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INNOVATION AND PERFORMANCE IN KIBS: THE MODERATING ROLE OF STANDARD AND MODULAR SERVICES

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ABSTRACT

In this paper we study the relationship between service innovation and firm's performances in the KIBS domain. In line with previous works, we maintain that service innovation positively impacts firm's performances but we also claim that this relationship is likely to be moderated by how the service firm conceives its service configuration. Particularly, we point out that service configurations based on standard and modular services positively moderate the positive relationship between innovation and performance. Using a sample of 239 Italian KIBS firms, we empirically test our model. Results confirm that service innovation is positively associated with firm's performances both as market size and, albeit weakly, as ROI growth. Results also confirm the positive moderating role of standard services while the moderating role of modular services is only marginal. Overall, we contribute to the existing literature of KIBS and service innovation showing that service innovation and service customization should be considered as separate and that KIBS firms can experience increasing returns if they are able to combine service innovation and service standardization.

Keywords: Services, Innovation, Performance, Standard services, Modular services

JEL classification: O32; O33

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