Innovation and service-dominant logic

Kun-Huang Huarng¹ · Amparo Cervera² · Francisco Mas-Verdu³

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Abstract Radical changes have occurred in innovation management. Traditional goods-dominant logic has shifted to service-dominant logic, where value is created for use instead of exchange. Customers are tied to organizations to co-create value. The focus of this special issue is on high quality, original, unpublished research, case studies, and implementation experiences. The issues are covered, including the collaborative workplaces for innovation in service companies, the financial crisis in hospitality industry, the role of quality management in innovation, and the value logic in service.

Keywords Collaborative workplaces · Financial crisis · Hospitality · Quality management · Value logic

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✉ Kun-Huang Huarng
khuarng@mail.fcu.edu.tw

¹ Department of International Trade, Feng Chia University, 100 Wenhwa Road, Seatwen, Taichung 40724, Taiwan

² University of Valencia, València, Spain

³ Universitat Politècnica de València, València, Spain

1 Introduction

The way organizations manage innovations has undergone radical changes over the years. First, innovations are not developed solely within the boundaries of organizations. As well as arising from internal sources, innovations occur in collaboration with an extensive network of external agents, including suppliers, partners, and customers (Chesbrough 2003; Nambisan and Sawhney 2007). Second, the core elements of innovations are not only tangible, but also intangible, taking the form of information that is transferred to customers. The emphasis has thus shifted from the physical attributes of goods to the values or experiences that are perceived by customers (Prahalad and Ramaswamy 2004; Vargo and Lusch 2004, 2008; Lee 2015). Third, innovations can shape the strategy of organizations (Lee and Olson 2010). Innovations are now considered part of the broader context of supplier–customer relationships (Cantista and Tylecote 2008). Organizations aim to develop a continuous flow of innovative solutions to specific customer problems. The notion of innovations no longer refers to something new in absolute terms but rather something that is new for a particular customer.

Much innovation research has followed the principles of goods-dominant logic (Vargo and Lusch 2004, 2008). Goods-dominant logic focuses on optimizing and managing tangible results in economic processes. In goods-dominant logic, value is created by organizations and is usually distributed through the exchange of goods and money. In this exchange, the roles of producers and consumers are distinct, and value creation is often conceived as a series of activities that are performed by organizations (Vargo et al. 2008). Rather than stressing the production and supply of tangible goods, service-dominant logic is linked to value-in-use (Vargo and Lusch 2008). In service-dominant logic, the roles of producers and consumers are indistinct: Value is usually co-created in interactions among producers and consumers through the integration of resources (Vargo et al. 2008).

Scholars have enriched the theory on service-dominant logic by adapting it to specific contexts. But the key element that explains the transition from goods-dominant to service-dominant logic can be expressed as follows: “the business process is informed between understanding the purpose as selling things to people and understanding it to be serving the exchange partner’s need” (Lusch and Vargo 2014). This new conceptualization of service innovation in service-dominant logic highlights the key role of actors in social systems. These actors create changes in structures expressed in innovative ways that allow actors to co-create value (Edvardsson and Tronvoll 2013; Koskela-Huotari et al. 2016). This special issue, titled “Innovation and Service-Dominant Logic,” focuses on the need for a broader conceptualization of services and innovations to explain how both are generated, disseminated, and applied. The special issue also probes into service-dominant logic’s potential as a framework to explain innovation processes (Vargo and Lusch 2004, 2006, 2008). As Michel et al. (2008) report, service-dominant logic offers a novel theoretical perspective that demands a reassessment of the nature and management of innovation and a better understanding of the innovation and value creation processes. Service-dominant logic offers a suitable framework for

understanding innovation in services by fusing services and goods into an integrated ecosystem where customers play a key role. Consequently, service-dominant knowledge is increasingly being recognized as a viable approach in service innovation research (Ordanini and Parasuraman 2011; Mas-Tur and Soriano 2014; Lusch and Nambisan 2015).

This special issue focuses on high quality, original, unpublished research, case studies, and implementation experiences. The articles are introduced below.

2 Contributions

The first contribution, “Collaborative workplaces for innovation in service companies: Barriers and enablers for supporting new ways of working,” is by Manca, Grijalvo, Palacios, and Kaulio. This article provides a guide for companies that seek to design new ways of working based on employee collaboration and flexibility. The study is based on interviews with employees who hold different positions in multinational companies and Spanish subsidiaries. The study consists of three parts: identification of the factors that encourage or hinder the performance of collaborative jobs; exposure to the mechanisms that reinforce barriers and generate tensions between different areas; and investigation of how companies can use enablers to reduce such tensions. In “Quality Management as a driver of Innovation in the Service Industry,” Roig-Tierno, González-Cruz, and Botella Carrubi study how quality management is linked to exploratory innovation, thereby influencing the development of new products and services in underserved markets. The strength of an organization is its capacity for innovation. This capacity is explained by customer orientation, competitive strategy, and the motivation of the manager to adopt quality management.

In “Predicting hospitality financial distress with ensemble models: the case of US hotel, restaurant, and amusement recreation,” Kim investigates the dominant factors of the financial difficulties of US hotel companies between 1988 and 2010. To do so, the author uses joint models that combine the characteristics and advantages of specific models. The study is based on data from restaurants, hotels, and places of entertainment. The author concludes that the future direction of research should be to predict possible bankruptcies.

Finally, the objective of the study titled “Value logics for service innovation—Practice driven implications for service-dominant logic,” by Parida, Oghazi, and Churimalla, is to understand the creation of value in service innovations by product-focused manufacturing companies. The authors develop a theoretical model based on product-, service-, virtual-, and systemic-based value logics.

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