

The Effect of Upper Echelon Human and Social Capital on Dynamic Service Innovation Capabilities

K A S K Kariyapperuma

Abstract

Taking the point of strategic leadership perspective based on the upper echelons theory, this theoretical paper aims to contribute to the existing knowledge in the field of service innovation, by exploring the antecedents of dynamic service innovation capabilities at the top management team (TMT) level which may contribute to an increase in the level of service innovation. Theoretical approaches of service innovation, dynamic innovation capabilities, upper echelon, social and human capital theories were assessed leading to an integrative model focusing on the determinants of dynamic innovation capabilities at top management team level. TMT human capital intensity, TMT internal advice seeking and TMT external advice seeking behaviours were identified as the determinants of dynamic service innovation capabilities at TMT level. Further, the literature survey revealed that the impact of these variables on service innovation capabilities is influenced by other factors such as TMT heterogeneity, internal connectedness and external connectedness. The value of this paper is that it links the upper echelon perspective to a dynamic capability view of the firm, and then to a service innovation perspective by proposing a set of TMT level determinants of dynamic service innovation capabilities.

Key words: Services, Service innovation, Dynamic service innovation capabilities, Upper echelons, Decision seeking behavior, Human capital intensity.

Ms. K A S K Kariyapperuma is a Senior lecturer, Department of Business Administration, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Sri Lanka. E-mail: seshikakariyapperuma@yahoo.com