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Innovative Development in Service Enterprises: A Systematic Literature Review of Evidence From 2020–2026

Mirziyo Ulugbek ogli Mirzaahmedov¹

1. Samarkand Institute of Economics and Service, Faculty of Economics, Student of Group IK-124

* Correspondence: mirziyomirzaaxmedov@gmail.com

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Abstract: This study examines the drivers, typologies, and outcomes of innovative development in service-sector enterprises and synthesizes empirical evidence published between 2020 and 2026 to build an integrated understanding of how service firms create and sustain competitive advantage through innovation. The paper adopts a systematic literature review combined with thematic content analysis. Peer-reviewed articles indexed in Scopus, Web of Science, and Google Scholar between 2020 and 2026 were screened against defined inclusion and exclusion criteria; the retained studies were coded into thematic categories covering technological, organizational, marketing, and business-model innovation and synthesized into a comparative typology and conceptual framework. Digital transformation, research-and-development intensity, and human-capital development emerge as the most frequently cited drivers of innovative development among service enterprises. Firms that combine several innovation types simultaneously report stronger performance outcomes than those relying on a single channel, while small and medium-sized service enterprises continue to face resource and skill constraints that slow adoption. The paper offers an integrated framework linking innovation typology to enterprise-level outcomes specifically within the service sector, an area historically underrepresented relative to manufacturing-focused innovation research, and clarifies how service-specific characteristics reshape generic innovation models. Managers of service enterprises should prioritize building digital and human-capital capabilities as a foundation for innovation, while policymakers should design differentiated innovation-support instruments that address the specific resource constraints of small and medium-sized service firms. Because the study relies on secondary literature rather than primary firm-level data, its conclusions are necessarily general; future research should test the proposed framework using primary quantitative data collected from service enterprises operating in transition economies such as Uzbekistan.

Keywords: innovative development; service enterprises; digital transformation; innovation management; competitive advantage; sustainable performance

1. Introduction

Service industries now account for the largest share of output and employment in most national economies, and their weight in global value creation has continued to rise as digital technologies blur the boundary between products and services. Because service enterprises operate under conditions that differ fundamentally from manufacturing-intangibility of output, simultaneity of production and consumption, heterogeneity of delivery, and the perishability of unsold capacity-the mechanisms through which they innovate, and the outcomes that innovation produces, cannot simply be inferred from the manufacturing-centered innovation literature that has historically dominated the field.

The period from 2020 to 2026 has been particularly consequential for service-sector innovation [1]. The disruption caused by the COVID-19 pandemic forced service firms-

from hospitality and retail to financial and professional services-to accelerate digital adoption, redesign customer-facing processes, and rethink business models within a compressed timeframe. Subsequent research has documented how digital transformation reshaped competitive dynamics in the service sector, with peer-driven imitation, platform-based delivery, and data-enabled decision-making becoming central features of the post-pandemic operating environment [2], [3]. At the same time, sustained macroeconomic pressure, rising customer expectations, and intensifying competition have kept innovative development at the center of strategic management agendas for service enterprises of all sizes.

Despite this practical significance, the academic literature on service innovation remains comparatively fragmented. Studies examine digital transformation, new service development, organizational innovation, or business-model innovation largely in isolation, and evidence is dispersed across disciplines including strategic management, marketing, information systems, and tourism and hospitality research. Comparatively few contributions attempt to integrate these strands into a single framework that explains how different types of innovation interact to produce enterprise-level outcomes specifically within services, and fewer still address the situation of service enterprises operating in transition and emerging economies, where resource constraints and institutional conditions differ markedly from those studied in the dominant Chinese, European, and North American datasets [4], [5].

This paper addresses that gap by systematically reviewing peer-reviewed literature published between 2020 and 2026 on innovative development in service enterprises. The specific objectives are: (i) to identify the principal typologies of innovation documented in the literature and the mechanisms through which they operate; (ii) to synthesize the empirical evidence on the drivers and outcomes of innovative development in service firms; and (iii) to derive a conceptual framework and practical implications that are relevant to managers, policymakers, and researchers, including those working in the context of developing and transition economies. The remainder of the paper is organized as follows. Section 2 describes the review methodology [6]. Section 3 presents the results of the synthesis, including a typology of innovation forms and a conceptual framework. Section 4 discusses the findings in relation to existing theory and practice. Section 5 concludes and outlines directions for future research.

2. Materials and Methods

This study uses a systematic literature review method informed by the PRISMA reporting logic, combined with thematic content analysis. The search was conducted in Scopus, Web of Science, and Google Scholar using combinations of the keywords "innovation," "innovative development," "service enterprise," "service innovation," "digital transformation," and "competitive advantage." The search was restricted to peer-reviewed journal articles and editorials published in English between January 2020 and August 2026, in order to capture the most recent evidence, including the acceleration of digital transformation following the COVID-19 pandemic.

Inclusion criteria required that a study (a) address innovation, innovative development, or digital transformation at the level of the enterprise or firm; (b) focus wholly or partly on service-sector organizations, including hospitality, financial, professional, retail, and platform-based services, or provide findings that are explicitly generalizable to service enterprises; and (c) report empirical findings, a systematic review, or a conceptual framework. Studies that addressed innovation exclusively at the macroeconomic or national-policy level, without firm-level implications, were excluded, as were non-peer-reviewed sources such as trade reports and unrefereed working papers.

After removing duplicates and screening titles and abstracts, the retained set of studies was read in full and coded manually into four thematic categories:

technological/digital innovation, product/service innovation, organizational innovation, and marketing/business-model innovation, with a fifth category capturing institutional and policy-level enablers. Coding was cross-checked for consistency across categories. The coded findings were then synthesized using a comparative-analytical method: results were grouped by innovation type, compared across studies for convergence and divergence, and used to construct a typology table and a conceptual framework diagram that structure the presentation of results in Section 3.

3. Results

This section reports the findings of the review without interpretation; the analytical discussion of these findings is presented separately in Section 4.

The reviewed literature converges on the identification of four principal innovation types operating within service enterprises, together with policy and institutional conditions that enable them. Table 1 summarizes this typology, listing the core characteristics of each innovation type, the studies in which it is documented, and its reported effect on enterprise performance [7].

Table 1. Typology of innovation identified in service enterprises across reviewed literature (2020–2026)

Innovation type	Core characteristics	Reported effect on enterprise performance
Technological / digital innovation	Adoption of digital platforms, cloud computing, data analytics and AI-based tools in service delivery	Improves short- and long-term financial performance; effect on exploratory innovation is mixed
Product / service innovation (new service development)	Design and launch of new or substantially improved services following a structured development process	Raises new-service quality and market performance, strongest when supported by top management
Organizational innovation	New management and control models, decentralization, human-capital and talent development	Acts synergistically with technological and policy innovation to enable high-quality development
Marketing / business-model innovation	Market-oriented and green-marketing strategies, business-model redesign	Strengthens sustainable competitive advantage, particularly among small and medium-sized enterprises
Policy / institutional innovation	Regulatory frameworks, public R&D support and institutional incentives for innovation	A necessary but, on its own, insufficient condition for sustained enterprise-level development

Across the reviewed studies, technological and digital innovation is the most frequently examined category. Empirical work based on listed Chinese service enterprises finds a significant industry peer effect in digital transformation, driven primarily by rivalry-based imitation, which strengthens short and long-term financial performance but reduces exploratory innovation [8]. Complementary evidence indicates that the digitalization level of user experience and product/service delivery in many firms remains lower than the digitalization level of internal technology application, and that national

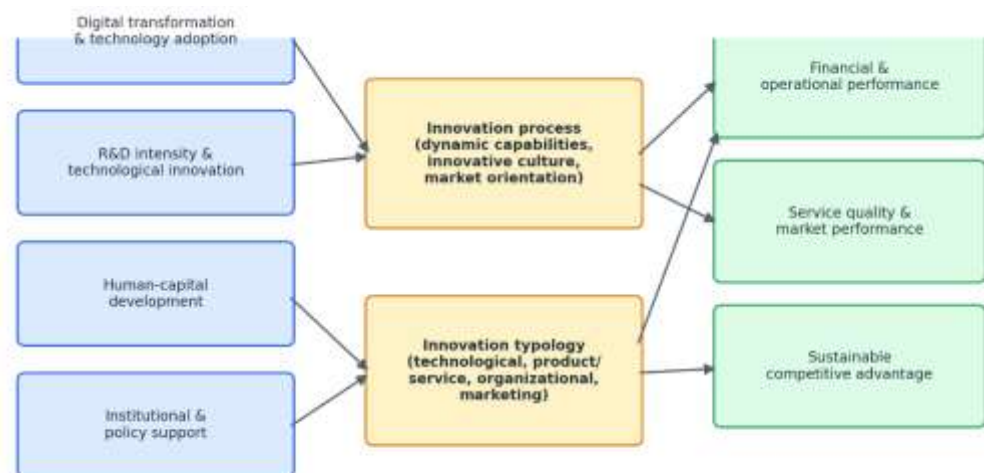
digital-economy output reached 50.2 trillion yuan, or 41.5 percent of GDP, in China in 2022 [9]. Studies of open innovation performance report that digital transformation strengthens firms' dynamic digital-innovation capability, which in turn drives open innovation outcomes, with the effect being more pronounced among high-technology and non-state-owned enterprises [10].

For product and service innovation, a study of 133 hotels finds that both innovative culture and market orientation positively affect the excellence of the new service development process, with top-management support exerting the strongest effect of the three; process excellence, in turn, raises new-service quality and subsequently strengthens market performance. For organizational innovation, an analysis of 176 A-share listed strategic-emerging enterprises using necessary-condition analysis and fuzzy-set qualitative comparative analysis finds no single necessary condition for high-quality development; instead, high-quality development results from the synergistic interaction of technological innovation, talent innovation, and policy innovation, with research-and-development investment identified as a consistently pivotal factor. Related evidence from Chinese enterprise groups shows that digital transformation is associated with a shift toward decentralized management control modes, operating through improvements in internal control quality [11].

For marketing and business-model innovation, a study of Pakistani small and medium-sized enterprises across five service sectors finds that service-innovation competence and tactical green-marketing orientation have significant direct and indirect effects on sustainable business performance. Systematic reviews of technology-driven sustainability in small and medium-sized enterprises report that digital transformation and innovation capabilities function as key mediators of sustainable competitive advantage, but also confirm that limited financial resources and technological expertise constrain the depth of adoption in this segment. Finally, several editorials and reviews note that institutional and policy-level conditions-including public research-and-development support, intellectual-property frameworks, and regulatory design-recur across studies as enabling, but not by themselves sufficient, conditions for enterprise-level innovative development [12].

Figure 1 synthesizes these results into a conceptual framework. It groups the drivers identified in the literature (digital transformation and technology adoption, research-and-development intensity, human-capital development, and institutional/policy support) on the left, the mediating innovation process and typology in the center, and the reported enterprise-level outcomes (financial and operational performance, service quality and market performance, and sustainable competitive advantage) on the right.

Figure 1. Conceptual framework of innovation-driven development in service enterprises



4. Discussion

The results indicate that innovative development in service enterprises is best understood not as a single act of adoption but as the joint outcome of several interacting innovation types. This pattern is consistent with the distinctive characteristics of services identified in the introduction: because service output is intangible and is produced and consumed simultaneously, technological innovation alone rarely translates into superior performance unless it is accompanied by organizational adaptation—new decision rules, control structures, and human-capital investment—that allow the technology to be embedded in the service-delivery process [13]. This helps explain why the necessary-condition and configurational analysis of strategic emerging enterprises finds no single sufficient driver of high-quality development, but rather a synergistic combination of technological, talent, and policy innovation.

The centrality of digital transformation across nearly every reviewed study reflects the fact that digital technologies simultaneously affect the front-office (customer-facing) and back-office (operational) dimensions of service delivery, a duality that is far less pronounced in manufacturing contexts [14]. However, the finding that digital transformation improves financial performance while, under conditions of rivalry-based imitation, diminishing exploratory innovation is a genuinely important tension for service-enterprise strategy. It suggests that when firms adopt digital technologies primarily to match competitors rather than to pursue independently generated capabilities, they may secure short-term financial gains at the cost of longer-term innovative capacity. This distinction between imitative and exploratory digital adoption has received comparatively little attention in the broader innovation-management literature and represents a productive avenue for further theoretical development, potentially informed by dynamic-capabilities theory and service-dominant logic, both of which emphasize the recombination of resources over the mere acquisition of technology.

The evidence on new service development reinforces this interpretation from a process perspective: innovative culture and market orientation raise the excellence of the development process, but the effect of top-management support is stronger than either, indicating that governance and leadership commitment—an organizational-innovation variable—is at least as important as culture or market intelligence in translating service ideas into market success [15]. Read together with the SME-focused evidence, a clear asymmetry emerges between large, often state-supported or listed enterprises and small and medium-sized service firms. Large enterprises studied in the Chinese and European literature typically possess the capital, R&D infrastructure, and managerial capacity to combine multiple innovation types simultaneously, which is consistent with their reported performance advantages. Small and medium-sized service enterprises, by contrast, more often pursue a narrower set of innovations—commonly marketing- or business-model-oriented—constrained by limited financial resources and digital-skill shortages, even where sustainability and green-marketing orientation are shown to meaningfully improve performance [16], [17].

This asymmetry carries direct relevance for transition and emerging economies, including Uzbekistan, where the service sector is expanding rapidly but is dominated numerically by small and medium-sized enterprises with constrained access to capital and digital infrastructure. The reviewed evidence suggests that policy instruments designed primarily around large, listed, or state-supported firms—such as broad R&D tax incentives—are unlikely by themselves to close this gap; differentiated instruments that address digital-skill formation, affordable access to cloud and data-analytics tools, and support for market-oriented business-model redesign appear better matched to the constraints documented for smaller service firms. At the institutional level, the finding that policy and regulatory innovation functions as a necessary but not sufficient condition implies that innovation-support policy is most effective when it is coordinated with, rather than substituted for, firm-level investment in technology and human capital [18].

Taken together, the discussion suggests three theoretical implications. First, innovation typologies developed for manufacturing firms require adaptation before they can be applied to services, because the mediating role of organizational and human-capital innovation appears structurally more important in service contexts. Second, the imitative-versus-exploratory distinction in digital transformation deserves explicit incorporation into service-innovation frameworks, since it changes the interpretation of otherwise similar financial-performance outcomes. Third, firm size functions less as a simple performance moderator and more as a structural constraint on which combinations of innovation are feasible at all, which has direct implications for how differentiated, rather than uniform, innovation-support policy should be designed.

5. Conclusion

This paper set out to synthesize the evidence on innovative development in service enterprises published between 2020 and 2026 through a systematic literature review and thematic content analysis. The review identified five interrelated categories of innovation relevant to service enterprises-technological/digital, product/service, organizational, marketing/business-model, and policy/institutional-and showed, through the synthesized typology and conceptual framework, that these categories operate jointly rather than independently in producing enterprise-level outcomes such as financial performance, service quality, and sustainable competitive advantage. The findings confirm that digital transformation, research-and-development intensity, and human-capital development are the most consistently documented drivers of innovative development in the service sector, while organizational adaptation and top-management support determine whether these drivers are converted into improved service quality and market performance. At the same time, the review highlights a persistent asymmetry between large, resource-rich service enterprises capable of combining multiple innovation types and small and medium-sized service firms that remain constrained in the scope and depth of innovation they can pursue. The paper contributes to the literature by integrating previously fragmented strands of research-digital transformation, new service development, organizational innovation, and business-model innovation-into a single framework specific to the service sector, addressing a gap left by the predominance of manufacturing-oriented innovation studies. For practitioners, the findings imply that innovative development strategies should not rely on technology adoption alone but should be paired with deliberate organizational redesign and human-capital investment. For policymakers, particularly in transition economies where small and medium-sized service enterprises predominate, the results support differentiated innovation-support instruments that lower the specific barriers facing smaller firms rather than uniform, large-enterprise-oriented incentives. The study is limited by its reliance on secondary, previously published literature rather than newly collected primary data, and by the geographic concentration of the underlying empirical studies in China, Europe, and selected emerging markets, which constrains the direct applicability of the findings to other national contexts. Future research should test the proposed framework using primary survey or panel data collected from service enterprises operating in under-represented transition economies, including Uzbekistan, and should further investigate the distinction between imitative and exploratory digital transformation identified in this review as a determinant of long-run innovative capacity.

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