Toward a Service (Eco)Systems Perspective on Value Creation

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ABSTRACT

This article discusses how the core concepts of service-dominant logic—service-for-service exchange, value co-creation, value propositions, resource integration, and highly collaborative relationships—point to a generic actor conceptualization in which all actors engaged in exchange (e.g., firms, customers, etc.) are viewed as service providing, value-creating enterprises. In other words, all social and economic actors are essentially doing the same thing: creating value for themselves and others through reciprocal resource integration and service provision. The authors suggest that this generic actor-to-actor (A2A) orientation, in turn, points toward the dynamic and systemic nature of social and economic exchange. To account for the complexity, indeterminacy, and viability of these dynamic systems, they highlight the importance of general systems theory, complexity theory, and the viable systems approach and propose that cross-disciplinary scholarly efforts are necessary in order to develop models and frameworks that can simplify the complexity of social and economic exchange in meaningful ways and ultimately inform practice and public policy.

Keywords: Actor-to-Actor (A2A), Exchange, Service Models, Service-Dominant Logic, Service-for-Service Exchange, Value Co-Creation

1. INTRODUCTION

In today’s progressively complex and interconnected world, it is becoming increasingly clear that all actors rely on voluntary exchange of applied skills and competences for their mutual well being (Vargo & Lusch, 2004, 2008a). However, while the networked and systemic nature of this exchange is increasingly recognized, the full extent of the interconnected, massively collaborative, and systemic nature of value (co)creation seems to be often underappreciated and not well understood. A key component of this systemic approach is the notion that all social and economic actors are essentially doing the same thing: creating value for themselves and others through reciprocal resource integration and service provision. That is, though we have been conditioned to think otherwise by the traditional logic of economic exchange and the related academic silos that are often based on this logic, the disparate actor categories of

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“producer” and “consumer” are artificial and restrict understanding (Vargo & Lusch, 2011a; Vargo, Maglio, & Akaka, 2008).

However, as suggested in Vargo and Lusch (2011a), academic thought from many disciplines is evolving toward a new and needed logic of and for the market (and society), what has now become called “service-dominant (S-D) logic.” We see this continuing, collaborative movement as an important contribution toward a more-unified, theoretical conceptualization and framework, in which service provision is viewed central to value creation and holistically, embedded in reciprocal systems of exchange.

Arguably, the first step toward a systemic understanding was the transcending conceptualization of “service” to overcome the “goods” versus “services” divide and the related, refocused notion that “it is all about service” (Vargo & Lusch, 2004, 2008a). A further, more recent step has been the replacement of the separate concepts of a “producer,” as a creator of value, and a “consumer,” as a destroyer of value, with a more generic conceptualization of economic (and social) actors who reciprocally create value in complex systems, what we call “service ecosystems” (Vargo & Lusch, 2011a) and what “service science” (e.g., Maglio & Spohrer, 2008) refers to simply as “service systems.” Though there are nuanced differences, the core conceptualizations are similar in form and intent. The objective of this paper is to further explore the thinking behind this holistic, dynamic, and systemic view of value creation in S-D logic and service science. Furthermore, we will show that value can be conceptualized in terms of a change in the viability of a system and explore some of the directions necessary to further understand its contextual and systemic nature.

We structure this paper as follows: First, we briefly contrast G-D and S-D logic and reiterate how the latter provides a more robust theoretical foundation for social and economic exchange (see also Vargo & Lusch, 2004, 2008a) than the former. We then highlight the importance of systemic thought and introduce the “service ecosystem” concept and note why an actor-to-actor (A2A) orientation is essential to the ecosystem perspective.

Second, we suggest that a fuller exploration of the dynamic and complex nature of service (eco)systems requires drawing on other systems perspectives, such as general systems theory (GST), complexity theory, and the viable systems approach (vSa). Essentially, we suggest that S-D logic and service science both point toward a need for a systemic understanding of value and value creation and that drawing on the mentioned systems theories can help us to better understand value creation processes.

2. GOODS-DOMINANT LOGIC

Vargo and Lusch (2004, 2008a) distinguish between two main perspectives on economic exchange and value creation. The traditional view is based on the underlying assumption that goods—units of output—are the bases for exchange. The root of this traditional perspective, referred to as “goods-dominant (G-D) logic,” can be traced back at least to Smith (1776) and his seminal work on The Wealth of Nations. In the context of the eighteenth century, with its limitations on personal travel and lack of electronic communication, Smith viewed the export of tangible goods (products) as the primary source of national wealth and reserved the word “production” to refer to their creation. This goods-centered view took hold and formed the foundation for economic science and, later, for the business disciplines, including marketing thought (Vargo & Morgan, 2005).

According to G-D logic, the purpose of a firm is the production and distribution of units of output (products, goods), which are seen as having become embedded with value during the production (manufacturing, or agricultural or extraction) process. In G-D logic, the customer is thus seen as a “consumer,” or destroyer of the value created by the firm (Normann, 2001). “Services” (usually plural) are, through a G-D logic lens, either viewed as add-ons to goods (e.g., after-sale service) or special types of products and are often treated as somewhat...
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