5th Forum on Markets and Marketing
13-16 June, 2016
Venice, Italy

Conference Proceedings

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FMM2016 Organising Committee

About the Service Systems Group at WMG

About Warwick in Venice

With Thanks To Our Sponsor: HARRIET
About the 5th Forum on Markets and Marketing (FMM2016)

The 5th biennial Forum on Markets and Marketing (FMM2016) was hosted by the Service Systems Group at WMG, and was held from June 13-16, 2016, at the 15th century Palazzo Pesaro-Papafava, the University of Warwick’s location in Venice, Italy. This year’s Forum included a Doctoral Consortium on June 13 from 1-5pm.

FMM was established in 2007 and became a reality in 2008 when the inaugural Forum on Markets and Marketing (FMM2008), was held at the University of New South Wales, Australia. Equally successful forums (FMM2010, FMM2012, FMM2014) have been held in Europe and New Zealand, and FMM2016 built on the sound foundations of these previous Forums.

The purpose of FMM is to advance the development of Service-Dominant (S-D) logic by focusing on foundational issues related to markets and marketing and exploring the cross-disciplinary foundations and extensions of S-D logic. Accomplishing this purpose is facilitated by a small number of scholars actively engaging in dialogue and discussion, as well as occasional debate, over several days rather than the formal presentation of research papers.

Forum Themes
Building on previous FMM themes – including co-creation, resource integration, effectual logic, markets and practices, institutions and institutional logics, service ecosystems, innovation, complex systems, and value, values, symbols, and outcomes – FMM2016 has chosen three themes along with suggested sub-themes, all with an emphasis on their relationship to the S-D logic framework:

1. Institutions and Service Ecosystems
   • Institutional logics and the work of institutions
   • Resiliency and agility in service ecosystems
   • Governance issues in service ecosystems
   • Customer (“consumer”) involvement/engagement
   • Role of shared institutions
   • System viability (wellbeing, value)
   • Supply chain management from a service ecosystems perspective
   • Modelling large-scale service ecosystems
   • Risk assessment in large-scale service ecosystems
   • Language and sign systems
   • Complex adaptive systems thinking
   • Nature as service (ecosystem services)

2. Micro-Foundations and Mid-Range Theory
   • Effectuation theory
   • Resource theory
   • Dynamic capabilities
   • Open innovation
• Jobs-to-be-Done approach to innovation
• Stakeholder theory
• Triple bottom line
• Work systems
• Platform businesses
• Risk management
• Design thinking and design science
• T-skills
• Performance/value-based contracting

3. Information Technologies, Liquefaction and Emergence of Socio-Cyber-Physical Objects
• Liquefaction and density
• Consumer experiences, engagement and relationships with socio-cyber-physical objects
• New institutions, logic, corruptibility and power for socio-cyber-physical objects
• Diffusion and institutionalisation of socio-cyber-physical objects as service
• New transaction boundaries, markets and business models for socio-cyber-physical objects as service
• Open innovation and design of socio-cyber-physical objects as service
• Organisational forms in a digital service ecosystem
• Big data and the Internet-of-Things
• 3-D printing

Research Outcomes
Among the many ways to examine the results of FMM is to relate it to published articles that were a direct result of FMM. Of course there are many other measures such as network building, critical insights obtained, co-development of research agendas, making new friends and other results. In terms of published articles the following results are noteworthy.

Previous Forums have resulted in the following publications:

• FMM(2012) resulted in a special issue of Marketing Theory, comprising numerous articles, published in 2014.
• FMM(2014) resulted in a special issue of the Journal of Business Research.

FMM2016 will result in special issues in Service Science and Journal of Service Management. Participation in these special issues are open to non-attendees.
Exactly How Do Resources ‘Become’? An Investigation Into The Antecedents Of Resource Integration  
Peter Ward & David Reynolds

A Balanced Scorecard & Service-Dominant Logic-based Framework for the Strategic Management of Science & Technology Parks  
Juliane Ribeiro, Ricardo Veiga, Marcelo Ladeira, Agnaldo Higuchi, Adriana de Faria

Advancing Microfoundational Theorizing in Service Research: Resource Integration Readiness in Service Ecosystems  
Ilias Danatzis, Ingo Karpen, Michael Kleinaltenkamp

Extending The Service Ecosystems Perspective On Market Evolution  
Kaisa Koskela-Huotari & Per Skålén

The Impact of Resource Integration Practices in Collaborative Innovation on Service Beneficiaries’ Value Creation  
Carolin Wernicke

Contextualising S-D Logic with Engagement Patterns using a Microfoundational Approach  
Julia A. Fehrer, Herbert Woratschek, Roderick J. Brodie
Exactly How Do Resources ‘Become’? An Investigation into the Antecedents of Resource Integration

Peter Ward & David Reynolds (University of Warwick, UK)

Aim of the paper - It is fundamental to Service-Dominant (S-D) Logic that “resources are not; they become” (Zimmermann 1933, p3; Chandler & Vargo, 2011; Lusch & Vargo, 2014; Peters et al. 2014). This paper responds to Peters et al’s call for “further work on the theory of resource integration” by examining its antecedents. Specifically, we look at the role agency plays in the appraisal of and action upon potential resources which transforms them into realised resources (Lusch & Vargo, 2014).

Background - According to S-D logic, value co-creation occurs as a result of resource integration. Peters et al. (2014) described resource integrators as actors with agency (having the ability to make decisions) using operant resources (knowledge and skills) to act on operand resources (such as objects) in the resource-integration process. The view resources as being “highly dynamic functional concepts; that is, they are not, they become” (Zimmermann, 1951: 814–815 as quoted in Peters et al., 2014, emphasis in original).

It is clear that actors with agency integrate resources once they have “become”. However the focus of S-D logic has been on resource integration and not the prior “becoming” of resources. Lusch & Vargo (2014) refer to “appraisal and action, which then transforms potential resources into realised resources” but it is unclear by what process this occurs.

Discussion - Terms like “resourceness” and “realized resources” (Luch & Vargo, 2014) don’t fit naturally into existing S-D logic lexicon. We propose other words can be used which are more appropriate and support a clarification of what is actually going on. We introduce the term ‘asset’ to mean a potential resource that the resource integrator has access rights to, but has not yet “become” a resource.

We propose that the agency of the resource integrator is applied at three stages in the process: Stage 1: The appraisal and acceptance of the value proposition of a potential asset, at which point it becomes an asset; Stage 2: Further appraisal and, if necessary, action upon the asset in preparation for integration; Stage 3: The integration of the asset as a resource with other resources.

Conclusion - We have attempted to clarify the process by which value propositions become resources through the application of agency prior to resource integration. We recognise that this is just one point of view and hope to provoke discussion around this topic.
A Balanced Scorecard and Service-Dominant Logic-based Framework for the Strategic Management of Science and Technology Parks

Juliane Ribeiro, Ricardo Veiga, Marcelo Ladeira (Federal University of Minas Gerais, Brazil), Agnaldo Higuchi (Federal University of the Valleys of Jequitinhonha and Mucuri, Brazil), Adriana de Faria (Federal University of Viçosa, Viçosa/MG, Brazil)

Over time, Science and Technology Parks (STPs) are playing an increasingly influential role in the stimulation and growth of the knowledge economy. Based on the Triple Helix Model of university-industry-government relationships (Etzkowitz & Leydesdorff, 1999), STPs work as catalysts of sustainable regional development through innovation. These service ecosystems provide infrastructure and conditions to the creation and growth of technology-based enterprises, as they enable knowledge exchanges between universities and companies (Vilà & Pagès, 2008). Challenges in the governance of STPs include the alignment and integration of actors and organizations, the evaluation of performance and accountability, and the proper identification of improvement opportunities (Bigliardi, Dormio, Nosella, & Petroni, 2006; Dabrowska, 2011; Monck & Peters, 2009). There is a dearth of studies that address issues concerning the governance of STPs and a lack of clarity regarding the performance of these organizations (Phan, Siegel, & Wright, 2005). Thereby, to advance the research on Science Parks it is important to understand their role in the value chain of their different stakeholders.

In order to tackle such issues, we have proposed a performance management model, which combines theoretical premises of the Service-Dominant Logic (Vargo & Lusch 2006; Lusch & Vargo 2014), Balanced Scorecard (Kaplan & Norton, 1997; 2000; 2004), and the General Hierarchical Model (Mowen & Voss, 2008). Based on a multiple-case exploratory and qualitative study, data were collected through semi-structured interviews with institutional managers, direct observation, and the scrutiny of documents. Using thematic analysis (Bardin, 2000), relevant data about strategic planning and management in STPs were extracted and supported the design of a performance hierarchical model as a chain composed of five dimensions: 1) Learning & Growth, 2) Internal Processes, 3) Tenant Companies, 4) Science, Technology & Innovation, and 5) Sustainable Socioeconomic Development. This reference management model proposes that value creation begins mainly with operant resources or intangible assets such as human, information and organizational capital. The indicators of this abstract dimension were connected in cause-effect relations with other model measures like critical internal processes, customers and results for the major stakeholders (university and government). Thereby, to understand the underpinnings of STPs' technological results and contribution to sustainable socioeconomic development, the proposed framework was aimed to explain how value co-creation can result from the combining endeavours of different actors and from the effective resources integration and value proposition. Some limitations of this background study were the small number of cases examined and the narrow geographical context where the analysed STPs are located.

Overall, we hope that the proposed framework may provide useful insights for STP's managers and for decision making in related public and private sector organizations, supporting the strategic management and evaluation of investments in Science and Technology Parks.
Advancing Microfoundational Theorizing in Service Research: Resource Integration Readiness in Service Ecosystems

Ilias Danatzis (Freie Universität, Germany), Ingo Karpen (RMIT University, Australia), Michael Kleinaltenkamp (Freie Universität, Germany)

To date, research on service-dominant (S-D) logic and value co-creation either elaborates on the means by which actors co-create value or, more recently, investigates how activities of actors are coordinated through institutions. Recently, this resulted in an update of S-D logic's premises and axioms that emphasizes the crucial role of institutions in shaping large-scale interaction and coordination involved in value co-creation processes. While this elaboration is necessary, we argue that current S-D logic theorizing is significantly limited by the lack of theoretical insight regarding micro-level conditions facilitating value co-creation in service ecosystems. In line with several research streams criticizing S-D logic's rather abstract nature and overall orientation toward aggregated societal-level phenomena, we argue that much analytical rigor and theoretical depth can be gained by developing microfoundations of value co-creation in service ecosystems.

The purpose of our paper is thus to unpack value co-creation in microfoundational terms. To this end, it is imperative to elaborate on the micro-level properties of individual human actors that facilitate individuals to engage in multiple resource integration efforts. In line with emergent research on micro-institutionalization and institutional work, we argue that this comprehension necessitates an in-depth consideration of an individual's cognition, emotion, interaction, and motivation. Accordingly, in this paper, we introduce, discuss, and theorize the role of resource integration readiness (RIR) in providing a solid microfoundation of value co-creation. More specifically, drawing on research from marketing, psychology, management, and institutional theory, our concept of RIR systematically pins down a comprehensive portfolio of individual-level abilities and motivational drivers that allow human actors to engage in resource integration efforts within their institutional context.

Theoretically, this research represents one of the first attempts in marketing literature to systematically develop a microfoundation of value co-creation. By conceptualizing RIR, and theorizing respective research propositions in the context of service ecosystems, this research critically extends S-D logic reasoning, as it pins down the nature and composition of micro-level properties that allow human actors to participate in multiple resource integration activities. In doing so, we crucially complement S-D logic's recent zooming-out movement by respective zooming-in efforts, advancing thus its explanatory power, applicability, and managerial relevance.

From a managerial perspective, this research will help service providers to better understand why individuals such as customers, employees or patients fail or succeed in making beneficial use of their proposed offerings. In line with emergent research on transformative service research, understanding the RIR of beneficiary actors will guide service providers to design service ecosystems that will facilitate individual and societal well-being. Taken together, we believe that this paper will help to provide explicit guidance for much-needed empirical research in the context of S-D logic.
Extending the Service Ecosystems Perspective on Market Evolution

Kaisa Koskela-Huotari (CTF Service Research Center, Karlstad University, Sweden & VTT Technical Research Centre of Finland, Finland) & Per Skålén (CTF Service Research Center, Karlstad University, Sweden)

Purpose - The purpose of this paper is to extend the emerging service ecosystems perspective on markets and their evolution. We accomplish this purpose by drawing on institutional theory and a case study of the creation of the mobile financial services market in Serbia.

Theoretical Foundations - An increasing number of studies has identified institutions as the key constructs for understanding markets and their dynamics (e.g. Dolbec & Fischer, 2015; Ertimur & Coskuner-Balli, 2015). S-D logic shares this view (Vargo & Lusch, 2016; Vargo, Wieland, & Akaka, 2015) and describes markets as “institutionalized solutions” (Lusch & Vargo, 2014, p. 25). We draw on institutional theory connecting institutional change with the notion of framing (e.g. Benford & Snow, 2000; Werner & Cornelissen, 2014) to better understand how markets as institutional solutions evolve.

Methodology/approach - To understand the framing processes related to market evolution, we studied the ‘emergence’ of the online bank Telenor Banka and the creation of the mobile financial services market in Serbia. We interviewed key actors of Telenor (at the Head office, Telenor Serbia, and Telenor Banka), National Bank of Serbia, several consultancy firms, software and systems providers as well as individual consumers to understand the framing efforts of the multiple actors involved in the market reformation. In coding the data, we focused on identifying the evolving framing process and the resulting transformation of the market.

Findings - The findings of our case study suggest that when creating and transforming markets, actors use various institutional arrangements, not just to reframe the institutionalized solutions, but also to problematize, i.e. reframe the underlying assumptions forming the problems that solutions are solving. In the case of the “emergence” of Telenor Banka, we identified five different framing phases in the problem-solution configuration that resulted in the creation of the mobile financial services market in Serbia.

Conclusion - In this paper, we extend the emerging institutional approach on markets by conceptualizing markets not as institutionalized solutions, but as institutionalized problem-solution configurations. Our paper suggests that actors can use institutional complexity, i.e., multiple institutional arrangements inherent in service ecosystems, as sense-making frames to reframe these problem-solution configurations. The creation and transformation of markets is in this paper, thus, understood as an iterative coevolution process of problems and solutions. Drawing on a study of Telenor Banka the paper traces the evolution of the problem-solution configuration that enables Telenor to change its business logic from a telecom operator to a customer-centric provider of mobile financial services in Serbia.
The Impact of Resource Integration Practices in Collaborative Innovation on Service Beneficiaries' Value Creation

Carolin Wernicke (Freie Universität, Germany)

Purpose/Phenomenon – The purpose of this study is to analyse the nature of collaborative innovation (co-innovation) from a Service-Dominant Logic and practice-based perspective of resource integration, taking a beneficiary perspective in an innovation partnership. The resource integration practices (access, adaptation, mobilization, internalization, transformation and application of resources) and underlying practice elements (activities, background knowledge and objects) are analysed along the co-innovation process phases. The objective is to understand the process and elements of resource integration as integral part of innovation and value creation in detail and to provide a starting point to overcome the frequent failures in co-innovation projects that occur in practice.

Methodology – The qualitative study underlying this paper focuses on the co-innovation practices of twenty-two companies of different size and industry. It employs the Gioia methodology of data analysis to abductively revise the elements of the conceptual framework that was derived from literature in the areas of S-D Logic, innovation and practice theory.

Findings – In this article, the application and adaptation of the conceptual framework provide insights how resources are integrated and allows the identification of potential weaknesses and barriers in the practices and co-innovation phases. Among the identified barriers are, for example, inadequate communication, missing cooperative capability or a lack in resources for collaboration. Moreover, several roles that beneficiaries assume during resource integration in the co-innovation process can be distinguished. There are, for example, some actors that engage in the co-innovation process that assume the role of an “initiator” as they recognize the lack of resources and initiate the collaboration. Others are “coordinators” as they manage and synchronize all participating actors and activities. For all identified roles a distinct form of value, i.e., individual or collective value, which they derive from the engagement in the resource integration practices, can be assigned. Thus, based on the analysis of resource integration practices, the article results in an understanding how the various beneficiaries of the co-innovation process co-create value for themselves and their respective organization and which barriers may impede value creation. Further, the data suggest that particular importance needs to be attributed to a pre-co-innovation phase as the preparation and relationship building are of utmost importance for the success of a co-innovation project. Additionally, social resources were found to be of particular importance to build a functioning business relationship with the collaboration partner and were attributed at least equivalent weight as physical and cultural resources.

Discussion/Conclusion – The findings of this article contribute to an understanding of resource integration and thus value creation in the context of co-innovation. Moreover, they challenge the existing emphasis on the innovation process itself and propose the necessity of a particular composition of resources to create value for a multitude of beneficiaries.
Contextualising S-D Logic with Engagement Patterns using a Microfoundational Approach

Julia A. Fehrer (University of Bayreuth, Germany & University of Auckland, New Zealand), Herbert Woratschek (University of Bayreuth, Germany), Roderick J. Brodie (University of Auckland, New Zealand)

In today's networked age, strategic benefits are increasingly generated over platforms. Unlike traditional business models that build on long-linked value chains, platform business models create value within networks, allowing actors to engage in and benefit from value creation through their resource integration. S-D LOGIC as a market perspective provides an understanding of the nature of value co-creation through systemic, networked, service exchange relationships. In accordance with Lusch & Vargo (2014, page 211) we argue, that bridging- or micro-mechanisms are crucial to link S-D LOGIC with managerial practice, leading to the creation of business strategies and the design of business models.

The purpose of this paper is to present engagement patterns as a microfoundation that can be derived from S-D LOGIC axioms (Vargo & Lusch, 2015) and contextualized in managerial environments. We use the term microfoundations to refer to the analysis of behaviours and interactions of actors that underpin aggregate, or more precisely abstract phenomena (Baer, Dirks & Nickerson, 2013). We adopt that system behaviour in fact is the result of actor-to-actor reciprocal interactions (Felin, Foss & Ployhart, 2015). Thus engagement patterns are understood as cognitive shortcuts to capture reoccurring or generic formations and reformations of actor-to-actor interactions in order to create strategic benefit through effective integration of mainly operant resources. Engagement patterns further describe the ‘rules’ of actor-to-actor connections on a level of layered and interconnected engagement platforms.

This research represents one of the first attempts in marketing literature to bridge S-D LOGIC with business models. The microfoundation of engagement patterns provides the meso-level structure for platform business models. We demonstrate, based on the case studies of Airbnb and Uber, how the application of a corpus linguistic approach in combination with in depth interviews can be used to uncover new value creation logics. Our findings pin down a portfolio of generic capabilities applicable for actor networks collaborating in service ecosystems.

The contributions of this paper are theoretical, methodological, and substantive. Our theoretical contribution comes from demonstrating how the ontology of microfoundations informs a multi-level theorizing process in order to bridge S-D LOGIC with managerial practise. Our methodological contribution comes from introducing a new way of applying the method of case studies, using a linguistic text mining and clustering analysis of unstructured social media text data combined with indepth interviews. At a substantive level our contribution comes from providing insights about value creation logics of platform businesses in order to inform strategic decision-making processes of not only of ‘unicorns’-companies but also mature incumbent organization.
Ideas Session 1: Service Ecosystems-A

Facilitating & Improving Value Co-Creation & Innovation In Service Ecosystems through Institutional Work - Michael Kleinaltenkamp

The Service of Nature and the Nature of Service - Helge Löbler

The Nature of Well-being in a Service Ecosystem - Pennie Frow, Janet McColl-Kennedy, Adrian Payne, Rahul Govind

Framing Service In Service Transformation: Exploring The Micro-Level Institutional Change In Service Ecosystems - Jaakko Siltaloppi, Risto Rajala, Christian Kowalkowski, Bo Edvardsson

Ideas Session 2: Engagement, Relationships, Value Co-creation


Some Thoughts on How Institutions & Technologies Can Encapsulate And Automate Activities to Facilitate & Enhance Value Co-creation - Paul Maglio, Chie-Hyeon Lim

The Role of Business Models in the Shaping of Markets - Valtteri Kaartemo, Heiko Wieland

Looking for the Determinants of Actors’ Engagement in Value Co-Creation - Francesco Polese, Sergio Barile

The Call of the Hinterland - Linda Peters

Ideas Session 3: Theory & Conceptual Frameworks

Introducing Microfoundational Theorizing to Service-Dominant Logic - Roderick J. Brodie, Suvi Nenonen, Kaj Storbacka


An Updated Conceptualization of Transvections: Providers, Beneficiaries & Institutions - Peter Ekman, Jimmie Röndell

Service Practices & Firm Performance: Toward a Middle-Range Theory Based on Service-Dominant Logic – Jennifer Chandler, Melissa Akaka
Ideas Session 4: Additional Perspectives on Value

Capturing Context & Value in Use: Skipping in Mid-range Theory, Falling Into an Epistemological Hole - Glenn Parry, Clayton Davie
Value-in-Context – A Systemic and Institutional Perspective on Value Determination - Kaisa Koskela-Huotari, Heiko Wieland
A Three-Dimensional Contextual Agency Perspective on Value Creation - Marie Taillard

Ideas Session 5: Service Ecosystems-B

Putting Service Ecosystems & Institutions to the Test: Exploring the Impact of Refugee Influx on Service Ecosystems, Institutional Logics & Governance - Joerg Finsterwalder
Service Ecosystems as Complex Adaptive Systems - Angeline Nariswari, Heiko Wieland
Luck, Serendipity & The Emergence Of Service Ecosystems - Jaqueline Pels, Suvi Nenonen, Cristina Mele, Kaj Storbacka
Complexity & Interdependencies of Actor Integration or Service Innovation in Service Systems - Insights from the Exploration of Micro Level Practice - Julia M. Jonas, Angela Roth, Kathrin M. Moeslein
Consumer Relationships in Service System - Susan Wakenshaw, Xiao Ma

Ideas Session 6: Innovation, Technology, Institutions

Institutional Entrepreneurs Shaping Service Ecosystems - Suvi Nenonen, Kaj Storbacka University of Auckland Business School, Auckland, New Zealand
Towards Network Governance: Innovation Opportunities & Challenges in the Public Sector – Marja Toivonen
Emergence of Innovative Ideas in the Socio-Cyberspace: Dream Catching - Anu Helkkula, Apramey Dube
The Nature & Role Of Money in The Internet of Transactions: Will Socio-Cyber-Physical Objects Wait In Line At The Cash Register To Pay? - Phil Godsiff
Facilitating and Improving Value Co-Creation and Innovation in Service Ecosystems Through Institutional Work

Michael Kleinaltenkamp (Freie Universität, Germany)

Service-Dominant Logic is a narrative of cooperation and coordination in ecosystems, as well as the reconciliation of conflict between them. Institutions are instrumental in these cooperation and coordination activities by providing the building blocks (Ostrom 2005) for increasingly complex and interrelated resource-integration and service-exchange activities in nested and overlapping service ecosystems organized around shared purposes. In short, institutions represent the humanly devised (Simon 1996), integrable resources that are continually assembled and reassembled to provide the structural properties we understand as social context (Chandler and Vargo 2011; Edvardsson et al. 2011) and thus are fundamental to the understanding of value co-creation processes (see "Axiom 5", Vargo and Lusch, 2016).

But, if institutions drive the behaviour of actors within a service ecosystem, it begs the question of how the institutional arrangements themselves can be generated or changed by these actors at the same time. This "paradox of embedded agency" (Seo and Creed 2002) is also applicable to resource integration and value co-creation, especially if one takes the dynamic perspective of S-D logic. It becomes even more important if, from a more managerial perspective, one tries to develop measures by which resource integration can be facilitated or improved in order to increase the value for a specific beneficiary or the well-being of a service ecosystem as a whole.

In 2006 Lawrence and Suddaby (2006), extended DiMaggio's (1988) work on institutional entrepreneurship by pointing out that actors not only engage in institution building, but also in translations, interpretations, modifications, and accommodations of institutional arrangements. In particular, their concept of Institutional Work "is concerned with the practical actions through which institutions are created, maintained, and disrupted" (Lawrence et al. 2009, 1). This offers a more encompassing, practice-theoretical, relational perspective to address institutional change and the "paradox of embedded agency, or the contradiction between actors' agency and institutional determinism" (Battilana and D'Aunno 2009, 32).

Hence, the concept of Institutional Work extends S-D LOGIC, which thus far has sought to understand and analyse the effects of institutions on human behaviour and, in particular, on resource integration and value co-creation in service ecosystems. Institutional work offers the opportunity to bring S-D logic closer to fulfilling the need for managerial and policy directions. This does not only mean, that managers and policy makers need to develop an understanding of the shared values, beliefs, and norms (i.e. institutions) of the constellation of resource-integrating actors, it allows decisions and policies to be better informed. But such decisions and policies typically not only need to use existing institutional arrangements but also need to maintain, change or even disrupt those through institutional work. This includes not only the purposeful creation of institutions but also their emergence, as well as possible unintended outcomes of institutional work.
The Phenomenon: Service is ubiquitous and it has been written a lot about service and services. However service is not only a man-made phenomenon it also exists in the natural world e.g. between organisms of low and high developed species. There are two untapped areas of service research, which are discussed in neither Management nor Marketing nor IT nor Service Science nor Service-Dominant Logic. Firstly, service is addressed in the biology of symbiosis (Boucher, 1985, Douglas, 1994, 2010) not related to humans and secondly service is discussed in ecology (Boyd and Banzhaf 2007) where ecosystems (nature) offer service for humans. Hence, service as a general phenomenon cannot be explained by human motives or intentions. What lies behind the existence of service? Integrating natural and man-made service enables humans to re-embed into nature without losing technological and cultural development.

Methodology (Literature review): An extended review of different streams of literature served for identifying four joint denominators for human and non-human service (e.g. Douglas, 2010 for Symbiosis; e.g. Boyd and Banzhaf 2007 for Ecosystems and e.g. Vargo & Lusch 2004, 2008 and Maglio & Spohrer 2008 for Human service):

1. Use or integration of resources. All service can only be performed by use of some kind of resource whether these resources are material (land, seeds, food, etc.) or immaterial (sunlight, information, wind, etc.).
2. Exchange/Transfer of resources. To get these resources an entity has to exchange them with other entities or with its environment.
3. Transformation/change of the receiver's state or belongings by use of resources. Resources are not integrated (used, consumed) for their own sake but for a change in a service receiver's state whereby the receiver usually also changes (consumes or wear down) the resources.
4. Contextuality of value (benefit) of service. Value or survival (or viability) is not inherently a service characteristic. Value can emerge via resource integration depending on the relationship between service receiver and its environment hence value as well as survival is contextual. (e.g. Blaser and Atherton 2004 for Symbiosis; e.g. Turner & Daily for ecosystems' service; e.g. Chandler & Vargo 2011 for human service).

Methodology (theoretical foundations): By using Luhmann's system theory and the law of requisite variety (cybernetics), it will be shown that service can very generally be understood and described as an entropy reducing process (phenomenon). More specifically service will be defined as an ongoing entropy reducing process of exchange and change. This perspective covers definitions from human service particularly from Service dominant Logic and Service Science as well as the understanding of service offered by nature.

Discussion and Conclusion: Man-made and natural Service together keeps this planet alive. Humans cannot life without nature's service but nature can survive without humans' service.
The Nature of Well-being in a Service Ecosystem

Pennie Frow (University of Sydney, Australia), Janet McColl-Kennedy (University of Queensland, Australia), Adrian Payne & Rahul Govind (University of New South Wales, Australia)

**Introduction**: Historically, marketing scholars suggest a customer centric approach benefits a firm, as resources are focused within a linear supply chain to a passive customer who is exogenous to the firm (Reinartz, Kraft and Hoyer 2005). However, increasingly others challenge this perspective, with customers viewed as collaborators in a value network participating in the co-creation of value and contributing to the well-being of an ecosystem (Vargo and Lusch 2011). An ecosystem involves practices that dynamically shape the interdependencies between multiple actors (Mars et al. 2013). However, there is little discussion about ecosystem “well-being” and how individuals through their activities and interactions contribute to this desirable end state. Recent calls emphasize this research priority, especially well-being in the context of health care (Ostrom et al. 2015). We use the context of health care to study ecosystem well-being, as here new business models suggest that customers are active contributors, collaborating with health service teams to design their health care solutions. The benefits of a patient-centred care model, not only has implications for the patient, but also for the well-being of the health care ecosystem itself.

The purpose of this paper is three-fold, to: (1) unpack the meaning of patient-centred care used by key actor groups within an ecosystem; (2) identify which practices support and hinder well-being in the ecosystem; and (3) provide an agenda for future research.

**Theoretical Frameworks**: We draw on practice theory (Kjellberg and Helgesson 2006), using theoretical foundations discussed within Service-Dominant Logic (Vargo and Lusch 2004), and ecosystems (Mars et al. 2013). Practices are routinised activities that are linked together by interactions (Reckwitz 2002). Central to practices is the notion that different actors will experience different realities, based on how they see the world (McColl-Kennedy, Cheung and Ferrier 2015).

**Methodology and Findings**: We use phenomenological methods, undertaking 52 depth interviews with key actors in order to understand how they make sense of their lived and imagined experiences. Following Bourdieu’s (1977) claim that practices need to be observed directly and cannot only be talked about, we also undertook observations of practices of key actors within the ecosystem. Our findings suggest that sharing a common goal is insufficient and an ecosystem benefits from actors sharing a common approach in how to achieve it. When actors hold different meanings they tend to manifest different priorities that can potentially have a negative impact on well-being.

**Contribution**: Our work contributes theoretically and practically in: (1) providing a deep understanding of the nature of well-being in a service ecosystem; (2) identifying world views (perspectives) of the key actors in the ecosystem, noting conflicting views; and (3) identifying sets of practices that enhance/hinder the well-being of the ecosystem.
Framing Service in Service Transformation: Exploring the Micro-Level Institutional Change in Service Ecosystems

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Background - While service transformation has received increasing research attention, there is limited empirical work examining its micro-level underpinnings. To address this gap in the literature, we build on the institutional perspective of Service-Dominant Logic, which draws attention to the institutions and institutional arrangements coordinating value co-creation in service ecosystems (Edvardsson et al., 2014; Vargo and Lusch, 2016). While recent research begins to explore innovation as institutional change (Vargo et al., 2015), and elaborate how actors are able to change the very institutions that guide and govern them (Siltaloppi et al., 2016), there is little work examining the micro-level processes through which actors create and change the symbols and meanings that guide value co-creation (Akaka et al., 2014).

Theoretical perspective - The present study builds on the concept of frame, which Goffman (1974) defines as a schema of interpretation. As cognitive knowledge structures, created and recreated in social interaction (Walsh, 1995; Weick, 1995), frames make some aspects of a perceived reality more salient by embodying a particular problem definition, causal interpretation, moral evaluation and/or treatment recommendation (Entman, 1993). Actors draw frames from available institutional arrangements to inform their current activities and render events meaningful (Goffman, 1974), but also reconstruct these frames as they interact and co-create value with others (cf. Gray et al., 2015).

Methodology - To understand how the frames that guide value co-creation change, this study examines qualitatively how managers in seven organizations framed service as part of the transition of their organization from purely asset-centric property business toward user-centric service business, building on 54 interviews.

Findings - The empirical findings reveal four patterns in framing service in organizational change. First, two cases displayed the preservation of the asset-centric interpretation of the organization’s mission, the managers promoting only instrumental change in the activities of the organization. Second, introducing and merging new interpretations of the organization with the asset-centric frame resulted in two cases in frame expansion, which shifted the collaborative mission toward user-centric service provision. Third, a radical reconstruction of frames was observed in one case, which identified itself as a user-centric service company by replacing the property-centric frame with fundamentally new interpretations of accommodation provision. Finally, two cases exemplify integration, but not coalescing, of multiple rationales into a pluralistic frame that provided basis for user-centric property business drawing integration from strong shared values.

Contributions - This work contributes to the development of S-D logic by introducing a new concept - frame - to the analysis of micro-level change in service ecosystems. The four patterns of frame change take an initial step toward understanding how a shared understanding central to value co-creation changes at the micro level.
Phenomenon: In this paper, we explore and develop consumers’ virtual brand community engagement practices (VBCEPs), which are subject to extremely limited scholarly investigation to-date. Despite pioneering research addressing community engagement practices within broader service systems (Schau et al., 2009), academic understanding regarding the nature and dynamics characterizing individuals’ engagement practices undertaken within virtual (online) brand communities, and the relationships between these practices, remains nebulous (Brodie et al., 2013).

Theoretical Foundations: Adopting a hybrid Service-Dominant (S-D) logic/social practice theory perspective (Vargo and Lusch, 2004, 2008, 2015; Kjellberg and Helgesson, 2006), we develop a typology and model of VBCEPs. We hence posit this paper to contribute to the S-D logic and customer engagement literature, which is centred on co-creation emergent between relevant stakeholders.

Methodology: Employing netnographic methodology (Kozinets, 2002), we analyse 20 Louis Vuitton community members’ entries posted on the Louis Vuitton section of The Purse Forum.

Findings: We develop a typology comprising eight VBCEPs, including ‘greeting,’ ‘regulating,’ ‘assisting,’ ‘celebrating,’ ‘appreciating,’ ‘empathizing,’ ‘mingling’ and ‘ranking.’ These practices contribute to value co-creation and collectively, contribute to and maintain the community’s vision, scope and identity, and strengthen the level of shared community consciousness and cohesiveness.

Discussion: We provide a set of strategic managerial recommendations designed to leverage virtual brand community performance based on insights gained from the newly developed VBCEPs. Further, based on our conceptual model, we suggest the undertaking of strategic actions focused predominantly on our identified social (altruistic) and achievement-based VBCEP sub-processes. We expect our VBCEP typology to be valuable for future researchers investigating the S-D logic/customer engagement interface.

Conclusion: Our refined VBCEP typology and model serve not only to extend current S-D logic-informed social practice theoretical research, but also contribute to current insight regarding engagement, which has been identified as a middle-range theoretical concept within the higher-level, general theoretical perspective of S-D logic (Brodie et al., 2011).
Some Thoughts on How Institutions and Technologies can Encapsulate and Automate Activities to Facilitate and Enhance Value Co-creation

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Institutions define rules and practices by which individuals and groups behave and coordinate behaviour (e.g., North, 1990). Technologies make use of natural phenomena to serve human purposes (Arthur, 2009). Together these constitute foundational components of all service systems, arrangements of people, technologies, information, and organizations that create mutual value through joint action and interaction (Maglio & Spohrer, 2013). Specifically, both institutions and technologies incorporate routine knowledge and routine behaviours, usually simplifying tasks and freeing up resources for deliberate action, and often leading to innovation (Vargo, Wieland & Akaka, 2015). In fact, one axiom of Service-Dominant Logic is that “value co-creation is coordinated through actor-generated institutions and institutional arrangements” (Vargo & Lusch, 2016). Yet it is not always clear what should be institutionalized or automated, or whether and when these will improve system performance. Little research addresses design questions of what should be institutionalized or automated, and under what conditions. We aim to provide some insight into these questions of design, particularly design of institutions and technologies to support value co-creation in smart service systems.

Our approach has three parts: First, we analyse several service systems and smart service systems, comparing institutional and technological arrangements to determine similarities and differences between traditional and smart systems. Second, we extract insight from design studies related to smart service systems in industry and government (e.g., Lim, Kim, Heo & Kim, 2015), including services in automobile, transportation, healthcare, building, and information technology industries. Third, we review literature on institutions across multiple disciplines, including marketing, engineering, information technology, and design, to provide bases for our research. Our results will include (a) a taxonomy of institutions and technologies for smart service systems; (b) data-driven and visual models that represent smart service systems and ecosystems; (c) design principles for effective value co-creation in smart service systems; and (d) a theory of contributions of institutions and technologies to value co-creation.

References

The Role of Business Models in the Shaping of Markets

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Contemporary marketing literature has challenged scholars to rethink their view on markets. Markets, for example, are no longer viewed as static or pre-existing but are now described as socially constructed configurations constituted by practice. Stated alternatively, markets are formed through the institutionalization of solutions. These ideas have shifted our view from conventional ‘invisible hand’ metaphors to institutional work processes among systemic, social actors.

Foundational to systemic institutional work is the notion that human cognition is bounded (i.e. limited) and being assisted by value assumptions, cognitive frames, rules and routines (i.e. institutions). In order to function in markets, all human actors rely on business models or humanly created perceptions of problems and solutions. Thus, business models can be conceptualized as institutions that shape the way actors perceive resources, and interact with other actors and their resources. Each actor's business model provides a collaborative framework for the interaction and evaluation of resources among systemic actors. As a result, business models can be considered as the guiding elements for the change, maintenance and disruption of markets.

Although this link between market shaping and business models has recently been raised, its investigation is still in its infancy. In the current study, we showcase empirically how markets are being shaped and preserved as a result of alignment processes of competing and collaborative business models. We build on a longitudinal empirical study in maritime logistics. The study builds on retrospective interviews and action research in an on-going research collaboration with a European based MNC that specializes in designing systems for merchant ships. We discuss the problems and solutions in the containership business. Particularly, we focus on our case company which has come out with a unique business model but has witnessed opposition caused by the business models of other actors. Therefore, the introduction of a new business model by our case company did not result in immediate changes in market practices. Instead, we document the complex institutional work processes through which the case company, as well as a broad range of other actors in the maritime industry, revised their market practices.

Our empirical findings indicate that business models emerge as a result of shared intra-institutional inconsistencies and contradictions (i.e. problems) and related actor-driven solutions, which are mediated by "cognitive biases", "previous experiences", and "path-dependencies" of other actors with their unique business models. As a result, market shaping can be perceived as a non-linear process in which multiple actors co-create markets by competing and collaborating, using their business models, through multiple iterations of institutional developments until common but always imperfect templates form.
Looking for the Determinants of Actors’ Engagement in Value Co-creation

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Purpose: The purpose of this paper is to gain a better understanding of relationships in value co-creation through an integrative framework that supposes the need for a structural compatibility and a shared purpose among the actors in order to fulfil actors’ engagement in value co-creation exchanges.

Design/Methodology/approach: The paper starts with a theoretical analysis followed by a conceptual development of value co-creation literature supported by systems theories suggestion, in particular focusing on the Viable Systems Approach.

Findings: Rewarding co-creation exchanges among actors are based upon relationships that co-create value through consonant and resonant actors. Interacting actors engaged in resources integration processes fulfil successful co-creation due several determinants. The paper deepens, among these, the following important factors: engagement, pro-activeness, collaboration, knowledge-sharing, contextual awareness. Upon these bases, actors have structural compatibility (consonance) and they are engaged in the shared purpose (resonance) of other direct and indirect actors in the networks/systems. From these relationships (actors’ interactions) new systems emerge and the goal is to co-create value for the new emergent systems (systemic benefit). Consequently, actors work for the shared purpose of the new systems and not only for a direct and individual benefit, obtaining effects for the same actors as well as for the emerging system and for the surrounding context.

Originality: For a scholarly audience the paper contributes to integrate the discussion on relationships and value co-creation deepening the aspects of actors’ involvement in the value co-creation exchange highlighting the role of structural compatibility and sharing intentionality. For a practitioner audience it offers ideas on how engaged actors can determine the development and the duration of value co-creation opportunities for companies and related networks.
The Call of the Hinterland

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The aim of the paper: We seek to explore the link between motivation and desire, and the enacting, embodiment, or realisation of some presence that may foster value co-creation and service ecosystem resiliency and agility.

Theoretical foundations: Holbrook (2003) defines a complex adaptive system as being composed of inter-related parts, interacting with its environment, subject to resulting feedback effect, evolving over time adaptively to fit the pressures imposed on it. The concept of absence is one that has a great deal of promise in the understanding of such systems, although it is often neglected (Mingers, 2014). One of the reasons that absence is such an important concept is that it helps to understand the motivation for change. We recognise that the nature of change itself is not only the movement of a thing becoming something else, but the fact that it also ceases to be what it was (Norrie, 2010).

Law (2004) states that there are differing aspects of reality and that these may take three distinct forms: that which is present (i.e. that which is directly experienced); that which is manifest absence (aspects of reality that must be consciously omitted in order to make that presence possible); and absence as Otherness (i.e. the broader hinterland of reality that must disappear in order for that which is present to be maintained). Manifest absence connotes the transformation of a thing, property, or state of affairs. It includes determinant wants and needs (e.g. lack of food in a belly or of truth in a politician: Hartwig, 2007:10). On the other hand, absence as Otherness is not made manifest, but remains in the hinterland. This may be because it has become routine (and thus invisible), insignificant or unimportant, or repressed in order to allow what is present to exist (Law, 2004). This hinterland reflects the concept of real negation, (or determinate absence, or non-being) as the true opposite of being. This non-being has real determinate powers (Bhaskar 1998).

Methodology and findings: This is a conceptual paper.

Discussion and conclusion: We discuss how the concept of the hinterland and real determinate absence informs our understanding of institutions and service ecosystems. In particular, we examine how constraints and processes of mediation and distanciation help us to understand more fully "consonance" (the potential compatibility between systems elements) and "resonance" (the harmonious interaction among actors in service interactions). The two concepts describe ideal and rewarding co-creational exchanges among actors, but such reward is not an isolated phenomena. It is also part of the rules and norms that are used in establishing solutions to everyday problems and are part of structures (Giddens 1984) or institutions (Williamson 2000).
We focus on the Forum theme Micro-Foundations and Mid-Range Theory by exploring the role of microfoundational theorizing to bridge the theoretical explanations of S-D LOGIC with empirical research.

In its evolutionary path S-D LOGIC is providing a more precise delineation and parsimonious expression of a general theoretical perspective on markets and marketing (Vargo and Lusch 2015). This has resulted in 4 of the 10 foundational premises (Vargo and Lusch 2008) being assigned as 'axioms'. In addition a fifth axiom is introduced: "Value co-creation is coordinated through actor-generated institutions and institutional arrangements." This axiom provides a contextual foundation by recognizing the key role of context and its effect on focal value co-creative coordination and cooperation mechanisms within service systems. Vargo and Lusch (2015) comment that the institutional perspective provided by axiom 5 brings S-D LOGIC closer to mid-range theory and managerial and policy directions.

In this paper we explore how a microfoundational approach to theorizing could further help bring S-D LOGIC closer to the realm of managerial practice and policy-making. Following the trend in strategic management and organizational theory in the last decade (Felin, Foss, & Ployhart, 2015), we suggest that for theoretical understanding about S-D LOGIC to advance we need to focus on the microfoundations that underpin the macro constructs provided in the general theoretic perspective. Apart from providing deeper theoretical explanation, microfoundations research provides a bridge for empirical investigation, thus anchoring the more abstract macro concepts in strategy and organizational theory.

The microfoundational approach provides a multi-level explanation that makes a distinction between the macro-macro level explanation where social facts lead to social outcomes and the micro-micro level explanation where conditions for action lead to observable actions (Coleman 1990). Building on the work of Coleman, Hedström and Swedberg (1998) have introduced a typology of social mechanisms. They posit that there are three types of mechanisms at play: (1) the macro-micro mechanisms that they label situational mechanisms, which aims to understand how macro-level-generated conditions or contexts affect actors; (2) the micro-micro mechanisms that they label action-formation mechanisms, which explains how an individual actor assimilates the contextual conditions into action; and (3) the micro-macro mechanisms that they label transformational mechanisms, which aims to describe how a number of actors through their actions and interactions generate macro-level outcomes. Some of these outcomes are emergent in nature and, hence, a deeper understanding of these mechanisms can help us understand the emergent nature of service ecosystems.

We explore application the Hedström and Swedberg typology of social mechanisms to theorizing about S-D logic. In doing so, we provide a multi-level research approach that combines top-down theorizing framed by macro constructs of S-D logic with bottom-up theorizing (Foss, 2009).
Heidegger (1977) understood the prevalence in modern Western culture of the technological approach of being and nature in such a way that nature is reduced to the role of providing resources that can be flexibly deployed. This cultural trait can also be analysed under the perspective of two broad movements in contemporary societies, centred in the prioritization of aesthetics, not only as imitation process but especially, as productive function (Welsch 1997): 1) surface aestheticization involves embellishment, animation, and experience, and is conspicuously seen in the urban space; 2) deep-seated aestheticization is the transformation of our consciousness and whole apprehension of reality as the result of daily interactions with microelectronic production processes, computer-mediated systems, and other technologies which enable the perception and modification of the microstructure of physical and biological entities. Recent theoretical advances in marketing science reflect the aestheticization of society. The theoretical inversion proposed in S-D logic of adopting a service-centred logic as substitute for the traditional approach of treating goods as fundamental (Vargo & Lusch 2004) evidences "the aestheticization of marketing". Service, i.e., the application of resources for the benefits of another actor or oneself, corresponds to the increasing possibility of syntheses of the activities of production, management, and consumption, powered by information technologies. This interpretation of service points out the cultural passage to cyberspace and the spreading of ecosystems simultaneously competitive and collaborative. S-D logic assumes that service is exchanged for service to fulfil human needs, and prioritizes value co-creation through the integration of resources by actors engaged in exchange processes. One theoretical difficulty is the resolution of underlying conflicting interests and of roles ambiguities in transactions and collaborations. Resources-Advantage theory (Hunt & Morgan 1996) focus competition and assumes that the main human motivation is restricted self-interest. In many contexts, co-opetition (Nalebuff & Brandenburger 1997) better describes the essence and the dynamics of relationships and partnerships among companies and networks of professional agents. The use of the co-opetition construct shows the possibility of a dialectical synthesis of S-D logic and R-A theory, interpreting them as stages of a dialectical movement of aestheticization of society.

References
**An Updated Conceptualization of Transvections: Providers, Beneficiaries and Institutions**

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**Purpose**: Wroe Alderson’s market ‘transvections’ (Alderson, 1965) was an early conceptualization of how an offering resulted in value creation after a series of transformations and transactions. The efficiency and effectiveness of how a good, from raw material to the product used by an end-consumer, should be able to be assessed. We will in this paper further develop the idea of transvections based on empirically grounded concepts from the Industrial Marketing and Purchasing (IMP) research tradition in parallel with the currently developing Service-Dominant (S-D) logic lexicon. The objective with this paper is to pinpoint theoretical and methodological challenges that may contribute to a grand theory of markets that infuses the idea of markets as networks and the S-D logic lexicon. A second objective is to offer an updated version of the transvection that are released from Goods-Dominant (G-D) logic thinking and that are based upon the interaction between generic actors rather than Alderson’s conceptualization of business actors as firms and households.

**Design/Approach**: The paper is conceptual in nature and based on an extent literature review of research contributions on Alderson’s transvection, IMP’s business networks, and S-D logic’s value co-creation. Both IMP and S-D logic has made attempts to leave the G-D logic depiction of market actors as firms, customers, and distributors etcetera in favour for a more generic actor role but to different degrees.

**Findings**: We propose that the generic actor, which may assume a provider and beneficiary role, is a suitable starting-point for developing an updated transvection. However, whilst Alderson’s transvection followed a focal product the updated transvection will need to follow a focal beneficiary. Furthermore, the updated transvection addresses the market actors’ roles differently (provider or beneficiary) and the roles are not static but in constant flux (a beneficiary will e.g., also be a provider through its engagement in value co-creation). The focal beneficiary will through multiple interactions that take place throughout the transvection result in a perceived value. The transvection cut through several service ecosystems of actors (holding both people, artefacts and technologies) that are affected by what have been described as institutional arrangements (Vargo and Lusch, 2016) or institutional logics (Edvardsson et al., 2012) that may harmonize as well as dissonance.

**Implications**: The updated transvection is infusing the S-D logic lexicon and it highlights the interplay between three layers; the focal beneficiary that experiences a service with a certain temporal span, other engaged market actors (providers), and the affecting institutional logics that are at play. The outcome of a transvection does thereby affect the institutional arrangements but also become the catalyst for other transvections which thereby offers a ground for perpetual and circular market thinking.
Service Practices and Firm Performance: Toward a Middle-Range Theory Based on Service-Dominant Logic

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The purpose of this paper is to extend Service-Dominant Logic to develop middle-range theory providing a service-centric explanation of firm performance (Vargo and Lusch 2004, 2008). While S-D logic is abstract and general, middle-range theory is specific to a phenomenon such as firm performance and addresses empirical research questions (Brodie, Saren, and Pels 2011, pg 77).” Thus, in this paper, we ask, “How can S-D logic help to develop middle-range theory explaining how service practices influence firm performance?”

We reiterate the long-standing S-D logic premise that resources are not innately valuable nor are they uniformly valuable. This contrasts traditional management thought (i.e., Resource-Based View of the firm) that resources are the root of firm performance, and that rare, inimitable and non-substitutable resources lead to strategic advantage (Barney, Ketchen and Wright 2011; Penrose 1959). Building on Resource-Based View, we argue that even resources that are not rare, inimitable, or non-substitutable can lead to strategic advantages, and that service practices contribute to the value potential of such resources. Further, we assert that the value potential of a resource depends on the context in which the resource is applied, regardless of the innate characteristics of the resource. In other words, the value potential of a resource depends largely on the firm’s service, or its competitive ability to apply resources to the contexts in which it competes.

This being said, service is the firm’s way of intertwining its practices with those of other actors such that resources can be applied in specific contexts. "Resources can only be a source of competitive advantage if they are used to ‘do something’; i.e., if those resources are exploited by business processes (Gautam et al. 2004, pg 26).” S-D logic refers to these business processes as service. Service joins the problems of specific contexts, to the resources that can solve the problems in those contexts by allowing for a resource to be drawn upon with specificity for each context (Lusch and Vargo 2016). Without service, a resource is often neutral and sometimes useless. Because of service, a resource can have many potential applications; resources expand and contract in response to human effort as the practices of multiple actors are intertwined with the competitive efforts of the firm (Zimmerman, 1951). Value co-creation occurs when many different actors link resources to contexts via service. We identify four classes of service practices at the micro-level: application, generation, valuation, and appropriation. Based on these, we develop a conceptual framework and propose several research propositions to investigate how resources become valuable.
In this exploratory paper we examine the challenges of capturing understanding of value in use from IoT data. The use value of a product or a service is situated in a consumer's specific context (Vargo and Lusch, 2008; Gummesson and Mele, 2010; Edvardsson et al., 2014) generated by the customer’s resource-integrating activities (Moeller 2008). Visibility refers to a firm’s ability to access information sufficient for them to ‘see’ into their supply chains and react to enhance performance (Bradley, 2002). It is proposed that the IoT will be used as an enabler of visibility (Santucci, 2011), capturing consumers use of goods and services within a specific time, place and setting (context) (Brody and Pureswaran, 2014). IoT sensors capture quantitative data on resources employed which can be categorised into four Use-Visibility Measures (UVMs) (Parry et al., 2016). UVMs provide quantitative measures of resource, but knowledge of use relies on assumption or further data. Understanding value creation lies in the dynamic nature of context (Ng and Wakenshaw).

We propose contextual understanding requires information transfer across three-dimensional boundaries: physical (space and place), epistemological (mental models) and virtual (online - boundaries are created representations that may mirror physical and epistemological, though the natural laws of space and time need not apply) (Zhang ad Jacob, 2013). IoT technologies transmit information across the physical and the virtual boundaries, but what does that data mean? Communities, such as a family, adopt unique perspectives on an event, share mental models and use languages that do not readily translate to other domains, making knowledge sharing problematic. Epistemology is dynamic and dependent on the evolving experience of the individuals. The individual understands the evolution of activities but have little incentive to pass information on to those outside of their community.

We set out to develop metatheory to helps us use IoT data to capture value co-creation. The virtual domain of the IoT allows many varieties of data to be captured but we are limited by metaphorical boundaries which we create to conceptualise the domain and also by how others perceive it (Maglio and Matlock, 2003, p. 252). We are trapped by our prejudiced epistemologies. Gadamer (1989) proposes that only through language and conversation can we bridge between epistemologies. Our proposition is that to understand value in use we must find the common language that crosses multiple boundaries and allows information to flow, providing dynamic understanding of value in use.
Purpose: The purpose of the paper is to explicate how a service ecosystems perspective can inform understanding of value determination. Specifically, we aim to extend Service-Dominant Logic and its’ conceptualization of value-in-context by elaborating the institutional nature of context in service ecosystems and the process of institutionalization through which 1) the goals guiding value co-creation, 2) the practices through which value is co-created, 3) the criteria used in evaluating value outcomes are socially (re)constructed over time, and thus 4) how value perceptions are phenomenologically derived.

Theoretical foundations: The concept of value has been discussed and debated since the beginning of academic discourse. Within the field of marketing, two main conceptualizations of value have emerged: ‘value-in-exchange’ and ‘value-in-use’ (Vargo & Lusch, 2004), both of which represent distinct ways of thinking about the process of value creation and the evaluation of value outcomes. S-D logic argues for a third conceptualization. This view, named ‘value-in-context,’ highlights that value is co-created among multiple actors in service ecosystems and phenomenologically determined by each actor(s) in their respective (social) contexts (Chandler & Vargo, 2011; Vargo et al., 2008). Context in service ecosystems is institutional by nature (Akaka, Vargo, & Lusch, 2013; Koskela-Huotari & Vargo, 2016) highlighting that value co-creation in service ecosystems is enabled and constrained by institutional arrangements, that is, socially constructed systems of practices, norms, values, and beliefs (Vargo & Lusch, 2016). Although recent research argues that institutional arrangements guide the evaluation of value outcomes in fundamentally the same way that they enable and constrain the overall process of value co-creation (see e.g. Edvardsson et al. 2011; Wieland et al. 2015), it has not elaborated the process of doing so in detail.

Findings: An inherently institutional service ecosystems perspective mandates zooming out to a more holistic, dynamic understanding of value creation and value determination among wider, more comprehensive configurations of actors. It allows seeing that, though the value perceptions are contextual, they are neither random nor unstructured. Stated alternatively, it is necessary to zoom out to a systems level to understand actor level value perception that have been described in terms of satisfaction, reference scales, and contentment etc. By elaborating the complexity of the institutional arrangements comprising context in service ecosystems, we not only show how institutional arrangements influence value perceptions and bring forth differences in how individuals and collectives perceive value, but how these differences contribute to the continual evolution of the institutional arrangements and thus the resulting value perceptions. Thus, arguably, a service ecosystems perspective can overcome theoretical silos (i.e. sociological vs. psychological) that can be found in much of the marketing literature on value perceptions and offer a framework that allows these two theoretical foundations to converge.
A Three-Dimensional Contextual Agency Perspective on Value Creation Termination

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According to Service-Dominant Logic, actors (consumers or producers) exchange and integrate resources as they seek solutions to their everyday problems. Agency and its role in creating value are at the core of S-D logic: it is by integrating resources and engaging in service exchanges that actors find solutions to their problems and create value. While S-D logic addresses the role of agency in structuration, it has yet to provide a comprehensive account of individual agency and how it relates to value creation. Questions such as what resources actors integrate, with whom they engage in service exchanges, and what problems they prioritize, all revolve around agency and contribute to the value outcome of production and consumption actions.

In recent research in marketing and innovation, consumers are portrayed as active and creative problem-solvers who go about their lives seeking solutions to problems or “jobs to be done” (Christensen, Cook and Hall, 2005; Epp and Price 2011; Sawnhey 2006). This perspective can be traced back to work by Alderson (1957) in which he asserts that consumers solve problems by “reducing uncertainty.” This problem-solving view applies to all actor-to-actor service exchanges and is enticing in that it offers a clear link between agency and value creation in specific contexts: from actors’ motivations in solving problems, to their actions in seeking a solution, to the value they create for themselves and others by solving problems. This perspective requires a conceptualization of agency in which actors engage in actions that respond to problems posed by changing contexts and that are linked to each other in time.

We adopt a three-dimensional notion of agency (Emirbayer and Mische, 1998). The first, “iterational” dimension is about actors activating previous experience as they seek solutions, so as to build consistency and stability, both personally and socially. The second, “projective” dimension involves both the creative problem-solving aspect of agency and its ability to project into the future. Finally the practical-evaluative dimension of agency is the critical ability that actors possess to rethink their course of action dynamically and in real time as contexts progress and shift. In short, this social and highly contextual notion of agency can serve as a solid underpinning for a problem-solving notion of resource integration and value creation that is also compatible with structuration.

Using data from online forums, we show how consumers as resource integrators create value by exercising their agency in solving everyday problems, and how their actions can be analysed along the three dimensions and build structure. We contribute to the development of S-D logic theory by providing and operationalizing a solid conceptualization of individual agency and its role in value creation and structuration.
Ideas Session 5: Service Ecosystems-B

Putting Service Ecosystems and Institutions to the Test: Exploring the Impact of Refugee Influx on Service Ecosystems, Institutional Logics and Governance

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Phenomenon / Purpose: This research investigates how a service ecosystem copes with challenging times causing a potential imbalance, i.e. testing its adaptability. The change in context discussed affects (resources and institutions within) the service ecosystem due to the rather sudden entry of a multitude of human actors. This work investigates the influx of refugees and the ecosystem's capability to respond to such influx when aiming at integrating the additional actors into the appropriate service system. An ecosystem's capability and adaptability here is influenced by multiple layers of institutional logics which prevent or support the adaptability of the service ecosystem to the new context, i.e. to cope with and allocate the refugees. This research exemplifies the refugee influx into Germany by highlighting the government's, regional authorities' and individual actors' responses under the premise of (non)existing rules and regulations.

Theoretical Foundations: This research is founded on recent work on service ecosystems and institutions (Vargo and Lusch, 2016) to explore institutional logics and governance at the different system levels within a given service ecosystem.

Methodology: This research employs a single case study approach exploring the case of Germany utilising secondary data. It analyses sources at government, state and individual actor level.

Findings: In the year 2015, some 1.1 million refugees entered Germany via various entry points. The government, the nation's 16 states, their districts, collections of actors as well as individual actors dealt differently with the rapid and underestimated influx of refugees. Whereas on the systems level "government", a hesitation of united decision-making and a lack of governance was visible. It was based on missing encompassing institutional rules and regulations that allowed for a regulated distribution of refugees to the different states. On individual state level, regions dealt with the influx differently. Some states felt under distress and did not want to deal with the vast number of refugees allocated to their region whereas other states established mechanisms to receive, process, allocate and cater for the refugees within the region. On lower system levels, individuals and groups of actors also by-passed potential rules and regulations, or the lack thereof, and dealt with the refugees on an ad-hoc basis.

Discussion and Conclusion: This works aims to shed more light on institutional logics at different system levels, related governance issues and it explores the different service ecosystem levels in regard to their adaptability when exposed to rather sudden changes to the system's configuration due to the entry of a multiplicity of new actors. This work also calls for further exploration of the topic.
Service Ecosystems as Complex Adaptive Systems and Institutions to the Test: Exploring the Impact

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Systems thinking has a long tradition in marketing. Alderson (1965), for example, utilized organized behavioural system theory to formulate general theories of marketing while Fisk (1967) defined marketing systems as complex social mechanisms for coordinating production, distribution and consumption decisions. More recently, Gummesson (2006) proposed many-to-many marketing while Layton (2011) identified marketing systems as complex adaptive multi-level systems. Along similar lines, Vargo and Lusch (2015) introduced service ecosystems, defined as "relatively self-contained, self-adjusting system[s] of resource-integrating actors connected by shared institutional arrangements and mutual value creation through service exchange (Vargo et al. 2015)."

Service ecosystems highlight the dynamic and self-adjusting nature of marketing systems (Vargo & Lusch, 2011) in which "each instance of resource integration, service provision, and value creation, changes the nature of the system to some degree and thus the context for the next iteration and determination of value creation" (Vargo & Lusch, 2011, p. 185) and acknowledges the importance of institutional arrangements-interdependent assemblages of rules, norms, meanings, symbols, practices, and similar aides to collaboration.

The purpose of the current article is to explore and explicate the self-adjusting and self-organizing nature of service ecosystems. While there is a discussion of understanding markets in a more holistic manner (Vargo & Lusch 2011, Chandler & Vargo 2011), with a few exceptions (e.g., Layton 2011), their complex adaptive nature has not yet been recognized by mainstream marketing (Wilkinson & Young, 2002). Arguably, this resistance can partly be attributed to the fact that marketing developed as a sub-discipline of economics, which has largely been focused on issues of market equilibrium (Arthur 2013). Arthur (2013) contends that the avoidance of nonequilibrium views in economics has encouraged a "noun-based rather than [a] verb-based science." Likewise, much of marketing emphasizes "markets-as-nouns" or a focus on the identification of actors involved in market exchange processes and their representations (i.e. ways in which markets are signified; Mele, Pels & Storbacka (2014).

Contrastingly, a service ecosystem view mandates a focus on how value co-creation, resource integration practices, and markets emerge and evolve (i.e. markets-as-verbs). In line with complexity economics, we promote a complex adaptive perspective on change processes in service ecosystems since complexity studies how "interacting elements in a system create overall patterns, and how these patterns in turn cause the interacting elements to change and adapt" (Arthur 2013, p 2). Highlighting institutional and technological change processes, we conceptually connect concepts such as increasing returns, positive feedback effects, lock-ins, and path dependencies with service ecosystems. Furthermore, we argue that service ecosystems self-adjust in a non-linear, non-probabilistic, non-deterministic and dynamic manner that cannot be captured with a reductionist view, but requires the exploration of the linkages between, or relationships among, various levels (micro, meso, and macro) of institutions.
Luck, Serendipity and the Emergence of Service Ecosystems

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Introduction: Interviews with 86 managers in 21 firms frequently mention ‘luck’ as an explanation of success. Simultaneously, there is an increasing interest in serendipity in literature (Sarasvathy, 2001; Denrell et al., 2003; Parnell et al., 2012), with calls for a balance between planned and emergent strategy (Van de Ven & Garud, 1993; Thomas, 2013). Hence, the purpose of our research is to examine serendipity in the context of service ecosystems.

Theoretical Foundations: The increased interest in serendipity is linked to two simultaneous developments. First, the operating environment is increasingly unpredictable, malleable and not only complicated but complex (Snowden & Boone, 2007). Therefore, firms seek to emulate entrepreneurial approaches, such as “lean startups” (Ries, 2011) or “effectuation” (Read et al., 2011), which highlight the role of serendipitous development and a culture receptive to discoveries (Cunha et al., 2015). Second, management literature is developing from an objective-positivistic (descriptive) stance, to a more subjective-interpretative (enacted) ontological stance (Gherardi, 2009; Mele, Pels, & Storbacka, 2015). The former sees the environment as exogenous, and serendipity is, therefore, seen as the “accidental discovery of something that, post hoc, turns out to be valuable”, i.e., luck transformed to discovery (Cunha et al., 2015). However, the five axioms of S-D logic (Vargo & Lusch, 2015) build an enacted stance, where actors engage in resource integrating processes within an ecosystem governed by endogenously generated institutions. In this worldview, serendipity can be seen as an outcome of a dialectical relationship between actors and the service ecosystem.

Findings: Serendipity can be approached on two levels. On a micro-level, serendipity is a creative synthesis of an actor’s preparation and openness to novelty, articulated through generative doubt, making it a practical accomplishment rather than a form of mystery (Cunha et al., 2015). Arthur (2014) suggests that emergence in complex systems relates to the development of patterns on a meso-level. Serendipity can be viewed as moments when various development trajectories converge into innovation enabling patterns that emerge via the collective actions of many actors in a process of self-organization (Goldstein, 1999). Emergence happens when actors react to the pattern they together create, and as a result that pattern alters itself, causing the actors to react anew. Consequently, rather than surrendering to luck-driven emergence, actors can influence meso-level developments (i.e., emergence) by catching serendipitous moments and creating opportunities for other actors to engage in innovation enabling patterns of action.

Discussion & Conclusions: By applying a subjective-interpretative ontological stance, managers are able to prepare for serendipitous situations. Managers with a systemic and multi-level (S-D logic) stance will have a broader and more holistic reading of the "market”, and therefore "see" the potential to integrate resources in ways that managers with an objective-positivistic (GDL) stance fail to do.
Complexity and Interdependencies of Actor Integration for Service Innovation in Service Systems - Insights from the Exploration of Micro Level Practices

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Service innovation has been described as a multi-dimensional process affecting the actions of various actors of a service system, from different disciplines inside the organization to customers and users or suppliers. Taking the multi-dimensionality of service innovation as well as the increasing complexity of service systems into account, service researchers propose that service innovation needs to capture the perspectives, the knowledge and the experiences of relevant actors by integrating them into the service innovation process. Research taking a holistic service system perspective on actor integration practice is only currently increasing. More knowledge on the processes behind the phenomenon "complexity of service innovation" is needed to foster the manageability of complexity in service systems, for the development of sustainable service innovation. This is why this empirical research study aims to shed light on actor integration and its processes in the context of service innovation. Taking a service system view on service innovation, the study seeks to explore the complexity behind service innovation on a micro level, considering a service innovation initiative within an organization as a service system with sub-systems such as internal units and disciplines, customers or suppliers.

To explore actor integration practice during service innovation processes, this research study builds upon a number of multiple case studies in the context of manufacturing, IT and engineering firms. It combines the perspective of innovation managers with the perspective of actors that are getting integrated from different disciplines.

The analysis of empirical data exemplifies how the integration of actors on a micro level has interdependencies a) within its own core service system, b) with related sub-systems of the overarching service system and c) with unrelated sub-systems of the overarching service system.

a) Interdependencies within the core service system reflect the allocation of resources: Integrating actors as well as integrated actors need to balance resources between the service innovation activities and their daily business. Parallel projects and changes in the work environment may have impact on the implementation of actor integration.

b) Service innovation creates interdependencies with sub-systems, e.g. when third parties are needed to access new actors for service innovation, or when the knowledge of actors is integrated indirectly, e.g. by forwarding relevant customer knowledge through the organization.

c) Service sub-systems that are not directly part of the innovation process can become interdependent when actors from their service system are e.g. transferring new workshop tools to their unrelated work team, or when (un)successful practices in another sub-system will lead to a change of perceptions on a higher system level - e.g. when top management decides about resource allocation and supported practices.

Findings furthermore imply that interdependencies do not have to show instantly - especially with indirectly related sub-systems, there can be a time delay.
Purpose: This paper aims to understand the role of institutions in service experience from the service beneficiary perspective within the Portuguese ecosystem.

Theoretical foundations: In a recent article, Vargo and Lusch (2015) updated and extended Service-dominant Logic. Institutions assume a prominent role in this mindset. Drawing on the work of Institutional theorists about Institutional Logics (e.g. Friedland and Alford, 1991; Thornton, Ocasio and Lounsbury, 2012) and Inhabited Institutions (e.g. Greenwood et al., 2011; Hallett and Ventresca, 2006), this research looks at institutions and institutional logics and how it affects service experience.

Design/methodology/approach: Through a multiple case study method thirteen firms were considered and data were collected by interviewing decision makers regarding relationships with its service providers. Document analysis was also undertaken. The cases were selected as they were Portuguese firms with Portuguese decision makers. Micro, meso and macro perspectives of context were considered (Akaka, Vargo and Lusch, 2013).

Findings: Data collection was concluded and data analysis is on course. We expect to deliver new findings on how institutional logics present in the studied context influence service experience.

Discussion and Conclusion: This research offers important academic contributions as it deals with a central concept in S-D Logic - institutions. Since this concept arose recently in S-D Logic literature it makes empirical contributions on this matter more relevant.
Relational notions developed in B2B and service contexts and applied in consumer markets were theoretically rooted in dyadic interactions (interpersonal, information, etc) and exchanges (financial, social etc) and emphasise continuity, reciprocal and social/emotional significance. With the increasingly acceptance of notion of value co-creation in service systems, the understanding of relational phenomenon in these new practices become acute. It could be suggested that in service system, relationships would take different forms such as from dyadic, triadic to relationship at the system level; entail different nature from bonds based on social, financial exchange to capacities for interactions for performing tasks. Therefore, we argue that theoretical understanding of relationships in service system need to be addressed.

By drawing on assemblage theory, we conceptualised relationship phenomenon in service systems. We define service system as assemblages of actors through capacity interactions for performing tasks/value co-creation. Consumer relationships entail interactions and interdependences of capacities among actors in the system to form an assemblage with an identity for a purpose. There are dynamic processes of assembling and dissembling of actors, in which consumer relationships would move beyond the dyadic or triadic between actors but centre on the dynamics of stabilisation and destabilisation of the assemblage. The value addressed is value at the system level for the well being of the service system (Vargo, Maglio and Akaka, 2008).

We empirically investigated consumer relationships in service systems. Using network analysis, we analysed what actors are engage in, what links/connects actors, how strong these links are and the positions of actors and the internal homogeneity in the assemblage; to capture the change to theses assemblages such as factors causing the destabilising of these assemblages. We focus on the structural aspect of consumer relationships by exploring the dimensions of relationship quality of relationships at the system level. Theoretically, this paper would contribute to the relationship literature by using network analysis to unpack the links of actors in service system and measurement of the system level relationships. Empirically, we examined relationships in service system by looking at two cases one in consumer markets and another in B2B contexts.

Reference
Introduction: Institutional entrepreneurs are actors that advance their interests by altering existing institutional arrangements (DiMaggio, 1988; Greenwood & Suddaby, 2006). This is congruent with recent developments in Service-Dominant logic where economic activity is viewed to happen in ecosystems, governed by endogenously generated institutions and institutional arrangements (Vargo & Lusch, 2015). There is, however, limited research with a S-D logic perspective on how focal actors can influence their institutional arrangements. Hence, the purpose of our research is to identify which aspects of institutional arrangements do entrepreneurial actors focus on, in their efforts to re-configure them?

Theoretical Foundations: Institutional work has been described as the "purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions" (Lawrence & Suddaby, 2006: 215). The discussion about the ‘paradox of embedded agency’ (Battilana, Leca & Boxenbaum, 2009; Garud, Hardy & Maguire, 2007) informs us that entrepreneurs are able to envision new institutions even though they are embedded in existing ones.

Hardy and Maguire (2008) argue that the literature on institutional entrepreneurship can be divided into two narratives, a process-centric and an actor-centric narrative. In this research we apply an actor-centric view, focusing on organizational actors rather than individuals (c.f. Alvarez et al., 2015), when investigating how institutional entrepreneurs influence institutional arrangements in their pursuit to create opportunities for value creation.

Method & Findings: In line with extant institutional entrepreneurship research, we adopted case studies as our research method. Our sample consist of 21 firms from Finland, New Zealand, Singapore and Sweden; all with a track record of successfully engaging in strategies aimed at shaping institutional arrangements. Our data consists of 84 in-depth semi-structured interviews.

Informed by Gioia, Corley and Hamilton (2013), we have given primacy to the interview data, and categorized it into: informant-centric first order constructs, theory-centric second order themes, and overarching (theoretical) aggregate dimensions. We have identified a total of 13 second-order themes based on the first-order constructs. These have been categorized into four aggregate dimensions: content and process of exchange, improvement of usage context, actively changing representations, and influencing norms.

Discussion & Conclusions: Our research shows that both large listed corporations and small entrepreneurial firms - collectively called entrepreneurial actors - engage in activities aimed at shaping institutional arrangements. Hence, our findings support Greenwood and Suddaby
(2006), who acknowledge that also large corporations can act as institutional entrepreneurs. However, our research complements their work in suggesting that change in mature service ecosystems is not always brought about by large incumbents, but that also new and relatively small actors can influence their institutional arrangements. The identified second order themes and aggregate dimensions can also form a basis for future modelling of service ecosystems from an institutional perspective.
Towards Network Governance: Innovation Opportunities and Challenges in the Public Sector

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Public organisations have traditionally been laggards in innovation: stability has been identified as their characteristic instead of renewal (Aagaard, 2012). Innovation was, however, brought to the public agenda more than twenty years ago when the paradigm of New Public Management (NPM) started to replace the earlier administrative paradigm. The mission of NPM - which today dominates the view on public service - includes marketisation, private-style management, entrepreneurial attitude, and performance measurements (Tummers, 2013). Instead of authoritative, rule-based and supply-driven service practices, aiming to ensure equity, NPM highlights deregulated and demand-driven service aiming to ensure efficiency and customer satisfaction (Torfing and Triantafillou, 2013).

While the benefits of NPM are indisputable, its limits have become apparent along with the increasingly complex issues, the solution of which requires multiple actors and open dialogue (Sørensen, 2002). Also the new opportunities provided by digitalization have changed the conditions that favour innovativeness and efficiency. The development of provider processes is no more sufficient but the crucial issue is the role of customers and citizens. Consequently, there has been a growing discussion of ‘Network Governance’ (NG) as the next paradigm. It assumes that working across organizational and professional boundaries enables both efficient and effective service, and both transformational changes and continuous improvement (Hartley, 2005; Osborne et al., 2012). Various stakeholders and individuals from public and private sectors should be empowered to work together and overcome institutional barriers (Christensen, 2012).

The principles of NG are in line with the basic arguments of S-D logic. The idea of customers as resources to the provider and the idea of all stakeholders as resource integrators are in the core of NG. Applying S-D logic more systematically could be of great help in the further development of this paradigm. The present paper examines this opportunity in more detail. It also analyses NG from the viewpoint of institutional innovation.

The application of NG in the health sector is used as an example. So-called ‘integrated care programs’, conducted in various countries, are based on a ‘mix of NPM and NG’: they consist of utilizing community resources, developing multidisciplinary care teams, investing in patient education and self-care, building follow-up and case management, employing decision support for professionals, and utilizing information systems (Ouwens et al., 2005). The mix of two paradigms creates tensions that are reflected, among others, in the new role required from care professionals: they have just learned to give up expert power to work in provider-customer dyads, and now they should learn to support the patients' own value creation processes. Our case study, carried out in a health centre of a Finnish city, shows that there is quite much confusion in practical applications and clarification of the logics included would be beneficial.
Emergence of innovative ideas in the Socio-cyberspace: Dream Catching

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Goods-dominant approach to innovation research and customer involvement is heavily tilted towards their observable, actual use. Customers are positioned as users of products. Customers’ role in the emergency of new innovations has been to test new innovation products. In this testing, lead users are seen as a special user group (von Hippel 2005) with their innovative new ideas in how to develop the product.

S-D logic has moved from products to service as the foundational element in the creation of something new. We draw attention to customers’ experiences, and especially to imaginary experiences, as a source for new innovations. As customers’ experiences, and especially imaginary experiences, may not be observable, they have gained little attention in service innovation (Dube et al, 2015; Helkkula et al., 2012; Edvardsson et al., 2006).

We understand imaginary experiences as those, which cannot be observed and which are therefore not explicitly articulated to a service provider (Valberg, 1992). Imaginary experiences can be based on previous experiences, and can be imagined as future experiences by the customer. For example, the imaginary experience of an upcoming holiday occurs when a customer starts to plan the holiday and reflects on his or her experiences of past holidays.

In our empirical analysis, we have studied the role of ordinary users in the generation of innovative service ideas in mobile services. We use the event-based narrative inquiry technique (EBNIT), smartphone applications (apps), and a magic wand as triggers for catching imaginary experiences.

The analysis identifies two types of imaginary service experiences: positive or desirable experiences (dreams); and undesired or negative experiences (nightmares). Both may be used as ideas for innovative value co-creation.

We contribute to service research by presenting how customers’ dreams can be triggered and caught. For further use of these innovative ideas, we present a four-field approach to convert customers’ nightmares into dreams, and identifying the concept of lead experiences as an untapped source of innovative ideas.

The implication for researchers and managers is that in addition to lead users’ innovative ideas, ordinary customers’ dreams and nightmares can also be used for innovative value co-creation in research and practice. Service providers can catch customers’ dreams, and nightmares in the socio-cyberspace, and use them as ideas for innovative value co-creation that customers either desire or want to avoid.
The Nature and Role of Money in the Internet of Transactions: Will Socio- Cyber-Physical Objects Wait in Line at the Cash Register to Pay?

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Introduction: Two phenomena based on convenience, connectivity and community, with a strong inter-relationship, have recently emerged: the "internet of things" (IoT) and crypto currencies. Their combination could potentially fundamentally alter current perceptions of business models. The IoT can be regarded as a set of socio-cyber physical objects transacting among themselves, either passing information or using algorithms to make decisions. Crypto currencies, of which Bitcoin is the best example, are currencies based on cryptography and mathematics to create new currency and validate transactions which are then stored in a distributed ledger known as a blockchain. They can also carry code as well as "currency" facilitating smart contracts.

Theoretical Foundations: Business model theory suggests that business models: propose, create and capture value (1. Implicit in this theory is the boundary of the unit of analysis being the firm, (or a subset of the firm, given that a firm may have more than one business model); and that value is captured in traditional monetary terms (monetised) which remains the subject of separate flows and services outside the boundary of the firm in a different supply chain, and with different business models.

Methodology: An ongoing study (by the author and colleagues) of 100 firms in mobile payments classified emerging business models on the basis of how they proposed, created and captured value.

Findings: The research was able to demonstrate that although there were a multitude of new business models types in the payments arena, with some significant "groupings", they all used existing financial service intermediaries (e.g. Visa or clearing banks) or other intermediaries (e.g. mobile phone companies).

Discussion: The study has implications for all business models in the IoT space, and especially in the "internet of transactions" which it will emerge through its usage. The new business models in payments represented evolution not revolution. The key question is what type of "currency" will be used by IoT business models? It seems unlikely that traditional slow and expensive methods would be able to operate sufficiently quickly or cost effectively. Crypto currencies provide low cost real time micropayment transactions, allowing the transfer of small amounts of value" for small amounts of service. In addition by enabling smart contracts the transfer of value can be embedded in the transaction itself.

Conclusion: The Internet of Things needs what the Bank of England describes as an "internet of finance"(2). Blockchain type technology, embodying smart contracts and distributed censor resistant ledgers can be an effective enabler of the internet of transactions.

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About the Service Systems Group at WMG
Led by Professor Irene Ng, the SSWMG team of researchers cover a wide range of specialisms, including decision theory, ontology engineering, consumer culture theories, modularity & architectural innovation, information systems, economics, supply chain, monetization of digital services, consumer experience and loyalty.

The transdisciplinary research conducted by the Service Systems research group at WMG lies in the understanding and design of complex service systems, which come in many forms. Our work has ranged from multi-party outcome-based contracts for Rolls-Royce engines to the Ministry of Defense, complex service and logistics contracts to deliver a bank of flying hours for the Tornado or Typhoon jets, to designing multi-sided platforms and markets like the HAT for personal data, and knowledge-based collaborative networks of partners such as hospitals and universities.

Our work has been funded by the UK government through the Research Councils UK. We also work closely with industry and the public sector, with partners ranging from manufacturing organisations in the defence and aerospace sectors transitioning into outcome-based service environments, to public sector organisations such as the NHS and the Ministry of Defence. Learn more: www2.warwick.ac.uk/fac/sci/wmg/research/business_transformation/ssg/ssgabout/

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HARRIET is a research project conducted by WMG, University of Warwick. The goal of the HARRIET project is to deploy the Hub-of-All-Things (HAT) (hubofallthings.com), a platform created from another WMG project, into real households and then develop a Resource Integration and Enabling Tool (HARRIET). HARRIET will assist individuals to better understand their household consumption behaviour and make ‘smarter’ decisions to plan and live better lives based on their own data stored on the HAT. More information about HARRIET can be found here: hubofallthings.com/Harriet/