CLASSIQUES
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Service Innovation: Novel Ways of Creating Value in Actor Systems, edited by
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The view to the role of services in society has changed in time and
this change has been reflected in the academic discussion on the nature
of services and service innovation. Today, it is widely acknowledged that
services have a crucial role in our economy. This importance of services
was stressed by Fuchs as he introduced the term service economy in 1965.
Soon thereafter scholarly interest in services started to grow. Research
first focused on the development of the service sectors and on service
management. In the 1980's researchers also started to pay attention to
services in the manufacturing sector. The first service innovation theory
was introduced in 1986 by Barras and that can be seen as the start of
research on service innovation. As interest in this topic grew, research
on service innovation took many different perspectives. Today, there
is vivid discussion on the direction of service innovation research and
recently, the discussion has more and more often emphasized systems.
Now, Springer has published in its Translational Systems Sciences series
a new book on service innovation edited by Marja Toivonen. This book
under review here implies that service innovation should be viewed as
novel ways of creating value in actor systems. This is not just any systems
view. Instead, the focus is on actor systems and value creation in them.

The significance of the book lies first of all in adopting this specific
type of systems view on service innovation. The view taken is particu-
larly needed in today's grand challenges. It is crucially important for
solving issues related to welfare and sustainability. Value creation in
actor systems is also much impacted by the development of technical
systems. Technology creates new possibilities and threats for value cre-
ation. Therefore, current rapid advancement of technology accentuates
the topicality of discussing service innovation from the new viewpoint,

although technical systems as such are not the main point here. The book includes chapters on a wide array of subtopics on service innovation by many highly distinguished scholars on the subject. It gives an excellent summary of the history of service innovation research and leads way to the future by showcasing different aspects of the adopted systems view. The book is written mainly for an academic audience that wishes to understand the path that has taken us here and to learn about the most recent scholarly discussion on service innovation and the future direction of research. The book includes altogether thirteen chapters by different authors. In the following I will first discuss four of the chapters that I find particularly interesting from the adopted systems viewpoint. After discussing these chapters I will proceed to my conclusion of the book.

In his chapter Ian Miles uses bibliometric analysis to discuss research on "service innovation" and "innovation in services" (SI-IS). He describes how service innovation, originally neglected in innovation studies, has really taken off in the present century. The discussion is so diverse however, that many scholars have found it useful to refer to different perspectives of service innovation research. In particular two resembling characterizations have been influential: Gallouj's (1994) characterization of industrialist/technologist, service-oriented and integrated perspectives and Coombs' and Miles' (2000) characterization of assimilationist, demarcationist and synthesis perspectives. Revising the earlier work, Miles suggests a new version of the characterization that could be depicted as a two-by-two matrix. The first dimension of the matrix is between techno-perspectives stressing technological elements of innovation and servo-perspectives stressing non-technological elements of innovation. The second dimension is between assimilation-perspective stressing similarities between sectors or activities and demarcation-perspective stressing differences between sectors or activities. Miles further discusses the integrative or synthesis perspective drawing from both manufacturing and service industries and both techno- and servo-perspectives. He points out that this synthesis perspective is yet to be established but emphasizes its importance for solving challenges related to complex service systems. Taking the specific viewpoint of the book, I would like to stress this even further: a holistic integrative or synthesis perspective is imperative for understanding value creation in actor systems.

Heiko Wieland, Stephen Vargo and Melissa Akaka apply the service-dominant logic (Vargo & Lusch, 2004; 2008) in their discussion on innovation in service systems. They first explain the service ecosystems perspective that moves away from looking at value creation between producers and consumers toward looking at value cocreation in actor-to-actor systems. Then they explain how innovation takes place through institutionalization. Not only is institutional change important but institutional maintenance as well since value propositions are always built upon existing institutions. Making a distinction between technological innovation and market innovation, they point out that technological innovation leads to new value propositions of potentially useful knowledge but it does not necessarily lead to market success. Markets do not preexist but they are performed by market actors and markets are formed only when new practices are institutionalized. Therefore market innovation is driven by institutionalization. The authors suggest that taking the ecosystems view the focus on value cocreation can be zoomed in and out to different systems levels. Studying phenomena on different levels and between them allows one to assess which innovations have good chances of success and which do not. The main ideas of this chapter have been presented in previous articles by the authors. However, I find the chapter an extremely important part of the book due to the way the service-dominant logic has been able to generate discussion on service innovation from the new viewpoint. The chapter is particularly interesting as it describes the change processes in actor systems of value creation. It may be very difficult to get a good grip of the change taking place, but the authors make a valuable point that zooming in and out to different systems levels can be very helpful here. I find it important that a more dynamic approach is adopted for service innovation and the discussion in this chapter gives clues for such an approach.

In their chapter Faridah Djellal and Faïz Gallouj focus on the materiality and immateriality of services in order to discuss the extent to which service innovation can contribute to environmental sustainability. They first debunk the myth of the natural sustainability of services by describing different sources of their materiality: the mediums the service activity operates on, the physical spaces of service production and consumption, the production factors deployed, and the interactivity of services. They also clarify that the materiality of services is a social

construction that depends on how the boundaries of the service are viewed and whether indirect sources of materiality are taken into consideration in addition to the direct sources. However, better understanding of the materiality of services enables the implementation of different dematerialization strategies that make the services themselves greener. Further, Djellal and Gallouj explain that goods and the whole economy can be dematerialized by services and service innovation. They describe the different ways that product-oriented and use-oriented product-service systems (PSS) (Tukker, 2004) can lead to dematerialization. However, as services are not by nature green, appropriate innovation strategies are needed in order to realize the potential of service innovation for a more sustainable economy. Here, I find the discussion on system boundaries of particular interest. The authors make it clear how a lack of understanding of the role of system boundaries can lead to a limited mindset that does not allow one to see the true impact or possibilities of service innovation. I believe that better skills or tools related to system boundaries could take service innovation research a great leap forward, especially when it comes to understanding systemic value creation and solving grand challenges through service innovation.

In their chapter Lars Fuglsang and Jon Sundbo describe innovation capabilities needed in public service systems. First they describe general capabilities in service innovation that are needed in both public and private sectors: *e.g.* capabilities in design and R&D; in IT and other technologies; in networking and co-operation; in market orientation and reproduction of solutions across the customer base; in intrapreneurship, customer interaction and employee-based innovation; and in balanced innovation management and "strategic reflexivity" (Sundbo & Fuglsang, 2002). When taking a deeper look at public service systems the need for certain capabilities is stressed. The public ethos, obligation to produce services and resource constraints all together emphasize the need for capabilities in "bricolage" (Fuglsang, 2010) – using available resources for making tailored and situation specific solutions for individual customers. The various roles of clients of public services emphasize the need for capabilities in creating new forms and mechanisms of co-production. As policy makers must ensure legitimate systems of power and decision making, specific capabilities for authorizing employees to make innovations are needed. The way that public services are often co-produced in

different forms of public-private relationships emphasizes the need for capabilities in "externalizing" (Alford & O'Flynn, 2012) services. Public service systems are a particularly important target of service innovation efforts. What I find especially interesting in this chapter is the specific roles and various forms of interaction among public sector, its employees, citizens, and the different parties of public-private relationships. The topic of capabilities is essential and the authors make a relevant point that innovation in public service systems requires partly different type of capabilities. These issues need to be considered very carefully when renewing the systemic service infrastructure of society.

Overall, I find the book a highly valuable contribution to the discussion on service innovation. The overall message of the book is highly important and at the forefront of service innovation research. Also, each one of the separate articles represents top-notch topical service innovation research as such. In particular, I find that the editor Marja Toivonen has done an extremely important contribution, not just in stressing the point of viewing service innovation as novel ways of creating value in actor systems, but especially in gathering a wide group of most distinguished service innovation scholars to write about this issue together in a compiled book. This kind of work has not been published before. However, I am missing some sort of a synthesis coming to a conclusion of where we are and showing the path for future service innovation research. I will now try to make some conclusions based on what I find important in this specific systems view and the different chapters of the book.

Service innovation research is fragmented but a new more holistic approach is emerging. The discussion has come to a level of maturity where it is suggested that service innovation should be viewed as novel ways of creating value in actor systems. In order to improve the performance of these systems we need to take a holistic perspective to service innovation that draws from the earlier separate perspectives. We need to learn to view these actor systems with different kinds of changing lenses to system boundaries – being able to zoom in and out to different system levels and different parts of the system, and to view the system boundaries even in unconventional ways. We need to learn to study the roles of the various actors in the different system levels and their interaction leading to both system performance and system

change. All of this comes down to developing new kinds of interactive innovation capabilities. Service innovation research has a lot to offer and a bright future but it still requires a lot of work as we are only starting to understand this more holistic systemic view and the new capabilities needed.

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