

# IT Enabled Service Innovation:

Why and How Do Firms Innovate through Legitimacy Seeking and Mimetic Process?

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## Introduction

### Product Service Systems, how do we do that?

The evolution of customer expectations and intense competition have forced manufacturing companies to change their perspective towards new business models. Increasing number of manufacturers are expanding their offerings from products to systems of products and services (PSS). This new paradigm requires new approaches to innovation.

### New ways to innovate?

Novel methods such as Open Innovation have been extensively studied in the context of firms offering PSS. Most of current researches are concentrated on involving customers to participate in the research and development activities, which aims at enabling firms to initiate relevant innovation projects.

### Overlooked source of inspirations?

In reality, many R&D projects are not driven by customer initiatives. A considerable proportion of the projects are a result of industry "legitimacy seeking". This has not received adequate research, but it is a promising area to the studies of innovation.

## Theoretical Foundation

### Why do our phones look alike?

The adoption of similar innovation patterns can be seen as a result of firms submit to normative pressure.



**Institutional theory:** the adoption of new practices is often a product of an organization's attempt to seek legitimacy under normative pressure.

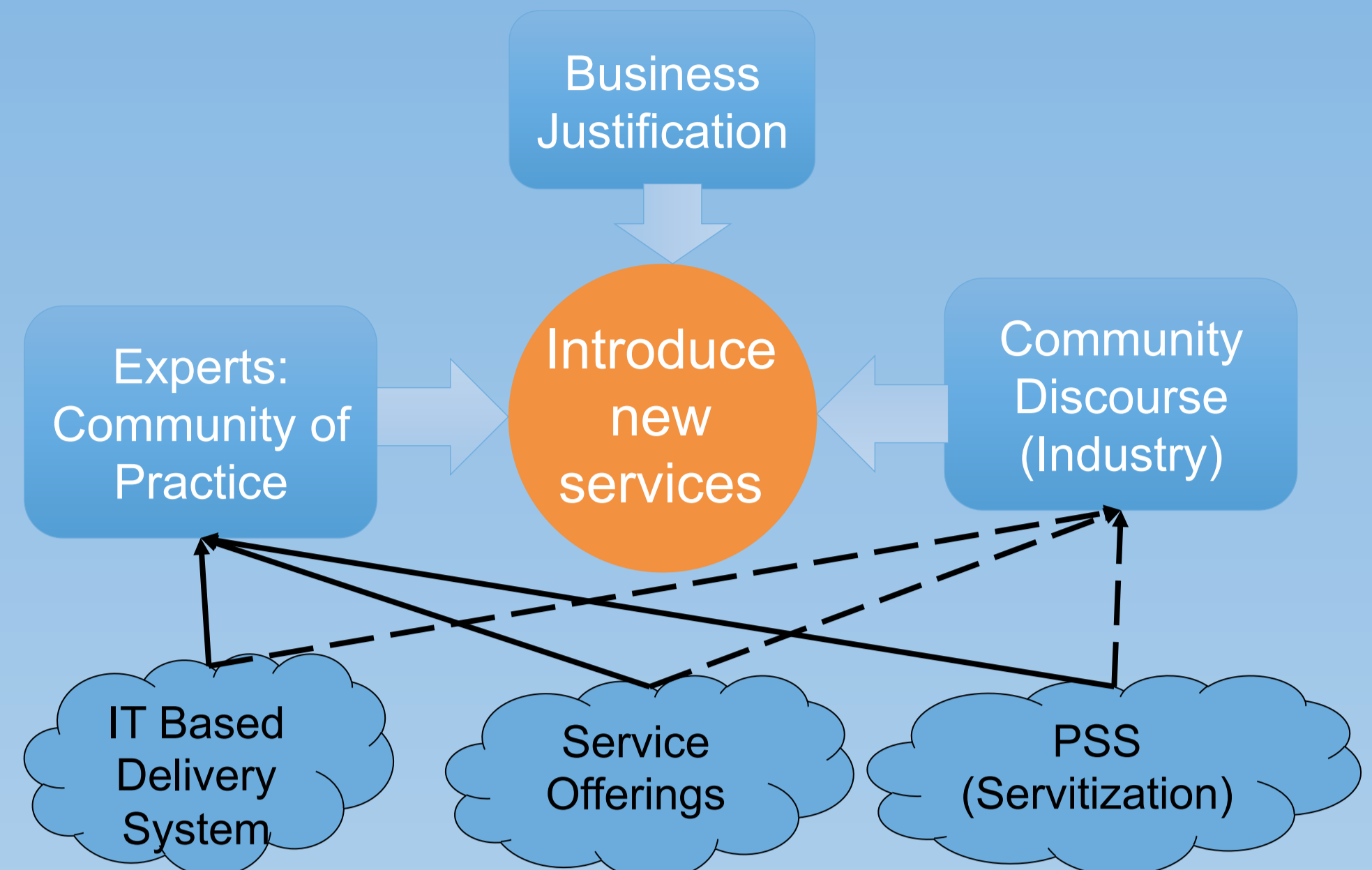
**Mimetic process,** where organizations adopt successful elements from other organizations.

**Normative transmission** of social facts such as profession.

## Research Question

**How do institutional settings and normative discourses influence the dynamics of IT enabled service innovation?**

## Analytical Framework



### Community discourse

Companies are motivated to gain legitimacy in their field by acting "as expected" by their community.

### Experts

Participants of the institutionalization process, who possess specialized knowledge in the relevant discipline.

### Business needs

The innovation has to be perceived by the companies as critical to solving business problems or significant to bringing financial benefit.

## Methods & Data Gathering

Both qualitative and quantitative methods will be applied.

Interviews and focus groups methods will be used to conduct in-depth multiple case studies.

Quantitative analysis aims to establish causal relationships between R&D decisions and variables in the institutional settings.

## Potential Impact

**Fill in the theoretical gap** by linking the mimicry and legitimacy seeking practices to the innovation activities.

**Gain a deeper understanding** of the role of IT in the service innovation context.

**Benchmark** the service innovation practices across industries through in-depth case studies.