ABSTRACT

The aim of the study was to determine the relationship between innovation dimension emphasized and perceived customer value in service firm operations. Most of the studies in literature support that innovation in services is an important factor that affects service quality, an antecedent of perceived customer value. However, there are relatively few studies in literature, especially in the Kenyan context that have been carried out to determine the relationship between innovation dimension and perceived customer value. The study was carried out in the mobile telecommunications firms in Kenya. The framework developed for the study comprised of three constructs; innovations dimension; the independent variable perceived service quality and perceived customer value, the dependent variable while perceived service quality was assumed to mediate the relationship between variables. The construct of innovation dimension was conceptualized as a bi-dimensional construct while perceived service quality and perceived customer value were conceptualized as multi-dimension constructs that consisted of six and four determinants respectively. The study used regression analysis to develop and test the model for the relationship between innovation dimension and perceived customer value. The hypothesis of the study was that there is a significant relationship between innovation dimension and perceived customer value. Statistical tests were carried out at 95% confidence level to determine the direction and significance of the relationship with findings at p-value of less than 0.05, indicating that there is a strong relationship between innovation dimensions emphasized and perceived customer value in the mobile telecommunications firms in Kenya.