

**FRONTLINE EMPLOYEES' PARTICIPATION IN SERVICE
INNOVATION IMPLEMENTATION: THE ROLE OF
PERCEIVED EXTERNAL REPUTATION: SPECIAL
REFERENCE TO COMMERCIAL BANKS IN BATTICALOA
DISTRICT**



SAJEEVAH KUNALARAJ



**DEPARTMENT OF MANAGEMENT
FACULTY OF COMMERCE AND MANAGEMENT
EASTERN UNIVERSITY, SRI LANKA**

2018

**PROCESSED
Main Library, EUSL**

ABSTRACT

In an increasingly competitive global economy, corporations are seeking new opportunities to differentiate against other players and to gain a sustainable market advantage. Companies today face the challenge not only of designing innovative customer-focused service strategies to compete and grow but also of translating such strategies into results through successful execution. Frontline employee participation is critical to successful innovation implementation (SII), especially in service contexts. Perceived external reputation (PER) is conceptualized as employees' impressions of how outsiders rate their employer in terms of the corporate reputation. Drawing on expectancy theory and social exchange theory, this study investigates how employees' perceived external reputation is associated with their willingness to participate in service innovation implementation in banking industry.

This is a quantitative study. The study area was limited to Batticaloa District and data were collected from selected commercial banks in Batticaloa District through the structured questionnaire. Random sampling method was used to choose survey sample. Sample size included 150 frontline employees from selected commercial banks. Primary and secondary data were collected during the survey. The data were analysed with univariate and bivariate analyses using SPSS 22.0.

Findings of the study suggested that there are high level of frontline employees' PER, their involvement in participation in SII and base on social political perspective their Expected Reputation Gain (ERG) among selected banks in Batticaloa District. Other finding of this study stated that there is a positive relationship among PER, ERG and Participation in SII. Further, the finding revealed that PER has a significance impact on frontline employees' Participation in SII in selected bank in Batticaloa District. And also the finding stated that PER and frontline employees' Participation in SII partially mediated by ERG.

This study suggested that management encourage frontline employees to participate in service implementation, in order to increase their organization reputation. The study also discusses the implications for future research.

Keywords: Perceived external reputation (PER), successful innovation implementation (SII), Expected Reputation Gain (ERG) and frontline employees

TABLE OF CONTENTS

	Page No.
ACKNOWLEDGEMENT	I
ABSTRACT.....	II
TABLE OF CONTENTS.....	III
LIST OF TABLES	VII
LIST OF FIGURE.....	IX
LIST OF EQUATIONS	X
LIST OF ABBREVIATION	XI
Chapter-1 INTRODUCTION.....	1-7
1.1 Background of the Study	1
1.2 Research Problem / Research Gap.....	3
1.3 Research Questions	4
1.4 Research Objectives.....	5
1.5 Significance of the Study	5
1.6 Scope of the Study	6
1.7 The Organization of the Chapters	6
1.8 Chapter Summary	7
Chapter -2 LITERATURE REVIEW	8-18
2.1 Introduction.....	8
2.2 Perceived External Reputation.....	8
2.3 Definition of Perceived External Reputation.....	9
2.4 Reputation Dimensions	10
2.4.1 Products/Services.....	10
2.4.2 Workplace.....	11
2.4.3 Social and Environmental Responsibility.....	11
2.4.4 Leadership	12
2.4.5 Financial Performance	12
2.5 Service Innovation Implementation.....	12
2.5.1 Definition of Service Innovation Implementation.....	13
2.6 Expected Reputation Gain	14

2.6 Relationship among PER, ERG and Participation in SII.....	15
2.6.1 Relationship between PER and Participation in SII	15
2.6.2 Relationship between PER and ERG.....	16
2.6.3 Relationship between ERG and Participation in SII	16
2.6.4 Relationship among PER, Participation in SII and ERG.....	17
2.7 Chapter Summary	18

Chapter -3 CONCEPTUALIZATION AND OPERATIONALIZATION..... 19-25

3.1 Introduction.....	19
3.2 Conceptual Model.....	19
3.3 Definitions of Key Variables	20
3.3.1 Perceived External Reputation	20
3.3.2 Expected Reputation Gain.....	21
3.3.3 Participation in Service Innovation Implementation	21
3.4 Theories Underpinning the Conceptual Model of the Study	22
3.4.1 Expectancy Theory	22
3.4.2 Social Exchange Theory.....	23
3.8 Operationalization.....	24
3.9 Chapter summary	25

Chapter -4 METHODOLOGY..... 26-35

4.1 Introduction.....	26
4.2 Research Design.....	26
4.3 Research Philosophy	26
4.4 Research Approach	27
4.5 Research Strategy.....	27
4.6 Time Horizon.....	27
4.7 Method and Data Collection	28
4.7.1 Primary Data.....	28
4.7.2 Secondary Data.....	29
4.8 Unit of Analysis	30
4.9 Sampling Methods and Sample Size.....	30
4.10 Measures	31
4.10.1 Perceived External Reputation	31

4.10.2 Expected Reputation Gain	31
4.10.3 Participation in Service Innovation Implementation	31
4.11 Reliability.....	32
4.12 Method of Data Presentation	32
4.13 Method of Data Analysis and Evaluation	32
4.13.1 Univariate Analysis and Evaluation - Research Objective One	33
4.13.2 Bivariate Analysis and Evaluation - Research Objective Two.....	33
4.13.3 Regression Analysis - Research Objective Three and Four	34
4.14 Testing Hypotheses	35
4.15 Chapter Summary	35
Chapter-5 DATA PRESENTATION AND ANALYSIS	36-53
5.1 Introduction.....	36
5.2 Analysis of Reliability	36
5.3 Frequency Distribution Analysis of Personal Characteristics	37
5.3.1 Name of the Bank	37
5.3.2 Gender	38
5.3.3 Age.....	38
5.3.4 Education Level.....	38
5.3.5 Experience	39
5.3.6 Position in the Bank.....	39
5.4 Data Presentation and Analysis of Research Information	40
5.5 Univariate Analysis.....	40
5.5.1 Level of Perceived External Reputation.....	40
5.5.2 Level of Expected Reputation Gain.....	41
5.5.3 Level of Participation in Service Innovation Implementation.....	42
5.6 Bivariate Analysis.....	42
5.6.1 Pearson's Correlation Analysis	43
5.6.2 Regression Analysis	45
5.6.3 Mediation Analysis.....	46
5.6.4 Testing Hypotheses.....	51
5.6 Chapter Summary	53
Chapter -6 DISCUSSION OF FINDING.....	54-65
6.1 Introduction.....	54

6.2 Discussion of Personal Information.....	54
6.2.1 Name of the Banks	54
6.2.2 Gender	54
6.2.3 Age Group	55
6.2.4 Education Qualification.....	55
6.2.5 Experience	55
6.2.6 Position	55
6.3 Discussion of Research Information.....	56
6.3.1 Research Objective One	56
6.3.2 Research Objective Two.....	57
6.3.3 Research Objective Three.....	59
6.3.4 Research Objective Four	60
6.3.5 Research Objective Five	62
6.4 Chapter Summary	65
Chapter -7 CONCLUSIONS AND RECOMMENDATIONS	66-68
7.1 Introduction.....	66
7.2 Conclusions of the Research Objective	66
7.2.1 Conclusion of Objective One	66
7.2.2 Conclusion of Objective Two.....	67
7.2.3 Conclusion for Objective Three	67
7.2.4 Conclusion for Objective Four	67
7.2.5 Conclusion for Objective Five.....	67
7.3 Recommendations.....	68
7.4 Implication of the Research	68
7.5 Limitation of the Study	69
7.6 Future Direction of the Research	69
LIST OF REFERENCES	71-82
APPENDIX- 1 QUESTIONNAIRE.....	83-85