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The Effect of Intellectual Capital and Entrepreneurial Orientation on the Level of Service Innovation in the Retail Chain Pharmacy Industry in Jordan: A case Study of Pharmacy One

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Abstract: The aim of the study is to examine effect of intellectual capital and entrepreneurial orientation on the level of service innovation in Pharmacy One Company which is a retail chain pharmacy in Jordan. The study sample consisted of 64 respondents who are working in Pharmacy One Company. A survey was the main data collection method adopted by this study. The results indicate that intellectual capital and entrepreneurial orientation positively affect the level of service innovation. More specifically, intellectual capital represented by human capital, customer capital, and structural capital have a positive impact on the level of service innovation in Pharmacy One Company. Also results showed that entrepreneurial orientation represented by innovativeness and proactiveness have a significant positive impact on the level of service innovation in Pharmacy One Company. On the other hand, risk taking dimensions negatively affect level of service innovation. Based on the research findings, the authors of this study have recommended that Pharmacy One company should focus more on the development of skills and abilities of the their employees through establishing tailor-made training programs which target to increase productivity and profitability of the company; to keep-up-date with the latest scientific and technological developments by supporting the research and development department continuously with all resources needed to perform in a high quality level; to capitalize on practices of building positive relationships with customers; to establish a reward program of incentives that will empower employees and encourage them to think in an innovative and productive ways; and finally the authors suggested to build a shared information system that will provide employees with current, accurate, and up to date information needed to take decisions effectively.
Keywords: intellectual capital, entrepreneurial orientation, service innovation, retail chain, and Jordan.

1 Introduction

Innovation has been noted as a major core competency for many companies, it has the potential for extraordinary returns, it is nearly impossible to find an industry that is not engaged in continuous periodic innovation and reorientation due to the dynamic nature of most market (Autio et al. 2014). Innovation lies at the core of new business development and long-term wealth creation. Innovation is defined as an idea, a product or process, or a system that is perceived to be new to individuals or successful implementation of creative ideas within an organization (Wu et al. 2008). Innovation leads to major transformation of existing products, services, or technologies and characterized with discontinuous changes and also is a motive to refine existing products, services, or technologies (Abdullah et al. 2014; Bisharat et al., 2017).

New firms' success stems from their resourcefulness and innovativeness (Hayton, 2005) in the face of intensifying competition and environmental uncertainty. Firms with greater capacity to innovate will be more successful in responding to their environment and developing new capabilities that lead to competitive advantage and superior performance. It is also noted that when higher level of organizational innovativeness combine with organizational characteristics the innovative capacity increase dramatically (Al-zoubi,2016).

Organizations can face environmental changes & uncertainties so technical or administrative changes can undertake in their structure to improve their performance, as technical or administrative innovation influence the performance. In developing countries, the service sector has grown dramatically as a driver of economic growth (Carlborg et al., 2014). Services are intangible,

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simultaneously produced and consumed and often customized to client's need. Due to changes in environment of business, emphasizing technological automation and globalization, there is a transformation from product orientation to customer orientation , as a result service innovation appear in firms that would to differentiate themselves from competitors by product-service bundle (Kjos, 2013).

Several factors have an effect on the level of service innovation inside organizations. Factors such as intellectual capital and entrepreneurial orientation have contributed to the success and propensity of innovation when utilized efficiently (Hayton, 2005).

Intellectual capital is intangible assets that describe the intellectual material possessed by a firm that can use to create wealth. Intellectual capital consists of human capital, customer capital and structural capital. The findings indicate a positive influence of human capital on new ventures (Wu et al., 2008). Entrepreneurs believed that human capital enables firms to generate the breakthrough insights that lead to innovation (Marvel and Lumpkin, 2007). Previous researches indicate that industry experience, education, entrepreneur and top management are factors lead the success of new ventures (Hayton, 2005), arguably, innovation and service innovation affected by diversity, knowledge and experience in intellectual capital (Marvel and Lumpkin, 2007). Firms' that possess high level of intellectual capital and have abilities to utilize their knowledge resources are capable to innovate (Subramaniam and Youndt, 2005). Human capital diversity in educational background and functional experience associated with higher level of creativity, innovativeness and opportunities recognition for organizations (Cabrita et al., 2007).

Entrepreneurial orientation also seen to be an important drive to service innovation, it is understood as the strategy-making processes, structures and behaviors of firms that characterized by innovativeness, risk taking, and proactivness to facilitating the detection of opportunities (Kovacs et al., 2016). Entrepreneurship leads to the creation of new products and services entry new markets, implementation of new ideas and process (Hausmann and Heinze, 2016).

The retail chain pharmacy industry in Jordan has shown immense growth in the recent years, it is considered as one of the most competitive markets in the Middle East. Pharmaceutical sector in Jordan mainly depends on qualified work force (Abu Aliqah and Bataineh, 2017); potentially it can improve health across a wide area of illness and promote the access of medicines (Rutta et al. 2015; Elayeh et al., 2017).

2 Theoretical Backgrounds

2.1 Innovation

Innovation has diverse definitions from various schools of thoughts; it is associated with activities taking place at technological frontiers, leading to equating innovation narrowly with invention (Autio et al. 2014). The conceptual framework for data collection on innovation defines this activity as recognizing and using opportunities to create new products, services, or work practices (Subramaniam and Youndt, 2005).

Some researches try to distinguish between invention and innovation. As invention introduced to the market and generates a substation profit, it becomes innovation (Witell et al. 2016). Openness to new ideas and solutions are considered essential for development and growth that lead us to think about new and better ways of doing things and try them out in practice. Every new innovation consists of a new combination of existing ideas, capabilities, skills, resources (Fagerberg, 2004).

Innovation is a process of generating marketable product or service, new or improved manufacturing/distribution method or new social service method or commonly referred to as technical innovations by transforming ideas. On the other hand, there are aspects of innovativeness which include product, process, marketing, strategic and behavioral innovation (Abdullah et al., 2014).

Witell et al., (2016) Defined innovation as the implementation of new ideas and Verma et al., (2008) described innovation as the act of introducing something new, where Marin-Garcia et al. (2011) stated innovation as the process of obtaining and developing new ideas to generate a new product, technique or useful service, which in time provides new solutions to problems and becomes useful for people, companies or society. This process contributes to the inclusion of different dimensions in the introduction of a new product or service, new production processes, the launching of new markets, changes in the suppliers or even innovative business models for the company or organizations.

Innovation is the first commercialization of the idea; it is a continuous process initiated by the awareness of a new market or an opportunity of new service that leads to development and achieves the commercial success. Examples include innovations from the electronics, aerospace, pharmaceuticals, and information systems industries (Garcia and Calantone, 2002).

Alzuod et al., (2017) Argued that firms need to survive and gain a competitive advantage over competitors, so they take continuous innovation as a mean of developing new products and services and thus improving their quality.

2.1.1Service Innovation

In the highly competitive global market, companies focus on service in the delivery process to enhance their competitive advantage. However, the services are skill-intensive activities carried out by highly educated and professional workforce, and is considered the most important component of product and contributes to the success of the business (Toner, 2011).

Service companies need to be customer-oriented in order to meet customer need which is the main challenge for them. The competitiveness of service firms depend on their skills, level of service, flexibility, and customization, so firms need to maximize customer experience and performance, as innovative studies state the importance of service in developing innovation (Skålén et al., 2015).

Innovation studies focus on product and process (production systems) innovation, largely ignoring service innovation and its opportunities. The traditional view of services states that they are activities with low innovative frequency and manufacturing was the primary economic driver. However, the service sector continues to grow so both services and service innovation represent central drivers of broader economic growth and innovation (Carlborg et al., 2014).

Innovation in the manufacturing industry varies with the innovation in the services industry. The innovation in service industry is mostly related to the intangible resources and processes, for example, knowledge, and learning. Also service innovation is the business that uses new ideas and technology to improve or modify existing service process, quality and efficiency to produce new value to customers and introduce new and unique ideas to greatly enhance the service delivered in order to increase productivity and improve customer experience (Verma et al., 2008).

Later, manufacturing firms integrated service innovation into their business to differentiate themselves through new services and integrated product–service bundles, often as part of a solution or wider function thus developing and maintaining firm performance and competitiveness across industry sectors (Rahman et al., 2017).

The term service innovation is also used to recognize a new service, that is, an invention that has not been successfully introduced on the market. They see service innovation as result or change. Service innovation is a new or improved product (good or service) or process, a new marketing method, or a new organizational method in business practices, workplace organization, or external relations that provides benefit to the organization that usually derives from the added value provided to the customers (Witell et al., 2016).

Service innovation is the transformation of ideas into new or improved services to provide an advantage to the organization that developed it; the advantage usually comes from the added value that offered to the customers, in order to progress, competes and differentiates themselves successfully in their marketplace (Chivandi et al., 2017).

3 Effect of Intellectual Capital on the Level of Service Innovation

Intellectual capital, a term first introduced by economist John Kenneth Galbraith in 1969, which refers to the difference between an organization's market value and book value (Hsu and Fang, 2009). It considers one of the major assets of an organization, since it promotes competitive advantages that are the base of value generation by promoting the growth of corporations (Abdul Wahi et al., 2013).

Intellectual capital is the dynamic business operational processes which closely related to knowledge management and organizational learning whose is essential to value creation (Ramírez et al., 2013), it consists of all the intangible assets of the firm (Caenegem, 2002) that include the intellectual material such as knowledge, information, and intellectual property and experience. Therefore intellectual capital can be defined as the collection of the total capabilities, possession of the knowledge, culture, strategy, process, intellectual property, also it includes the competencies of employees, employee know-how, education, attitudes and morale, motivation, developmental stage, age, attendance and other work patterns, diversity, and work-non-work orientations and relational networks of a company that help a company achieve its goals by creating competitive advantages (Kannan and Aulbur, 2004).

Another researches have defined intellectual capital as an organizational intangible resources that have been pointed to create business value, something that cannot be touched, although it slowly makes you rich (Abeysekera, 2006). intellectual capital enclose all of the non- tangible or non-physical assets and resources of an organization, as well as competence, commitment, person’s willingness to work hard, knowledge, skills, applied experiences, organizational technology and attributes of each individual within an organization (Harris, 2000).

Richardson et al., (2000) Argued that employees generate intellectual capital through their competences, their attitudes and their intellectual agility. Competences comprise skills and education, while attitudes shield the behavioral component of the employees’ work, and intellectual agility supports employees to change their practices and to think of innovative solutions to problems.

Aramburu et al., (2015) Defined the concept of intellectual capital as the sum of firm's knowledge that consider a competitive advantage, it covers an institution's non-tangible assets and it comprises the human, organizational, and relational resources and activities of an organization (Shehzad et al., 2014). The value of these assets is

determined by the company's reputation or image, customer satisfaction, repeat business, financial well-being, and price sensitivity (Ahangar, 2011).

According to Ugalde-Binda et al., (2014) knowledge that collected from customers, suppliers, relationships, process, etc. considers as part of intellectual capital, and it aids improving and innovating in the decision making process, so this knowledge must be explored by the organization.

One of the most common models for classifying intellectual capital is the Saint Onge model that developed in the early 1990s. It divides intellectual capital into three parts: human capital (knowledge and skills), customer capital (customer and supplier relationships) and structural capital (databases and organizational structure) (Ahangar, 2011).

Hypothesis 1: firms which possess higher levels of intellectual capital tend to promote higher levels of service innovation.

3.1 Human Capital

Human capital is recognized as the largest and the most important intangible asset in an organization (Ahangar, 2011), it involves all business capital embedded in workers who are the most important corporate asset in the organization, although the workers are not owned by the organization. Ultimately human capital provides the goods or services that customers require or the solutions to their problems (Fathi et al., 2013). This capital includes employees and managers' competence, experience, knowledge, skills, attitude, commitment, talent and wisdom that may be taken away by them when they leave the organization, such skills and knowledge increase human productivity. It also includes an organization's creative capacity and its ability to be innovative (Hsu and Fang, 2009).

Other researches argued that human capital is a combination of genetic inheritance, education, experience, and attitudes about life and business, it is collection of firm's capabilities and skills that lead to best solutions, and it is a source of innovation and strategic renewal. The sheer intelligence of the organizational member is the core of human capital (Richardson et al., 2000). Human Capital refers to the accumulated value of investments in employee training, competence, and future, this value come from what employee can produce to improve organizational wealth (Kannan and Aulbur, 2004).

On the other hand human capital is kind of business investment in skill-building that would be more profitable and more likely to be undertaken over a long period (Harris, 2000), it refers to the values employees' possess, which are considered essential to an organization and those employees boost their capabilities by investing in themselves to influences their wage, promotional opportunity, or type of job. In fact, human capital likes a talent in organization that leads to business development, more efficiency and revenue, and higher benefits (Gityneja et al., 2015).

Hypothesis 1a: firms which possess higher levels of human capital tend to promote higher levels of service innovation.

3.2 Customer Capital

Since customer relationship is of central importance to the company's worth, knowledge that existing in marketing channels and the relationship with customers is the determinant factor in converting intellectual capital to market value (Fathi et al., 2013).

Customer capital represents the potential an organization has. It defines as the combined value of the company's relationships with its customers, its network of suppliers, industry associations, strategic partners, shareholders and markets (Hsu and Fang, 2009). The philosophy behind this concept is that the presence of customers to participate in the selection process so that the customer chose the service provider and this will increase customer satisfaction. Organizations must properly recognize customer knowledge base (Harris, 2000) and this will lead to trust relationships, understanding customer needs and loyalty of customer relations (Kannan and Aulbur, 2004). Some researches argued that customer loyalty can be predicted by measuring employee loyalty; these studies provide further evidence of the importance that customer capital represents as a unit of an organization's overall intellectual capital (Richardson et al., 2000).

Hypothesis 1b: firms which possess higher levels of customer capital tend to promote higher levels of service innovation.

3.3 Structural Capital

Structural capital belongs to the organization as a whole, it is the supportive infrastructure for human capital and it includes all non-human resources of knowledge in the organization which consists of organizational ability, organizational routines, organizational charts, patents, databases, procedures and administrative processes, rules, regulations, strategies and generally consists of everything that create higher value for the organization rather than its physical aspect (Fathi et al., 2013).

Structural capital includes whatever remained in an organization after the time when personnel leave it to go home at night like innovation, processes and culture, renewal and development capital, right of products registration and training efforts, however structural capital also covers organizational capital (Babai et al., 2016).

On the other hand it creates a structure that not only supports human capital but also recognizes the overall importance of customer capital by increasing the interactions with customers and take knowledge and feedback from them about performance. The employees will achieve optimal performance by their excellent skills and proper organizational system and performance (Shehzad et al., 2014).

A good structural capital will provide a good environment for rapid knowledge sharing and collective knowledge growth, it connects people to data, experts, and expertise, and provides the framework for knowledge transmission between departments in a quickly and easily manner, on the other hand knowledge and the sharing of knowledge needs to be managed effectively by having a suitable planning process and procedures alongside with appropriate organizational environment, so workers can convert these knowledge to performance (Ugalde-Binda et al., 2014).

Some researchers state that structural capital is the existing knowledge and codified experience within firms utilized in information technology, right of registration of products, systems, processes, brands and trademarks. Structural capital enables individuals to try and learn new things; it provides a platform for people to be creative and found that organizational capital reinforces prevailing knowledge and influences an organization's incremental innovative capabilities (Telbani et al., 2013).

Hypothesis 1c: firms which possess higher levels of structural capital tend to promote higher levels of service innovation.

4 Effect of Entrepreneurial Orientation on the Level of Service Innovation

It is important for firms to have assets, processes and structures in order to maintain survival, innovation and success in markets (Anlesinya et al., 2015). Research findings showed that entrepreneurial orientation generally has a positive effect towards a firm's performance and it helps the firm to grow and gain profit, other studies prove its importance for services business (Amin, 2015).

The first concept of entrepreneurial orientation introduced by Miller on 1983, it refers to the willingness of a firm to be innovative in order to renew market offerings, take risks to try out new and uncertain products, services, and markets, and be more proactive than competitors toward new marketplace opportunities in order to achieve strategic and performance objectives. Then the concept developed further by Covin and Slevin on 1989 and later by Lumpkin and Dess as cited by (Palalic and Busatlic, 2015).

Entrepreneurship is concerned with new business and new market entry, while entrepreneurial orientation is concerned with the actions and activities undertaken to new market entry, and how do we make the new business succeed. It is a strategic process that involves multiple management level in its formulation and implementation, thus not specifically created by top management (Barnett et al., 2004). Other researcher's state entrepreneurial orientation as the processes, practices and activities of decision making that facilitates new entry (Alzuod et al., 2017).

Entrepreneurial orientation is conceptualized as having anywhere from three to five dimensions, that independently and collectively define the domain of entrepreneurial orientation depending on the environmental, organizational, and cultural context when a firm engages in new entry. There are two main conceptualizations of the entrepreneurial orientation construct. The first is Unidimensional, that relates to Miller, and Covin and Slevin, who identified three dimensions of entrepreneurial orientation: innovativeness, risk taking, and proactiveness and the other is multidimensional, which relates to Lumpkin and Dess (1996) who identified five dimensions of entrepreneurial orientation: innovativeness, risk taking, proactiveness, with autonomy and competitive aggressiveness (Schillo, 2011).

Entrepreneurial orientation is basically an entrepreneurial strategy-making process that managers and decision makers in organizations use to create corporate purposes, maintain vision and assure competitive advantages for their entities. It is closely linked to strategic management and the strategic decision making process, It also represents the policies and practices that provide a basis for entrepreneurial decisions and actions that incorporates planning, analysis, decision making, and many aspects of an organization's culture, value system, and mission (Wiklund et al., 2009).

A firm's entrepreneurial orientation is its tendency to act autonomously, innovate, take risks, and act proactively when confronted with market opportunities. Firms improve their position in market over competitors by implemented competitive strategies (Lechner and Gudmundsson, 2014).

Firms with high entrepreneurial orientation is considered talented in a way that make it able to sustain visions, realize their goals, achieve enduring competitive advantage, lead others, readily accept new ideas, enjoy first-mover advantage and are more enthusiastic about their business success (Adeiza et al., 2017). However, entrepreneurial orientation is an effective concept in rapidly changing environments that offer new opportunities and in which the firm has sufficient financial resources (Kusa , 2016).

(Omar et al., 2016) Argued that there is a correlation exists between entrepreneurial orientation and knowledge creation. Sharing knowledge within the firms directs knowledge creation and diffusion across an entrepreneurial firm which directly supports generative learning by identifying and exploring value creating opportunities.

Entrepreneurial orientation has a positive impact on financial performance and growth of firms, by discovering new opportunities which related to new markets or product/technology innovation, aiding creation of competitive advantages, elimination of uncertainties and entrance barriers (Oliveira junior et al., 2016).

Moreover, Miller's original three dimensions – Innovativeness, Proactiveness and Risk-taking, have better internal consistency and are thus found to robustly measure entrepreneurial orientation (Palalic and Busatlic, 2015). In this research, the researcher focused on the three most commonly cited entrepreneurial orientation dimensions: innovativeness, risk taking, and proactiveness.

Hypothesis 2: firms which possess higher levels of entrepreneurial orientation tend to promote higher levels of innovation.

4.1 Innovativeness

Innovation is the successful implementation of creative ideas, characterized by a strong focus on research and development and technological leadership that actively supports new ideas, novelty, experimentation, and creative solutions (Barnett et al., 2004). However, it has already been described as the introduction of new products and the degree of changes in existing products or service lines.

(Amin, 2015) Stated that innovativeness lead to future development due to its important role in research, product development, technical expertise and knowledge transfer. It relates to willingness of organizations to smooth imaginative ideas for improving or introducing new product or service, investing in new technology as well as research and development that could result in new processes (Adeiza et al., 2017).

(Lechner and Gudmundsson, 2014) argued that innovativeness is positively affecting the business performance in the services sector. It stands for carrying out researches and offer creativity in order to launch new products, services, technology and fresh processes and system development (Anlesinya et al., 2015).

Hypothesis 2a: firms which possess higher levels of innovativeness tend to promote higher levels of service innovation

4.2 Risk Taking

Risk-taking refers to firms' tendency to take brave actions including entering previously unexplored markets, devoting significant amount of resources to enterprises in the face of uncertainty (Barnett et al., 2004). Risk-taking has identified as the risks individuals take in decisions making with uncertain outcomes (Schillo, 2011).

For firms that trying to start a new business, find a new market, or introduce a new product, risk taking consider a crucial element in the decision-making process and as an important dimension of entrepreneurial orientation, it support the firm's performance (Amin, 2015). Although risk-taking is considered an important character of an entrepreneur, the successful entrepreneurs are those who skilled in taking informed decisions and have a fairly developed risk-reduction skills. Excessive risk-taking may negatively affect organizational performance (Adeiza et al., 2017).

Hypothesis 2b: firms which possess higher levels of risk taking tend to promote higher levels of service innovation.

4.3 Reactiveness

Proactiveness was related to the process of new entry, with a high level of opportunity-seeking that, ideally, firms are ahead of their competitors and successfully anticipate future customer demands (Anlesinya et al., 2015).

Proactiveness anticipates future opportunities, both in terms of products or technologies and in terms of markets and consumer demand so firms can achieve their targets, move faster to maintain advantage, and be a leader in performance because they have a greater understanding of customer needs and wants, and broader market environment than their competitors (Lechner and Gudmundsson, 2014).

Meanwhile, the proactive firms are always first entrants into a new market and they are the pioneer in their business. They called the first-mover and are leaders in the market, rather than followers (Schillo, 2011).

Hypothesis 2c: firms which possess higher levels of proactiveness tend to promote higher levels of service innovation.

5 Research Method

5.1 Research Design

In this study, the researcher used cross sectional research design, which includes observation of all population or representative sample at one specific point of time (Sekaran & Bougie, 2003). According to Frankfort & Nachmias (1993) using cross sectional survey helped to ensure that the appropriate information was collected; it is suitable for studies that required collected data on many variables. It is also appropriate for studies on wide geographical areas or large group of subjects. In addition, the cross sectional design allow researchers to investigate relationships among numerous variables as the case of this study.

The primary aim of this study is to examine effect of intellectual capital and entrepreneurial orientation on the level of service innovation in Pharmacy One Company which is a retail chain pharmacy in Jordan. In order to

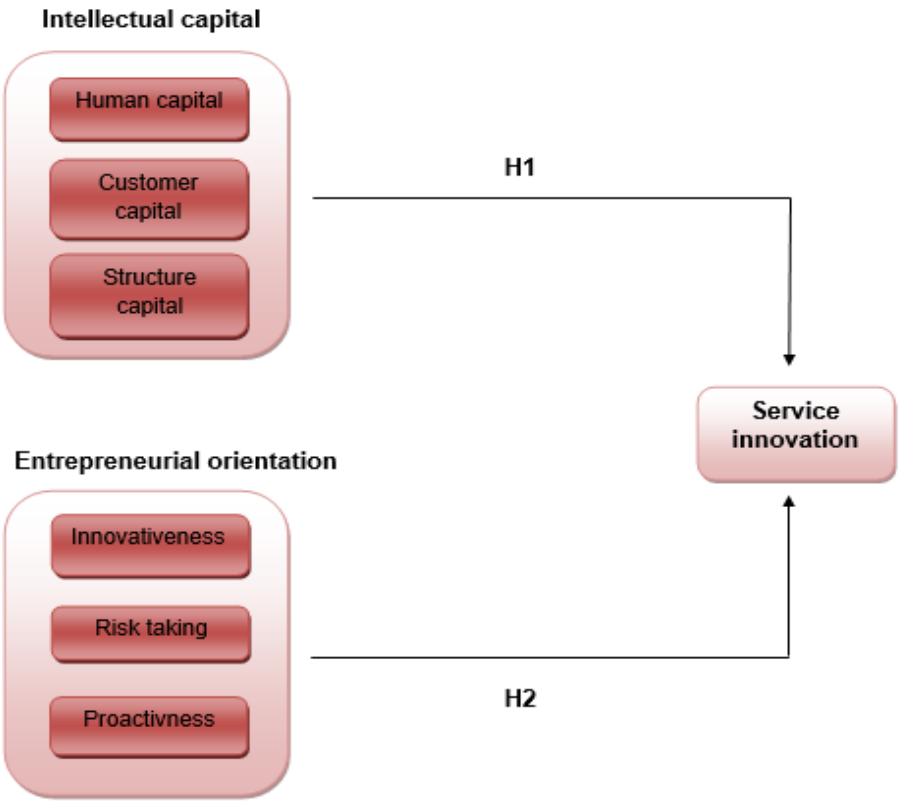

Fig. 1: Conceptual Framework

Achieve this goal, a descriptive analytical design was used and depended on survey and sample data collection.

5.2 Sample Description

We tested the model of this study using the data collected from of pharmacists who are working at Pharmacy One in Jordan and hold a managerial position at the same time. A total eighty five questionnaires were distributed to a selected sample of which 64 questionnaires were valid with the response rate of 75.29%. Of the sample about 73.4% were female and 53.1% were single. The majority of respondents (39.1%) were 26 to less than 29 years old also the work experience before attending the company that is from 1 to less than 3 years were the highest with percentage with 84.8%. Approximately, 92.2% hold a bachelor degree, and 7.8% hold a post graduate degree.

5.3 Measure

This is a cross-sectional study and a self-reported questionnaire was employed as a main research instrument to collect data from the study participants. The questions in the current survey were based on a 5-point Likert scale. Where 1, means "strongly disagree" and 5, means "strongly agree". For more details, see sections A, B, C and D regarding the study questionnaire.

Section A: Intellectual Capital : In this section the respondents were provided with a series of statements related to intellectual capital and were asked to indicate the extent to which they agree or disagree with each statement, using the five points Likert scale ranging from "1=strongly disagree" to "5= strongly agree", for the positive worded statements, high score indicate high level of intellectual capital.

Human capital: overall human capital items were measured using four items derived from (Inkinen, 2016). The respondents were provided with a related statements and were asked to indicate the extent to which they agree or disagree with each statement, using the five points Likert scale ranging from "1=strongly disagree" to "5= strongly agree", for the positive worded statements, high score indicate high level of human capital. A sample of items was "The Company is keen to attract outstanding skills to join the teams".

Customer capital: the researcher referred to Inkinen (2016) to develop the measurement that composite of three items. The respondents were provided with a related statements and were asked to indicate the extent to which they agree or disagree with each statement, using the five points Likert scale ranging from "1=strongly disagree" to "5= strongly agree", for the positive worded statements, high score indicate high level of customer capital. A sample of items was "The Company in a continuous basis seeks a direct feedback from its customers".

Structural capital: overall structural capital items were measured using five items derived from (Telbani et al., 2013). The respondents were provided with a related statements and were asked to indicate the extent to which they agree or disagree with each statement, using the five points Likert scale ranging from "1=strongly disagree" to "5= strongly agree", for the positive worded statements, high score indicate high level of structural capital. A sample of items was "The Company has tools and facilities to support cooperation among employees".

Section B: Entrepreneurial Orientation Based on the literature Review, three dimensions used to measure entrepreneurial orientation; innovativeness, risk taking, and proactiveness. This method of measurement was adopted from (Palalic and Busatlic, 2015).

In this section the respondents were provided with a series of items related to entrepreneurial orientation dimensions and were asked to indicate the extent to which they are agreeing or disagreeing with each item, using a five points Likert scale ranging from "1= strongly disagree, to 5= strongly agree" . High score indicate high level of entrepreneurial orientation.

Innovativeness: the researcher referred to Barnett et al., (2004) to develop a measurement that composite of four items. The respondents were provided with a related statements and were asked to indicate the extent to which they agree or disagree with each statement, using the five points Likert scale ranging from "1=strongly disagree" to "5= strongly agree", for the positive worded statements, high score indicate high level of innovativeness. A sample of items was "The Company seeks to employ new technology to improve its performance".

Risk taking: overall risk taking items were measured using four items derived from (Barnett et al. 2004). The respondents were provided with a related statements and were asked to indicate the extent to which they agree or disagree with each statement, using the five points Likert scale ranging from "1=strongly disagree" to "5= strongly agree", for the positive worded statements, high score indicate high level of risk taking. A sample of items was "The Company encourages risk-taking behaviors".

Proactiveness: overall proactiveness items were measured using two items derived from (Chalab, 2014). The respondents were provided with a related statements and were asked to indicate the extent to which they agree or disagree with each statement, using the five points Likert scale ranging from "1=strongly disagree" to "5= strongly agree", for the positive worded statements, high score indicate high level of proactiveness. A sample of items was "The Company tends to be the leader in introducing novel ideas or services".

Section C: Service Innovation

Based on the literature review, there are some items used to measure a service innovation and these items adopted from (Chivandi et al., 2017).

In this part, the respondents were asked in service innovation to indicate the level of service innovation, four items were listed. Using a five points Likert scale ranging from "1= strongly disagree, to 5= strongly agree". High score indicate high level of service innovation.

Example of these items is: "The Company sets high standards for the quality of the services". I see high similarity between what my organization says, and what it actually does.

Section D: Impact of Intellectual Capital and Entrepreneurial Orientation on Service Innovation

Based on the literature knowledge, the researcher lists six items to measure the Impact of intellectual capital and entrepreneurial orientation on the level of service innovation. These items of measurement were formed from all concepts and information deriving from all previous studies.

In this part, the respondents were asked about the Impact of intellectual capital and entrepreneurial orientation on the level of service innovation, using a five points Likert scale ranging from "1= strongly disagree, to 5= strongly agree". A sample of items was "The adaptation of new servi

Validity and reliability of research instrument: The face validity in the current research was obtained by the consistent effort of the researchers throughout the questionnaire development process, by relating to the literature, and by discussing and receiving feedback from academic. Also four pilot studies were conducted in order to test wording, understanding, and the time required to fill the questionnaire, and ambiguity of items. The internal consistent of research scales were tested using Cronbach's Alpha coefficient. The results of the scale's reliability display satisfactory value for all dimensions.

Results of the Study: Multiple linear regressions were conducted to test the effect of intellectual capital on the

level of service innovation. The results of regression analysis are shown in table 1.

From these results, it can be observed that structural capital is positively associated with service innovation. With rating of (R=0.7, F=18.72, P<0.05). Also it was found that intellectual capital explained a significant portion of variance in service innovation (R^2=0.49; P<0.05). Also the results of the regression indicated that there was a significant direct positive effect of structural capital on service innovation.

According to these results, hypothesis 1 is supported; firms which possess higher levels of intellectual capital tend to promote higher levels of service innovation.

Also simple linear regressions were computed for the effect of intellectual domains and service innovation, as shown in the following:

Simple linear regression was conducted to test the effect of human capital on the level of service innovation. The results of regression analysis are shown in table 2.

From these results, it can be observed that human capital is positively associated with service innovation. With rating of (□=0.579, t=5.58, P<0.05). Also it was found that human capital explained a significant portion of variance in service innovation (R^2=0.335; P<0.05). also the results of the regression indicated that there was a significant direct positive effect of human capital on service innovation, and the amount of variance accounted for by this factor was (33% (R^2=0.335, P<0.05).

These results confirm the hypothesis and thus the hypothesis is supported; firms which possess higher levels of customer capital tend to promote higher levels of service innovation.

Simple linear regression was conducted to test the effect of customer capital on the level of service innovation. The results of regression analysis are shown in table 3.

The results of regression analysis are shown in table 3. From these results, it can be observed that customer capital is positively associated with service innovation. With rating of (□=0.523, t=4.827, P<0.05). Also it was found that customer capital explained a significant portion of variance in service innovation (R^2=0.273; P<0.05). also the results of the regression indicated that there was a significant direct positive effect of customer capital on service innovation, and the amount of variance accounted for by this factor was (27% (R^2=0.273, P<0.05).

These results confirm the hypothesis and thus the hypothesis is supported; firms which possess higher levels of customer capital tend to promote higher levels of service innovation.

Simple linear regression was conducted to test the effect of structural capital on the level of service innovation. The results of regression analysis are shown in table 4.

The results of regression analysis are shown in table 4. From these results, it can be observed that structural capital is positively associated with service innovation. With rating of (□=0.676, t=7.216, P<0.05). Also it was found that structural capital explained a significant portion of variance in service innovation (R^2=0.456; P<0.05). also the results of the regression indicated that there was a significant direct positive effect of structural capital on service innovation, and the amount of variance accounted for by this factor was (45% (R^2=0.456, P<0.05).

These results confirm the hypothesis and thus the hypothesis is supported; firms which possess higher levels of structural capital tend to promote higher levels of service innovation.

Multiple linear regressions were conducted to test the effect of entrepreneurial orientation on the level of service innovation. The results of regression analysis are shown in table 5.

The results of regression analysis are shown in table 5. From these results, it can be observed that risk taking and proactiveness are positively associated with service innovation. With rating of (R=0.71, F=20.55, P<0.05). Also it was found that entrepreneurial orientation explained a significant portion of variance in service innovation (R2=0.51; P<0.05). Also the results of the regression indicated that there was a significant direct positive effect of risk taking and proactiveness on service innovation.

According to these results, hypothesis 2 is supported; firms which possess higher levels of entrepreneurial orientation tend to promote higher levels of service innovation.

Also simple linear regressions were computed for the effect of entrepreneurial orientation domains and service innovation, as shown in the following:

Simple linear regression was conducted to test the effect of innovativeness on the level of service innovation. The results of regression analysis are shown in table 6.

The results of regression analysis are shown in table 6. From these results, it can be observed that innovativeness is positively associated with service innovation. With rating of (β=0.573, t=5.505, P<0.05). Also it was found that innovativeness explained a significant portion of variance in service innovation (R^2=0.328; P<0.05). also the results of the regression indicated that there was a significant direct positive effect of innovativeness on service innovation, and the amount of variance accounted for by this factor was (32% (R^2=0.328, P<0.05).

Table 1: Multiple Linear Regressions for the Impact of Intellectual Capital on Service Innovation.

Independent variable	β	t	Sig	R	R^2	F	Sig
Human capital	0.14	1.00	0.32	0.7	0.49	18.72	0.01
Customer capital	0.15	1.23	0.23				
Structural capital	0.49	3.26	0.002				

Table 2: Simple Linear Regression for the Impact of Human Capital on Service Innovation.

Outcome	β	t	Sig.	R	R^2	F	Sig.
Human capital	0.579	5.58	0.02	0.579	0.335	31.23	0.02

Table 3: Simple Linear Regression for the Impact of Customer Capital on Service Innovation.

Outcome	β	t	Sig.	R	R^2	F	Sig.
customer capital	0.523	4.827	0.03	0.523	0.273	23.305	0.03

Table 4: Simple Linear Regression for the Impact of Structural Capital on Service Innovation.

Outcome	β	t	Sig.	R	R^2	F	Sig.
structural capital	0.676	7.216	0.04	0.676	0.456	52.064	0.04

Table 5: Multiple Linear Regressions for the Impact of Entrepreneurial Orientation on Service Innovation.

Independent variable	β	t	Sig	R	R^2	F	Sig
Innovativeness	0.23	1.91	0.060	0.71	0.51	20.55	0.04
Risk taking	0.31	2.78	0.007				
Proactiveness	0.33	2.99	0.004				

Table 6: Simple Linear Regression for the Impact of Innovativeness on Service Innovation.

Outcome	β	T	Sig.	R	R^2	F	Sig.
Innovativeness	0.573	5.505	0.000	0.573	0.328	3.305	0.000

These results confirm the hypothesis and thus the hypothesis is supported; Firms which possess higher levels of innovativeness tend to promote higher levels of service innovation.

Simple linear regression was conducted to test the effect of risk taking on the level of service innovation. The results of regression analysis are shown in table 7. Simple linear regression was conducted to test this hypothesis.

The results of regression analysis are shown in table 7. From these results, it can be observed that risk taking is Insignificantly associated with service innovation. With rating of (β=0.099, t=1.40, P<0.05). Also it was found that risk taking explained a significant portion of variance in service innovation (R^2= 0.01; P>0.05). Also the results of the regression indicated that there was an insignificant effect of risk taking on service innovation, and the amount of variance accounted for by this factor was (1% (R^2=0.01, P>0.05).

This result not confirms the hypothesis and thus the hypothesis is rejected; Firms which possess higher levels of

risk taking tend to promote higher levels of service innovation.

Simple linear regression was conducted to test the effect of proactiveness on the level of service innovation. The results of regression analysis are shown in table 8.

The results of regression analysis are shown in table 8. From these results, it can be observed that proactiveness is positively associated with service innovation. With rating of (β=0.593, t=5.793, P<0.05). Also it was found that proactiveness explained a significant portion of variance in Service innovation (R^2=0.351; P<0.05). also the results of the regression indicated that there was a significant direct positive effect of proactiveness on service innovation, and the amount of variance accounted for by this factor was (35%, R^2=0.351, P<0.05).

These results confirm the hypothesis and thus the hypothesis is supported; Firms which possess higher levels of proactiveness tend to promote higher levels of service innovation.

Table 7: Simple Linear Regression for the Impact of Risk Taking on Service Innovation.

Outcome	β	t	Sig.	R	R^2	F	Sig.
Risk taking	0.095	1.37	0.15	0.088	0.008	1.95	0.15

Table 8: Simple Linear Regression for the Impact of Proactiveness on Service Innovation.

Outcome	β	t	Sig.	R	R^2	F	Sig.
Proactiveness	0.593	5.793	0.000	0.593	0.351	33.553	0.000

6 Discussion and Recommendations

As a result of the transaction process from product orientation towards service orientation and customer relationship, service innovation becomes important as a competitive advantage and it refers to newness in the delivery of benefits. Many companies are developing their service offering to support product and customer (Gremyr et al., 2010).

It is clear from the previous results that intellectual capital and creative approach are considered one of the important reasons for the success of the company and its progress, taking into account the company's provision of qualified staff and advanced technology and its relationship with all the parties that contribute to increase the profits of the company and ease of service. In fact the company orientation to be a leader in providing new services and trying to take new ideas and develop them to be applied contributed to the access of these services to all segments of society.

It is noted from the results that the company's reputation is greatly affected by its employees and their abilities to provide the best services. This result supports the study findings of (Sung & Choi, 2014) that state the great role of the human capital in influencing the performance of the company as a whole. As the researcher noted that most of

the appointments are fresh graduates who have no experience in the labor market, this study recommends the company to focus on the development of skills and abilities of the employees through establishing of training programs which will be reflected in productivity and profitability of the company.

The company is clearly interested in the needs and desires of its customers as it seeks to obtain feedback from them in a different ways to understand and meet their wants and as a service sector seeking success and continuity, satisfying the customers is the basic goals of the company that contributes in customer retention to increase

company's profitability. The company also urges its employees to provide the best service to customers and they believe that the success of the company is based on their customers and their satisfaction with the services provided. This result is consistent with the study by (Gustaffsson et al., 2006). It is obvious from the results that the company's relations are excellent with the external stakeholder, which positively affects the profitability of the company.

In general, there are standardized procedures for all tasks in the company and this includes the general performance process of the company. The company also adopts the latest scientific and technical developments that increase and improve the level of service delivery to customers and this is shown through its sophisticated and modern system that connects the branches to each other. The company also provides the equipment, devices and systems necessary to provide the service easier and faster, leading to the success and progress of the company. This result is consistent with the study by (Yılmaz & Çömez, 2016). And this shows the importance of technology that is necessary for the continuation of work and progress and in general the company is characterized by advanced level of technology and the availability of systems and equipment. The study recommends that the company should keep up with the latest scientific and technological developments by supporting the research and development department continuously with all resources needed to perform in a high quality level.

The company is a pioneer in providing new services that aimed to give the best for its customers. These services are unique and consider a competitive advantage over their competitors. In order for these services to be of great benefit, they are linked to the company system. An example is the mobile application, through which the patient can photograph a prescription from his mobile phone and send it to the system of the branch he chose. These ideas that are applied to become distinct services increase the success of the company in the market. This result is consistent with the study by (Sánchez et al., 2011).

It should be noted here that the company is very cautious when going into risk projects and experiences, since this behavior is not considered a characteristic of the organization. It is also considered to enter a project in which risks without a deep study could threaten its position in the market. It also shows that the participation of information within the company on average requires the support of the company to increase the exchange of knowledge between employees and departments. On the other hand risk taking was significantly correlated with market share growth based on (Fairoz et al., 2010) findings. In order to encourage risk taking behavior, the researcher recommends establishing a risk management program that will support the company in profitable and risky projects.

It is clear also that the company is the leader in providing new services to the market and these is a competitive advantage for the company and through these services maintain its continuity. Also it trying to build a thought and culture related to all what is new and modern in the minds of people when the name of the company come. This result is consistent with the study by (Fairoz et al., 2010).

As previously mentioned, the service is considered the basis of the success of any company so the company here sets its standards to remain at the level required and to ensure the quality of services provided. One of the fundamentals of excellence in service providing is the knowledge of the staff which have a significant role in winning the trust and loyalty of the customers, so the study recommends that the company should build a shared information system that will provide employees with current, accurate, and up to date information needed to take decisions effectively.

The results indicate that Intellectual capital and entrepreneurial orientation affect the level of service innovation. For intellectual capital, structural capital dimension has the most significant positive impact on the level of service innovation. And for entrepreneurial orientation, proactiveness dimension has the most significant positive impact on the level of service innovation and risk taking has a negative impact on the level of service innovation. To conclude, entrepreneurial orientation dimensions; (innovativeness and proactiveness) have a significant positive impact on the level of service innovation over intellectual capital dimensions (human, customer and structural capital).

6.1 Limitation and Suggestions for Future Studies

Despite its contributions, this study has certain limitations. First, the sample of the study was limited to lower and middle level managers. The researcher recommends conducting this study in all levels of management in the future. Second the study was conducted in Pharmacy One as a retail chain pharmacy in Jordan, therefore the findings may not be generalized to other pharmacies or other different sectors. It would be important for future research to explore in other sectors and other Arab countries in order to gain more generalized findings. Third, the results of this study are based on cross-sectional and self-reported data. Longitudinal study is needed in order to build solid ground for direction of these relationships. Fourth, it would be important for future research to test the effect of demographics on the relationship between variables. Fifth, it is suggested for future research to take more and other variables that on this study.

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