

Service Systems as a foundation for resource integration and value co creation

Bo Edvardsson, Per Skålen, Bård Tronvoll,

The function of a service system is to facilitate value creation. According to this understanding, competence and motivation of the employees are the primary determinants of a service system's ability to co-create value with customers (Lusch, Vargo, and O'Brien 2007). Customers, employees, and other actors are resource integrators in using their own and other available resources to co-create value in collaboration; moreover, this value is perceived and assessed by the customer on the basis of value-in-context (Vargo et al. 2010). This context is the service system, which is embedded in the customer's social system. Consequently Edvardsson, Tronvoll and Gruber (2011) contend that value co-creation is shaped not only by resource integration but also by social forces, which are reproduced in social structures. In these social processes, human resources such as competence, communication, status and motivation are employed to act on other types of resources such as physical, technological, informational and social resources. However, previous research poorly explains how resource integration takes place. In particular, it has not illuminated the role of social structures and human resources in resource integration. Furthermore, service systems are described at a high level of abstraction. Accordingly resources, structures and the borders of the service system are often depicted in an unclear manner. Thus, there is a need for more detailed description of the role of the contextual and human factors in resource integration and value co-creation.

In order to address these issues we elaborate on previous research that has accounted for service systems from the perspective of structuration theory (Giddens 1984; Edvardsson, Tronvoll, and Gruber 2011), in which human action is given a prominent role. In particular, we employ Giddens understanding of social practices to understand how human actors integrate resources and co-create value. According to Giddens social structures provide human with resources which they employ to act. These resources are embedded in social practices which actors draw on to act and make sense of other actors' actions. Practices enable and constrain human actions such as value co-creation and resource integration. By invoking Giddens structuration theory and his notion of social practices it is thus possible to study the role of social structures and human resources in resource integration at the level of action.

The aim of this paper is to further develop the understanding of service systems by drawing on Giddens theory of structuration and practice theory. In particular we ask the following research questions. What constitutes a service system in practice? How are resources integrated and value co-created in service systems?

Service systems have in service science normally been described as constellation of resources as well as intended resource integration and value co-creation. Another way of describing service systems are as constellation of practices and thus focus on the actual resource integration and value co-creation realization of resource integration and value co-creation.

This paper contributes by extending and deepening the understanding of service systems as embedded in and interacting with social systems. The analysis focuses on service systems as theoretical constructs and the role of social systems in action and practice. Our framework links service systems to service practices and social systems and through this to social practices. We thus, view social and service structures as mediators between social and service practices and on the other social and service systems which subsequently has a major impact on resource integration, value co-creation and thus value-in-context.

Key words: resource integration, service system, social system, social structure, value co-creation,