

EXPLORING THE INNOVATIVE IDEAS IN SERVICE INDUSTRY

**Damelina Basauli Tambunan¹, Alfons Manuel P.M. Napitupulu²,
Wendra Hartono³**

^{1,3}Universitas Ciputra Surabaya

²Universitas Bhayangkara Surabaya

Abstract: This research is essential, considering there are very few differences in services between law offices in the legal services industry. In addition, the emergence of opportunities for new communities in digital form, both in the business and social worlds, requires new rules, which may become opportunities for legal practitioners. This study aims to get service innovation ideas for micro, small, and medium-scale companies (MSMEs) in the service industry, specifically for law office service companies. For this purpose, data was collected using a focus group discussion (FGD) approach attended by 30 legal practitioners as informants to find service innovation ideas in legal service-based companies. The sample was selected using a purposive sampling method with the criteria of having worked at a legal services company for at least three years, considering the need for innovation in running a business. This criterion was confirmed through initial interviews with informants. Data is analysed using content analysis. The results of this study indicate that the proposed innovation idea is closely related to the use of technology, such as the use of online platforms to promote and even conduct legal consultations, document processing automation technology, an application that functions as a reminder of the schedule, either the schedule for hearing in court or the schedule for uploading the required documents. In addition, collaboration is also needed to generate innovative ideas, both for the development of digital platforms or ecosystems as well as collaboration with other stakeholders such as prospective clients and employees to formulate service improvements and management of law office services.

Keywords: service, innovation, technology, collaboration, opportunity

JEL Classification: O03, O31

*Corresponding Author.
e-mail: damelina@ciputra.ac.id

A. INTRODUCTION

Law offices in Indonesia have a strategic role as partners with the government to implement legal certainty for all citizens in Indonesia. The legal reform agenda became one of the priorities of the Government of the Republic of Indonesia after the reform era 1998. Several changes were made by the government of the Republic of Indonesia to ensure that Indonesian people receive recognition, guarantees, protection, fair legal certainty, and equal treatment before the law, per the mandate of the amendments to the 1945 Constitution of the Republic of Indonesia. Changes that have been made include the institutional structure, laws and regulations, and legal services. There are various ways to gain an understanding of legal aspects in everyday life or in running a business, for example, getting services from a legal services office. A survey conducted by Hukumonline in 2023 concluded that law office services are called full service if they serve litigation issues (trials in court) and non-litigation (activities outside the court, such as legal consultants). Non-litigation activities are still limited to legal consultations and discussions if a person or agency has a legal problem, where there are almost no different services from one law office to another.

In a business context, a company needs to find unique factors to differentiate it from other companies. The uniqueness factor plays a role in making a company more readily accepted by the market than other companies, as in research conducted by (Bastos, 2019, p. 593), which shows that price increases will be more readily accepted by the market if there is a product uniqueness. The company's ability to find differentiating factors from other companies is related to its ability to innovate. Innovation is believed to improve company performance, as has been proven in various studies. Research conducted by (Chege et al., 2020, p. 19) found that technological innovation affects organizational performance. Likewise, it was found that product innovation affects company performance (Ramadani et al., 2019, p. 278).

In the Indonesian context, several studies have been found which explain the influence of innovation on company performance. In an industry with a very high level of competition, namely the food-beverage industry, it was found that innovation had a significant effect on the company's marketing performance

(Najib et al., 2020, p. 13). Likewise, research conducted by (Sianto et al., 2023, p. 123) shows that product innovation carried out by a restaurant increases sales, which is reflected in increased purchasing decisions by consumers. In addition, research conducted by (Purwanto et al., 2021, p. 432) also shows a significant influence between innovation management and company marketing performance, specifically in Indonesia's fast-moving consumer industry. Likewise, research conducted by (Hutahayan, 2021: 44) shows that innovation in small and medium-scale manufacturing companies significantly affects company performance.

Therefore, this research focuses on finding innovative ideas that can be implemented by law office service businesses in order to find differentiating factors between one company and another. This research is very urgent because the world is increasingly open without clear boundaries of interaction driven by technological advances, especially information and communication technology. The interaction of social life and business is increasingly open, so it is necessary to build better legal awareness for both the community and business people to avoid the occurrence of legal problems both in the context of social interaction and business interaction. For this reason, business actors in the legal services field must be encouraged to discover potential innovations in their services. Therefore, this study aims to explore innovative ideas that legal consulting services companies can implement.

B. LITERATURE REVIEW

The term service innovation was first put forward by (Barras, 1986, p. 162) later defined by (Oke, 2007, p. 566). The definition of service innovation is the application of new concepts or technologies in service processes that aim to improve the performance of existing services or products, improve service quality and efficiency, expand service coverage, update service content, add new types of services, create new value for customers, which has an impact on increasing the company's advantage. Innovation is an essential factor that needs to be implemented by companies of various scales and industries. Research conducted by (Feng et al., 2020, p. 18) shows that company performance increases with service innovation, as do the results of research conducted by

(Kostovetsky & Warner, 2020, p. 15). Several other studies support these findings, such as research conducted by: (Damanpour et al., 2009, p. 667) that innovation models affect company performance in various industrial fields. Likewise, what was done by (Oliveira & von Hippel, 2011: 813) stated that service innovations executed by banks increased the competitiveness of the services provided.

As stated by (Keeley et al., 2013), there are ten types of innovation, which are grouped into three main groups. Configuration describes the type of innovation in the company's deepest part and is attached to the business system, which includes the profit model, network, process, and structure. The second group is the offering, which describes all the products or services offered by the company to consumers, including product performance and product systems. The last one is experience, which explains the innovation directly felt by consumers, including service, channel, brand, and customer engagement. This study has no restrictions on the type of innovation that will be explored.

There are several measures used as a measure of company performance in relation to innovation, such as financial performance, which includes profit before tax, asset-to-debt ratio, sales growth rate, liquidity ratio, earnings per share, capital turnover rate, return on net assets, and return on investment (Kostovetsky & Warner, 2020: 4). In another study, conducted by (Xie et al., 2019: 701), using Return on Assets. Company performance is also measured through productivity and its impact on the environment, as carried out by (Seclen-Luna et al., 2021, p. 8). In addition, according to (Ferreira et al., 2019, p. 585), company performance is also measured by the ability to maintain and increase market share, reduce costs, and improve company image and reputation such as increasing service flexibility, ease of use of services, improving service quality and increasing the number of services provided.

From the meta-analysis related to service innovation, it is understood that some of the terminology commonly used in service innovation is customer, technology, service, and other elements needed in the service innovation process. Research conducted by (Feng et al., 2020) stated that the approach that encourages innovation is to use an open participant innovation approach. According to (2020: 18), innovation will increase its impact on performance if it is open to the involvement of other stakeholders, such as consumers. In

addition, this study also shows that innovation in the manufacturing sector or businesses that produce products is more accessible to implement than in the service sector, but whatever the sector, the ability to generate innovation is highly dependent on the company's attitude toward risk (attitude toward risk).

C. RESEARCH METHODS

This research is qualitative. There were 30 informants involved in this study, selected using a non-probability sampling approach, namely purposive sampling with specific criteria, namely: have worked for a legal service company or related to legal aspects for at least three years, and are aware of the need for innovation in winning the competition. Data was collected using focus group discussions (FGD), where before the FGD was conducted, a list of questions had been prepared to be asked. The list of questions is open. That is, the question can be asked in more depth when the informant has answered, and it is necessary to deepen the answer to get an honest answer.

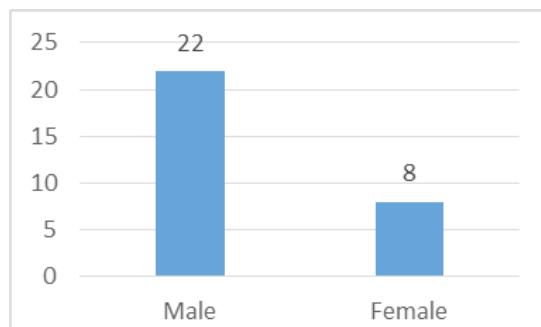
Furthermore, the data that has been collected is analysed using content analysis; as stated by (Kelley et al., 2003, p. 265), content analysis is one way to process qualitative data. The stages carried out in this content analysis will produce specific categories or topics, as conveyed by (Lindgren et al., 2020: 2) that content analysis makes it possible to get answers to the "what" questions by describing and grouping the answers that provide the same meaning or code.

The data that has been collected is analysed in several stages, namely: (1). De-contextualization and re-contextualization. De-contextualization is the stage of cutting the data into more minor data, in other words, making the original data, a long sentence, into small pieces into specific topics or certain codes and removing the data from its context. On the other hand, re-contextualization is the process of returning the pieces to a new combination or old combination by returning the data to its context so that it has the opportunity to form new patterns that are more meaningful according to the topic or theme being sought. The next stage is (2). Abstractions and interpretations. Abstraction means bringing data to a higher level by grouping or classifying it into one or more classifications. At the same time, interpretation is an attempt to provide an interpretation of the meaning of a group of data that has been processed.

In simple terms, the steps taken to process the data are: (1). Selecting the meaning unit, namely selecting the meaning of each unit or piece of data; (2). Condensing and coding. Condensing is cutting meaningless sentences and giving codes or labels to the decondensing data. The final stage is (3). Categorizing data at various levels means that all data encoded is grouped into various categories to be interpreted into meaning. Following the steps described, the entire transcript, which is 87 pages, is cut into smaller chunks and coded D for reasons why the company needs to innovate and I for innovative ideas. After that, the two codes that have been formed are grouped back into the same theme by adding the number to the group I or D. For code group D, there are three groups, namely codes D1-D3, while for group I, there are four groups, namely I-I4..

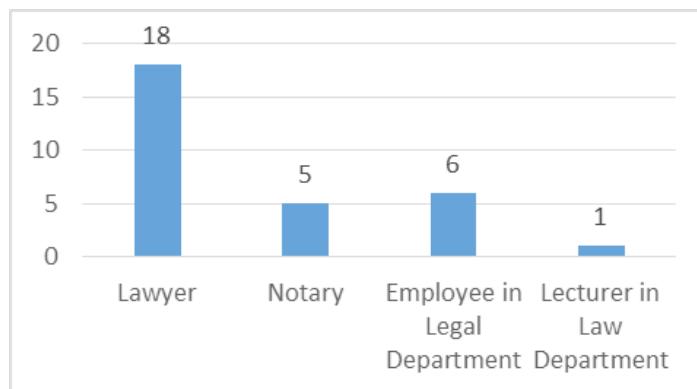
D. RESULT

The data in this study were collected from 30 informants who met predetermined criteria with the following profiles:



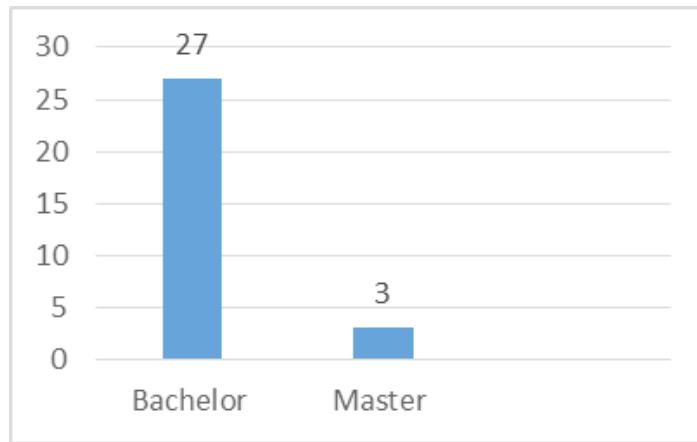
Graphic 1 Respondents' Gender

The gender composition of the 30 informants is 22 men and 8 women as depicted in graph 1. Next, in graph 2, is a description of the job of the participants who are all professionals related to legal services with a composition of 18 owners or working in a lawyer's office, 5 notaries, 6 people working as employees in the legal department and 1 law lecturers.



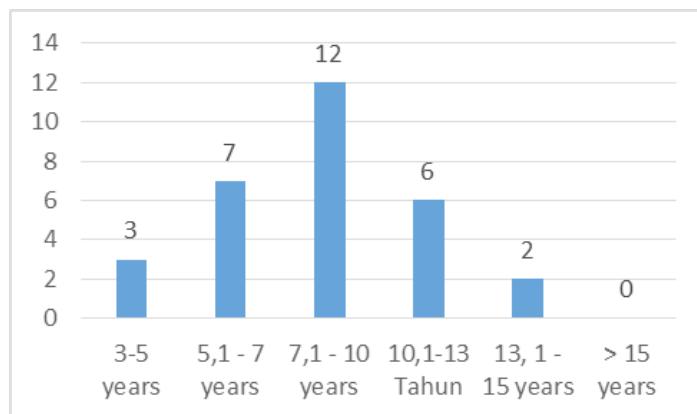
Graphic 2 Respondents' Job.

Next is described the final education of the participants with the composition, 27 graduates of the Bachelor level and 3 participants, graduates of the Masters Level.



Graphic 3 Respondents' Level of Education

The length of time the informants worked varied. As stated in graphic 4, there are 3 people who work between 3 and 5 years, 7 people have worked between 5.1-7 years, 12 people (most) in the range of 7.1-10 years. Furthermore, there are 6 people who have worked between 10.1 to 13 years and finally only 2 people who work more than 13 years.



Graphic 4 Respondents' Length of Work

E. REPORTING RESEARCH RESULTS

After processing the data, the findings are then grouped into two main themes: reasons for innovating and innovative ideas. The following will explain each theme.

1. Drive to Innovate

The data collected and processed shows that there are 3 events that encourage informants to innovate. The reasons put forward are as follows. (a). The increasing number of similar business actors, especially advocates who open law offices. The large number of advocate associations that have been established has increased the ease of becoming an advocate so that there are more and more actors in the legal services industry. To win the competition, law offices need to differentiate their services from other law offices. The ability to find a differentiator is often known as innovative. With innovation, the informants believe there will be an increase in competitiveness so that they can win the competition. (b). The condition of the company that is experiencing difficulties to grow. In general, it is difficult for law office service companies to become big. Most of them don't even have regular income, so an innovation is really needed that can make law offices grow and develop bigger. (c). There is still quite a large market potential,

specifically in terms of the current business environment, namely the growth of digital-based businesses.

From the data collected, it was concluded that the informants agreed that there were still quite a number of legal office services that could be explored and then worked on, apart from those that had existed so far. Government regulations are also still open for review or additional completeness, especially with the many new ecosystems in the current business. This is a new opportunity. In addition, reflecting on what has been done by other industries such as the health industry, where the services provided are not only treatment for those who are sick, but also prevention services. For this reason, it is still possible to carry out business models such as in the context of the legal services industry.

2. Ideas for Innovation

Furthermore, it concludes various innovative ideas that can be implemented by law office services, such as:

1. Online Legal Platforms. Informants agreed on the need to set up a platform where prospective clients can seek legal services. Apart from searching, it is also possible to get legal consultation services online without the need to visit the office or meet a lawyer physically. This technology-based service can also be in the form of payment.
2. Automatic document processing. Document processing using technology can be developed so that it can help lawyers and other legal practitioners more efficiently, easily and accurately in processing documents which will have an impact on saving time and costs for clients.
3. Collaboration between application developers and lawyers to formulate ideas that utilize technology in the legal services industry. In addition, collaboration can also be carried out with customers to create innovative solutions to various legal problems and provide ideas for creating new applications or technologies that can increase efficiency in legal services.
4. Support certain communities or groups of people who are the target market so they can better understand legal issues to prevent legal problems in the future. This can be done using various approaches, such as: Making outreach through mass media (newspapers, TV, radio) or social media. The contents of

the socialization are in the form of writings or video content which can be published in the form of books, pocket books, brochures (digital or printed), or video content. Law offices can also develop applications or websites that provide legal information on specific topics accompanied by examples that are easily understood by the public. Apart from that, training or workshops on legal topics can also be carried out both online and offline. Hold open discussions about law in offices, schools, universities or according to the target market. It can also involve various communities such as sports communities, hobbies and other communities to provide legal outreach and encourage them to participate in promoting it.

F. DISCUSSION

The results of this study indicate that there is a drive to innovate experienced by all informants. The urge to innovate comes from internal companies, such as companies facing growing difficulties or finding differentiating services from other companies. Apart from that, also due to external encouragement, namely the number of competitors in the industry, as stated by (Hasibuan & Hasibuan, 2023: 382), in the legal consulting service industry, there has been an increase in the number of advocates because the many advocate associations in Indonesia drive it, and this has led to unhealthy competition. Innovation can also occur driven by the opportunities that can still be seized due to legal services that are still growing, driven by the emergence of a new business ecosystem. There is a need to make new regulations or to review the existing regulations.

This is in line with research conducted by (Tambunan et al., 2022, p. 374), which shows that the urge to innovate occurs due to external conditions (Covid-19), which encourage companies to respond by innovating if they want to survive in difficult times. Covid-19 prompted the government to make restrictions on socializing, which had implications for how companies manage their business. It is no longer possible for companies to manage their business in the same way as before, so they have to innovate both in terms of products produced and marketing methods to ensure that companies can still earn income.

In line with this, innovation must also be carried out to respond to changing regulations, as found in research (Ma et al., 2019: 2), which shows that companies innovating in the field of green economy arise due to pressure from government regulations that issue regulations to protect the environment and maintain the sustainability of energy sources. Apart from being driven by regulations, the need for innovation is also driven by technological advances, especially in the Indonesian context. Research (Sutrisno, 2023: 2) states that the use of information technology in Indonesia is increasing significantly, so the banking industry needs to improve its response. This means that the industry that needs to improve is the banking industry and other industries.

In the service industry, the use of technology is essential, as concluded in research (Berry, 2019, p. 82). Even though the context of this research is in the health industry. A very innovative and significant service has changed the way of serving the health industry with telemedicine services that allow remote health consultations so that they can reach patients in areas far from hospitals. This can also be implemented in the legal consulting service industry, as found in this study the idea of innovation that can be done is to create a platform to reach a wider market and provide services that are not limited by distance. However, it is necessary to ensure that the use of technology will impact company performance if the company's employees can use technology. Research (Sumantri & Prasetya; 2022: 67) shows that the use of financial information technology does not affect the performance of MSME companies because employees are not literate in using technology.

The results of this study indicate that the idea of innovation is very thick with the use of information technology. This is reflected in the ideas that emerged, such as creating platforms, using technology in disseminating legal content, finding clients, online consultations, document automation, and scheduling notifications, which show the importance of using technology. This is in line with research conducted by (Ferreira et al., 2019: 588) that using technology is one way to increase a company's ability to generate innovation and improve performance in general. In addition, research conducted by (Chesbrough, & Crowther 2006: 232) found that using technology will increase profit growth. The idea of innovation in the form of a platform put forward in this study is more of a transaction platform. This platform facilitates exchanges between two

parties, not an innovation platform, but a platform created to provide added value to both parties, namely value complementary to goods or services, not just the occurrence of exchange (Gawer, 2021: 7).

In this study, it was concluded that to produce innovation, collaboration is needed. Informants agreed on the importance of collaboration to produce a legal service platform with programmers and in collaboration with consumers to identify what types of services consumers need. It was also found in research conducted by (Chesbrough Crowther, 2006, p. 233) that it is essential to involve other people in generating innovative ideas, known as open innovation. Open innovation is a condition involving insiders and outsiders of a company to identify and discover innovations. Open innovation has the opportunity to make companies get important and updated issues that must be answered and also the opportunity to execute innovations at a lower cost. Likewise, research (Berry, 2019, p. 83) suggests that involving patients and patient families in health service innovation extensively helps increase patient and family satisfaction and positive experiences.

G. LIMITATION

This research cannot be generalized, considering that the informants involved were selected purposively. In addition, the resulting innovative ideas still need to be tested so that the impact on company performance cannot be known yet. Whether the impact, as stated in previous studies, improves financial performance, marketing or performance in general, is still unknown. In other words, the impact of the innovation ideas found has not been measured. This research also has not explained the steps that need to be taken to follow up on these innovative ideas that have been found. This is an opportunity for further research, to be able to formulate ways to implement the innovative ideas that have been formulated, as well as measure their impact on legal service companies.

H. ACKNOWLEDGE

We acknowledge the funding from the Institute of Research and Community Development, Universitas Ciputra, Surabaya under the Research Internal

Funding Scheme contract number: 23/UC-LPPM/DIP/SP3H/II/2023 which was obtained by DBT to supporting the data collection, analysis process and publication.

I. REFERENCES

Bastos, W. (2019). Now or never: Perceptions of uniqueness induce acceptance of price increases for experiences more than for objects. *Journal of Consumer Psychology*, 29(4), 584-600. <https://doi.org/10.1002/jcpy.1099>.

Berry, L. L. (2019). Service innovation is urgent in healthcare. *AMS review*, 9(1-2), 78-92. <https://doi.org/10.1007/s13162-019-00135-x>.

Chege, S. M., Wang, D., & Suntu, S. L. (2020). Impact of information technology innovation on firm performance in Kenya. *Information Technology for Development*, 26(2), 316–345. <https://doi.org/10.1080/02681102.2019.1573717>.

Chesbrough, H. & Crowther, A. K. (2006). Beyond high tech: early adopters of open innovation in other industries. *R&D Management*, 36(3), 229–236. <https://doi.org/10.1111/j.1467-9310.2006.00428.x>.

Damanpour, F., Walker, R. M., & Avellaneda, C. N. (2009). Combinative effects of innovation types and organizational performance: A longitudinal study of service organizations. *Journal of management studies*, 46(4), 650-675. <https://doi.org/10.1111/j.1467-6486.2008.00814.x>.

Ferreira, J. J., Fernandes, C. I., & Ferreira, F. A. (2019). To be or not to be digital, that is the question: Firm innovation and performance. *Journal of Business Research*, 101, 583–590. <https://doi.org/10.1016/j.jbusres.2018.11.013>.

Gawer, A. (2021). Digital platforms' boundaries: The interplay of firm scope, platform sides, and digital interfaces. *Long Range Planning*, 54(5), 102045. <https://doi.org/10.1016/j.lrp.2020.102045>.

Hasibuan, E. S. H. E. S. & Hasibuan, E. S. (2023). Problematika Organisasi Advokat di Indonesia yang Menyebabkan Perpecahan. *As-Syar'i: Jurnal Bimbingan & Konseling Keluarga*, 5(2), 381–386. <https://doi.org/10.47467/as.v5i2.2659>.

Hutahayan, B. (2021). The relationships between market orientation, learning orientation, financial literacy, on the knowledge competence, innovation, and performance of small and medium textile industries in Java and Bali. *Asia*

Pacific Management Review, 26(1), 39–46. <https://doi.org/10.1016/j.apmrv.2020.07.001>.

Keeley, L., Walters, H., Pikkell, R., & Quinn, B. (2013). *Ten Types of Innovation: The Discipline of Building Breakthroughs*. John Wiley & Sons. https://books.google.co.id/books?hl=id&lr=&id=TW4YAAAAQBAJ&oi=fnd&pg=PT14&dq=Ten+types+of+innovation:+The+discipline+of+building+breakthroughs&ots=oUaQRHr5k4&sig=aRN0yK-rHMo0VAjimCvDik50s6g&redir_esc=y#v=onepage&q=Ten%20types%20of%20innovation%3A%20The%20discipline%20of%20building%20breakthroughs&f=false.

Kelley, K., Clark, B., Brown, V., & Sitzia, J. (2003). Good practice in the conduct and reporting of survey research. *International Journal for Quality in Health Care*, 15(3), 261–266. <https://doi.org/10.1093/intqhc/mzg031>.

Kostovetsky, L. & Warner, J. B. (2020). Measuring innovation and product differentiation: Evidence from mutual funds. *The Journal of Finance*, 75(2), 779–823. <https://doi.org/10.1111/jofi.12853>.

Lindgren, B. M., Lundman, B., & Graneheim, U. H. (2020). Abstraction and interpretation during the qualitative content analysis process. *International Journal of Nursing Studies*, 108, 103632. <https://doi.org/10.1016/j.ijnurstu.2020.103632>.

Ma, W., Zhang, R., & Chai, S. (2019). What drives green innovation? A game theoretic analysis of government subsidy and cooperation contract. *Sustainability*, 11(20), 5584. <https://doi.org/10.3390/su11205584>.

Najib, M., Septiani, S., & Nurlaela, S. (2020). The role of innovation, entrepreneurial self-efficacy and local uniqueness on marketing performance in small and medium-sized restaurants. *Journal of Foodservice Business Research*, 23(6), 499–519. <https://doi.org/10.1080/15378020.2020.1803687>.

Oke, A. (2007). Innovation types and innovation management practices in service companies. *International Journal of Operations & Production Management*. <https://doi.org/10.1108/01443570710750268>.

Oliveira, P. & von Hippel, E. (2011). Users as service innovators: The case of banking services. *Research Policy*, 40(6), 806–818. <https://doi.org/10.1016/j.respol.2011.03.009>.

Purwanto, A., Purba, J. T., Bernarto, I., & Sijabat, R. (2021). Effect of Management Innovation, Transformational Leadership, and Knowledge Sharing on

Market Performance of Indonesian Consumer Goods Company. *Journal of Applied Management (JAM)*. <https://ssrn.com/abstract=3987653>.

Ramadani, V., Hisrich, R. D., Abazi-Alili, H., Dana, L. P., Panthi, L., & Abazi-Bexheti, L. (2019). Product innovation and firm performance in transition economies: A multi-stage estimation approach. *Technological Forecasting and Social Change*, 140, 271–280. <https://doi.org/10.1016/j.techfore.2018.12.010>.

Seclen-Luna, J. P., Moya-Fernández, P., & Pereira, Á. (2021). Exploring the effects of innovation strategies and size on manufacturing firms' productivity and environmental impact. *Sustainability*, 13(6), 3289. <https://doi.org/10.3390/su13063289>.

Sianto, F. M., Thehumury, C. F., Holiwono, M. R., & Putra, S. (2023). The Influence of Innovation and Promotion on Consumer Purchase Decisions on Pangsit Mie Palu. *Review of Management and Entrepreneurship*, 7(1), 111–129. <https://doi.org/10.37715/rme.v7i1.3686>.

Sumani, S. & Prasetya, I. B. (2022). The Effect of Financial Technology on the Performance of Micro, Small, and Medium Businesses. *Review of Management and Entrepreneurship*, 6(1), 51–72. <https://doi.org/10.37715/rme.v6i1.2442>.

Sutrisno, T. F. (2023). Digital Payment Transformation: The Role of the Technology Acceptance Model to Repurchase Intention. *Review of Management and Entrepreneurship*, 7(1), 1–24. Retrieved from <https://journal.uc.ac.id/index.php/rome/article/view/3679>.

Tambunan, D. B., Fajar, L. P., Sumaji, Y. M. P., & Sutanto, J. E. (2022). Arbitrage vs innovation opportunity analysis among MSMEs actors in Surabaya. *Jurnal Ekonomi dan Bisnis*, 25(2), 365–380. <https://doi.org/10.24914/jeb.v25i2.5322>.

Toivonen, M., & Tuominen, T. (2009). Emergence of innovations in services. *The Service Industries Journal*, 29(7), 887–902. <https://doi.org/10.1080/02642060902749492>.

Xie, X., Huo, J., & Zou, H. (2019). Green process innovation, green product innovation, and corporate financial performance: A content analysis method. *Journal of Business Research*, 101, 697–706. <https://doi.org/10.1016/j.jbusres.2019.01.010>.

