
Editorial: Structural transformation, innovation, and sustainability in services industry

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The taxonomy of structural transformations varies by purpose, size, and its effects under regional economic and business scenarios. However, the theories of structural changes make explicit or implicit assumptions about the actions taking place within the economic or business domains (Cardinale and Scazzieri, 2019). Structural transformation is an important corporate policy to re-design businesses and operational process. It has also emerged as an essential change phenomenon among the production and service industries. Structural transformation in service industries is contextual to innovation in services management process, customer-orientation, and developing design-to-market strategies to gain market competitiveness. The structural changes also emphasise the convergence of commercial market sectors with the social services sector to co-evolve services embedded with the social values (Bridgman et al., 2018). As the competition in services market sector increases, the intangibility of services turns to commoditisation, which affects the level of business performance and complicates the simple customer value system. Consequently, the duplication of services increases with marginal differentiation that drives-up the price-led competition, challenging the quality and value perspectives of services.

Transformations in services industry have been evident in process automation and deliveries with the advancement of innovation and technology. Extended applications of radio-frequency identification, automated deliveries, and self-service technologies for customers in managing customised services have helped service companies not only to operate on disruptive models, but also in enhancing the customer value by minimising cost-time-risk conflicts. The design-to-market and design-to value concepts combined with services innovation, servitisation, and customer-centric approaches provide services industry a new integrated business transformation model through generic learning within categorical services. Servitisation is an emerging phenomenon, which describes generating new revenue streams by delivering services with high customer value in services-linked manufacturing companies (Baines and Lightfoot, 2014).

Services transformation is embedded in business models by the customer-centric companies through triadic application of technologies in developing new services, services operations, and delivery infrastructures to enhance revenue streams (Leiringer and Bröchner, 2010). Service industries including education, banking, public health, transportation, and communication have put enormous pressure on need for technological transformation. Consequently, organisations often try to develop boundary-spanning competences with other companies to catalyse changes in services operations by developing technology alliances and information technology solutions. The growing

trend of structural transformation in services industry has led most companies to develop increased agility and stay proactive for changes in services operations.

Service organisations are becoming more effective in niche business while staying resilient and reactive to external market competition. These companies are able to create greater trust among consumers and develop sustainable revenue streams (Trim and Lee, 2008).

Conscious and continuous innovation has been central to the structural transformation process. As competition intensifies in customer-centric services firms, the operating environment becomes more challenging and to companies invests in innovations as the key driver of market competitiveness, growth, business performance. New products and services often require organisational resources as the performance of services is affected by utilitarian innovations in services. The process of services innovation is affected by the exogenous (market trends and vogue) and endogenous factors (intra-organisational culture and process control) towards achieving competitive advantage, business performance, and corporate growth (Thakur and Hale, 2013). Over time, the innovative companies have been recognised as effective learning systems that integrate human factors with business dynamics by putting the customer-first. Innovations are seeded and grown in the companies, which learn to sustain market competition by understanding customer and the socio-cultural values. The service companies like Amazon (e-commerce), Visa Inc. (financial services), and AT&T (telecommunication) foster collective innovation by encouraging customer engagement in services business (Lee et al., 2019). However, services innovation has different characteristics than the product innovation and is more challenging because of its intangibility and fuzziness of value perceptions.

Structural transformation in the service companies is relatively complex as compared to the manufacturing industries. The typical attributes of services including intangibility, heterogeneity, and variability make the transformational process complex and difficult in securing legal protection of intellectual property, digital rights, and disruptions (Nieves and Quintana, 2018). The services ecosystem governs structural transformation of services in an organisation. The ecosystem of services is built on the foundations of society, customers, marketing-mix, corporate philosophy, public policies, and innovation and technology. Most customer-centric service firms are engaged in developing service-oriented capabilities within the ecosystem. Successful innovations in the service firms require significant involvement of customers and their network players to co-create incremental and radical innovations within the ecosystem. Consequently, service companies are often vulnerable to coordinate inter-market activities and develop alliances with potential firms across territorial boundaries. These companies tend to explore highly cooperative and competitive ecosystems to co-evolve and grow as market leaders (Adner, 2017).

This issue of the journal includes research papers geographically spread across India, Pakistan, Malaysia, and Denmark that address corporate social responsibility and consumer behaviour. The papers included in this issue of the journal discuss contemporary research on structural transformation in service industries, innovations in services, and convergence of new trends in customer-centric services segments. I hope the collection of research papers appearing in this issue will enrich the existing literature on the topic and stimulate future research.

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