

Chapter 5

Service Sustainability: A Tripartite Value Co-Creation Perspective

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ABSTRACT

The main topic of this chapter is service sustainability. Currently, the modern economy has huge planet-wide sustainability issues. The authors focus on the sustainability of service and propose the perspective of a tripartite value co-creation for achieving service sustainability. In the perspective, service providers collaborate with customers to improve not only their mutual value but also enhance the value of natural capital by establishing a voice for nature in service processes. Questions for changing behavior to achieve sustainability of service are discussed.

INTRODUCTION

The transformation to a service economy is occurring worldwide. At the same time, the modern economy has huge planet-wide sustainability issues. Sustainability is defined as policies and strategies that meet the present needs of society without compromising the ability of future generations to meet their own needs (U.S Environmental Protection Agency: EPA). This issue has been affecting our economic activities, so now is the time to think about, plan for and implement sustainable service activities for sustainable planet.

Sustainability has attracted increasing attention from many sectors (business, government, non-profits and academe). Research on sustainability has been based on the triple bottom line concept (e.g., Hult 2011) and has been categorized according to three considerations: economic, social, and environment (e.g., Vucetich and Nelson 2010).

In addition, the need for research on service sustainability is attracting attention (Ostrom et al. 2010). Service activities require value co-creation between exchanging parties and a win-win relationship between service providers and recipients that is based on receiving mutually beneficial values (Ordanini and Pasini 2008; Vargo, Maglio, and Akaka 2008; Spohrer and

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Maglio 2010). We define sustainable service (or service sustainability) as satisfying the needs of current providers and recipients to practice mutual value co-creation without decreasing the quality of future value co-creation.

Only a few service research studies have targeted environmental sustainability (Grove et al. 1996; Edvardsson and Enquist 2008; Sebhatu 2010; Patricio et al., 2010). Most sustainability research has focused on efficient use of environmental resources and analyses of the human impact on natural resources, including analyses of the ecological footprint (e.g., Hunter and Shaw 2007), economic impact (e.g., Gatzweiler 2006), chemical engineering (e.g., May 2002), political strategy (Shove and Walker 2010), and corporate strategy (e.g., Shrivastava 1995). Kajikawa (2008) surveyed the literature on sustainability research and found very few studies on service sustainability.

The service economy functions interdependently with other living things and natural resources, but previous service research has focused on win-win oriented human-to-human activities in a value co-creation process. In this chapter, we broaden the concept of service to create a conceptual framework for the sustainability of service. To begin with, we summarize the service economy and the concept of service. Next, we broaden the concept of service by adding natural capital as a value co-creation counterpart to humans. After we describe our service sustainability model, we demonstrate the usefulness of the model by discussing examples of ways to achieve sustainable service.

THE CONCEPT OF SERVICE AND ITS PARASITIC ASPECT

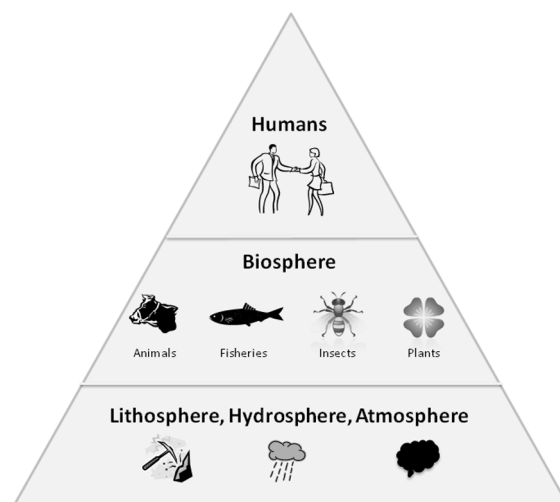
Interdependent Structure of Service Economy

It is well known that vast quantities of living creatures are interdependently surviving with each other by using the natural resources of our

planet. Today, the economic transformation of the service economy makes our world more and more interdependent and also makes the interdependent structure more difficult to understand. This is because service activity requires value co-creation between parties and such activity is becoming more complex, for example, “social, technological, economic, environmental, and political change are all interdependent” (Spohrer 2009, p.i) and service is “the ‘glue’ which holds the artificial world together” (ibid, p.i).

While our service economy is very complex, our overall economy functions interdependently with other living things in the biosphere and with natural resources as shown in Figure 1. Every service activity depends on the planet’s original resources such as lithosphere, hydrosphere, and atmosphere. Also, service depends on the biosphere elements such as animals, fisheries, insects, and plants. For example, many services such as supermarkets, restaurants and even hospitals provide food to their customers. Therefore, we should never forget that all human service activities depend on the biosphere, lithosphere, hydrosphere, and atmosphere. We should know more about what type of interdependence our economy creates with other spheres.

Figure 1. The relationship between our economy and environments



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