2.9612). From the table it is evident that these banks appear to be stronger and more emphatic on their operations sensitivity feature.

Test for Hypotheses

The result on the test for the relationship between operations sensitivity and the measures of service innovation is revealed on the table 3, 4 and 5. This section demonstrates result on the significance of the correlation between operations sensitivity and all three measures (service concept, client interface and delivery systems). The study adopts the Probability value (Pv) as its basis for the acceptance (Pv > 0.05) or rejection (Pv < 0.05) of the null hypotheses on the variables.

Table 3: Relationship between sensitivity to operations and service concept

		Sensitivity to Operations	Service Concept
Spearman's rho	Sensitivity to Operations	Correlation Coefficient	1.000
		Sig. (2-tailed)	.000
		N	67
	Service Concept	Correlation Coefficient	.713**
		Sig. (2-tailed)	.000
		N	67

Source: Research Data, 2020

Hypothesis 1: The result for the tests reveals operations sensitivity as significantly predicting outcome of service concept (rho = 0.713 and P = 0.000). This indicates that the relationship between the variables is positive and at the same time high and as a strong relationship. This shows that operations sensitivity to a high extent impacts and enhances outcomes of service concept in the tier-1 commercial banks in the south-south of Nigeria. On the basis of P < 0.05 the null hypothesis is rejected.

Table 4: Relationship between sensitivity to operations and client interface

		Sensitivity to Operations	Client Interface
Spearman's rho	Sensitivity to Operations	Correlation Coefficient	1.000
		Sig. (2-tailed)	.000
		N	67
	Client Interface	Correlation Coefficient	.739**
		Sig. (2-tailed)	.000
		N	67

Source: Research Data, 2020

Hypothesis 2: The relationship between operations sensitivity and client interface ($\rho = 0.739$ and $P = 0.000$) is also observed to be a significant and very strong relationship. Result from the analysis demonstrates that the practices of operations sensitivity would most likely have a very strong and positive impact on the client interface of the tier-1 commercial banks in the south-south of Nigeria. On the basis of $P < 0.05$ the null hypothesis is rejected.

Table 5: Relationship between Sensitivity to Operations and Delivery System

		Sensitivity to Operations	Delivery System
Spearman's rho	Sensitivity to Operations	Correlation Coefficient	1.000
		Sig. (2-tailed)	.000
		N	67
	Delivery System	Correlation Coefficient	.850**
		Sig. (2-tailed)	.000
		N	67

Source: Research Data, 2020

Hypothesis 3: The relationship between operations sensitivity and delivery systems ($\rho = 0.850$ and $P = 0.000$) indicating a very strong and positive relationship between the variables. Evidence from the analysis indicates that operations sensitivity contributes very strongly towards outcomes of delivery system, suggesting that operations sensitivity is critical to the achievement of improved delivery systems in tier-1 commercial banks in the south-south of Nigeria. On the basis of $P < 0.05$ the null hypothesis is rejected.

The result from the analysis shows that while the relationship between operations sensitivity and both measures of service concept and client interface are noted to be high ($\rho = 0.60 - 0.79$) the relationship between operations sensitivity and delivery systems is observed to be very high ($\rho = 0.80 - 0.99$). The result demonstrates that the operations sensitivity for the commercial banks has a more significant and stronger impact on the delivery systems of the banks. Nonetheless all hypotheses are rejected on the basis of the outcome of $P_v < 0.05$ from the test and the findings are stated accordingly:

- i. There is a significant relationship between operations sensitivity and service concept of commercial banks in the south-south of Nigeria
- ii. There is a significant relationship between operations sensitivity and client interface of commercial banks in the south-south of Nigeria
- iii. There is a significant relationship between operations sensitivity and delivery system of commercial banks in the south-south of Nigeria

DISCUSSION OF THE FINDINGS

The finding demonstrates that operations sensitivity plays a significant role in outcomes of service innovation in the tier-1 commercial banks in the south-south of Nigeria. The finding reinforces the position of Becker (2003) who described the organization as a system with various interconnected parts which all had implications on other parts and functions or operations. Operational concerns and the need for sensitivity are based on strategic thinking and strategic thinking is totally related to system perspective (Becker, 2003). The findings corroborate the views of Adebajun and Olokoyo (2008) who also observed that the organization innovation goals are linked to its strength and the dynamic nature of its relationships with significant others within particular contexts.

The idea of operations sensitivity focuses on the system as the whole and the efficiency of the whole system is not optimized unless the efficiency of each subsystem is also optimal and operational within expected boundaries and formats (Ajzen, 2011; Ahuja, 2000). Thus, actions that affect an aspect of the

operations of a particular part of the organization, as a component of the whole efficiency of an organization, effects on the overall behaviour and functionality of the organization – thus influencing its outcomes in terms of service concept, client interface and delivery system (Becker, 2003). Operations sensitivity also spells the extent and length at which the organization is ready and prepared to go in terms of innovation – given that its behaviour and outcomes are determined by its functional capacities and relative competence.

CONCLUSION

The study affirms to the imperatives of cognition and collective consideration as expressed through operations sensitivity in the advancement of the service concepts, client interface and delivery systems which are unique and which enable the organization address the innovation needs and expectations of its market as well as the changing dynamics and trends in its market. It is therefore affirmed that operations sensitivity attends to the organizations needs through the deliberate and conscious efforts channelled towards assessing, evaluating and addressing the organization's operational capacity concerns in such a way that enhances its service concepts, client interface and delivery system.

RECOMMENDATION

Actions related to operations sensitivity can be strengthened through the reinforcement of policies and regulations which control the behaviour and excesses of the organization's members by effectively defining and presenting a framework for functions and behaviour that align and are in consonance with the organizations overall values, operational boundaries and goals.

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