

# Enablers of Servitization Roles and Action Mechanism

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## INTRODUCTION

To build a long-term competitive advantage, the manufacturing industry has begun a movement to transform itself from simply offering products to offering customer-based services and solutions in addition to their products. This new business model is known as “servitization.” There are several business service models that manufacturers can use according to their level of service integration.

In order to transform into a service-driven organization effectively, various types of servitization enablers have been presented and examined in this study. This paper is organized to investigate servitization enablers thoroughly and to analyze their interrelations. Perona et al. (2017) pointed out that enablers have not been discussed comprehensively by servitization literature. Moreover, the enablers for servitization have been, in general, investigated individually without analyzing their interactions, which are important to facilitate the desired transition.

The first section of this paper addresses the most influential enablers by focusing on:

1. Type of organizational cultural in servitized manufacturing.
2. Leadership behavior and personnel management during the process of servitization.
3. The role of digital technologies in supporting servitization.
4. Organizational structure and operations that facilitate servitization.

The second section emphasizes the interrelations between servitization enablers. In order to make appropriate decisions, it is essential to understand how enablers can be redesigned to achieve servitization as a new business strategy, and to analyze the nature of interactions between enablers, as lacking a holistic view of their collaboration may lead to servitization failure.

## BACKGROUND

The term “servitization” was firstly introduced by researchers Vandermerwe and Rada (1988). Since then, researchers have studied it from different perspectives. Baines et al. (2009) defined servitization as “The innovation of an organizations’ capabilities and processes to create mutual value by shifting from selling products to selling integrated solutions.” The early literature introduces servitization as adding services to supplement the existing product (Vandermerwe & Rada, 1988). The more recent literature introduces service offering and customization as a dynamic and central activity (Ng et al., 2011). Servitization enablers have gained the attention of researchers, and they have classified them into multiple categories. Matthyssens and Vandenbempt (1998) identified organizational culture, organizational structure, and human resources as the key enablers, whereas Mathieu (2001) and Galbraith (2002) believed that

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strategy, people, structure, rewards, and processes were the key enablers. Gebauer and Fleisch (2007) also presented the latter key enablers and extended them to include market-oriented service processes, relationship marketing, customer-oriented services, and creating a separate service organization.

The impact of servitization enablers is important to organizational stakeholders, and therefore this paper offers a great opportunity to add new knowledge regarding the understanding of servitization.

## **FOCUS OF THE ARTICLE**

### **Organizational Culture (OC)**

Management literature defines OC in different ways based on their related variables. Ravasi and Schultz (2006) gave a simple definition of OC as “A set of shared assumptions that guide what happens in organizations by defining appropriate behavior for various situations,” and “it forms the basis to solve company’s problems” (Dubruc et al., 2014).

Servitization is all about innovation of business offers, which consequently demands a service orientation OC (Dubruc et al., 2014). Zeithaml and Bitner (2003) defined service culture as “Culture where an appreciation for good service exists, and where giving good service to internal as well as ultimate, external customers is considered a natural way of life and one of the most important norms by everyone.” Shifting from product-oriented OC to service-oriented OC means shifting the focus from achieving efficiency, economics of scales (Bowen et al., 1989) to innovation, flexibility, variety, and customization.

Schein (2004) determined three levels of culture:

1. The artifacts such as physical infrastructure, processes, structures, technology, and published values that can be seen and felt.
2. Espoused values such as norms, values, and beliefs that employees use to represent themselves within the OC.
3. Basic assumptions that are unconscious and taken for granted by employees.

Kinnunen (2011) suggested that changing OC would be in artifacts and espoused values only, because since the last level is not easy to recognize. Kinnunen (2011) argued that within the service transition, the artifacts will be concentrated on the role of the customer, type of customer relationship, and tools to measure performance, while espoused values will relate to the observation of the organization’s basic mission, its philosophy, and its competitiveness. Nuutinen and Lappalainen (2012) revealed that in a product-oriented organization, the product history was positioned in the firms’ mentality, existed in the structure and in management practices, therefore, the existing OC obscured new ways of thinking and the ability to develop a real service business.

Gebauer et al. (2012) emphasized modifying the company’s values and employee behaviors in order to have a service organization and people-oriented OC. However, service OC is not rooted at the early stage of a transition, but is promoted when the service offering becomes recognizable and profitable (Gebauer et al., 2010).

In terms of OC change during the servitization process, there are several issues to examine:

1. The change of managers and employees’ roles, and their service awareness are necessary (Nuutinen & Lappalainen, 2012). Service awareness at the managers’ level means changing their thinking

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