

Institutional logics matter when coordinating resource integration

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Abstract

Resource integration has become an important concept in marketing literature. However, little is known about the systemic nature of resource integration and the ways the activities of resource integrators are coordinated and adjusted to each other. Therefore, we claim that institutions are the coordinating link that have impact on value cocreation efforts and are the reference base for customers' value assessment. When conceptualizing the systemic nature of resource integration, we include the regulative, normative, and cognitive institutions and institutional logics. This article provides a framework and a structure for identifying and analyzing the influence of institutional logics on resource integration in service systems.

Keywords

Institutions, institutional logics, resource integration, service logic, service system, value co-creation, value assessment

Introduction

Over the years, the notion of resource integration has gained considerable attention in academic literature, particularly in the fields of marketing, service, and operations management (Edvardsson

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et al., 2012; Hibbert et al., 2012; Moeller, 2008). Traditionally, the discussion surrounding resource integration emphasizes the means through which actors like customers, suppliers, and other interested stakeholders use their knowledge and skills to cocreate value (Vargo and Lusch, 2008a; 2008b). Outside of this outcome-oriented perspective, little is known about the systemic nature of resource integration and the ways in which the activities of resource integrators are coordinated and adjusted to each other (McColl-Kennedy et al., 2012), so that the desired value of resource integration is achieved for all actors involved. Coordination is essential, as resource integration requires process(es) and forms of collaboration (Kleinaltenkamp et al., 2012) at many levels of business (Ballantyne and Varey, 2008:13). Furthermore, resource integration is always performed in the context of a service system driven by the actors' knowledge and skills as well as their intentions and motivation. Within these service systems and the larger social system, knowledge, skills, intentions, and motivation are influenced by institutions on the one hand and the actions taken by actors influence existing institutions on the other. Consequently, we view institutions as enabling or constraining the "humanly devised constraints that shape human interaction" (North, 1990: 3). Institutions play a major role in shaping an actors' behavior when managing resource integration and the cocreation of value in service systems. In this article, we propose that institutions are important to understand because of their influence on the service system and, more importantly, their impact on the value cocreation efforts of actors involved, as well as their value assessment—following the title of North's (1993) Nobel Prize lecture that "Institutions Matter."

As a starting point, clarification is needed in terms of defining what is meant by an "institution," as the term has brought some confusion into the marketing and management literature. This confusion is first related to whether or not organizations are seen as institutions—as Williamson (1985) states it—and second, whether institutions are understood as a set of rules, or if they also cover the behavior that is derived from these rules. This article draws on North's (1990: 70) perspective, describing institutions as "a set of rules governing interpersonal governance." These rules may be of regulative, normative, or cognitive nature (Scott, 2008). In this context, institutions enable and at the same time constrain resource integration and value creation in service systems. Value is here understood as being cocreated by customers and other actors (Vargo and Lusch, 2004, 2008a), and service systems are configurations of actors, resources, and technology designed to enable value cocreation (Spohrer et al., 2007). As service systems are shaped by social values and forces in social systems (Edvardsson et al., 2011), we emphasize that institutional settings and thus institutional logics affect service systems and the involved actors' behavior. This means that no single, unrelated institution is active but that there is a set of typically nested institutions of different kinds affecting each other in various but coherent ways with respect to their effectiveness. One example would be the public transportation service which is shaped by the logics in not only the transportation industry but also areas such as telecom. Customers using public transport services also use their smartphones to make phone calls, listen to music, access online services, download apps, or buy products. Thus, other institutions with their logics (norms, rules, and standards) will affect actors' resource integration in practice; the telecom logic as well as the logics linked to music and e-commerce.

As the activities and processes of resource integration are executed by individuals and organizations who act according to their own interests, that are not always harmonious with each other, conflicts may emerge throughout the course of resource integration. Therefore, collaborative processes need to be regulated or solved by the resource-integrating parties' joint efforts (Haase and Kleinaltenkamp, 2011). This service-for-service exchange is characterized as any transaction

by “conflict,” “order,” and “mutuality” (Commons, 1931). Out of this comes a need for coordination and for mechanisms of relational governance (Heide, 1994) that guide collaboration involved in resource integration.

From this understanding it becomes clear that value cocreation and service-for-service exchange do not happen in an institution-free world. They incorporate a reciprocal reaction, where institutions influence actors’ behavior and vice versa, actors influence institutions through their behaviors. It is through this creation and recreation of service systems that institutions become prerequisites for value cocreation, as an institutional context plays a key role when actors are using or operating on resources in service systems. For that reason, institutional logics are crucial in shaping service systems as they introduce broader belief and regulation systems that shape the cognition and behavior of actors.

In this article, we argue that there is a general lack of theory conceptualizing the systemic nature of resource integration which includes the regulative, normative, and cognitive functions of institutions and institutional logics and the impacts resulting from them on actors’ activities and interactions during resource integration for value cocreation. We propose that institutional grounded beliefs, norms, and rules constitute a major part of the context of service systems. These institutions play a key role in shaping service systems, actors’ resource integration, and value cocreation processes and vice versa. Thus, there is a need for further conceptualization of the application of institutional logics to value cocreation in service systems. This article provides a framework and a structure for identifying and analyzing the influence of institutional logics on service systems by focusing on three main logics: regulative, normative, and cognitive. Beyond this backdrop, the research question guiding the development of this framework is “How do institutional logics affect the involved actors’ resource integration and value co-creation?”

Resource integration and service systems

In the service research literature, resource integration is viewed in somewhat different ways. For example, Moeller (2008) uses resource integration referring to the incorporation and application of a customer’s resources within an organization’s resources. In this article, we extend the scope to include other actors such as partners and the involvement of multiple employees and customers. This expanded view is in line with the service-dominant (S-D) logic (Vargo and Lusch, 2011), providing a value cocreation framework in which all actors are resource integrators, tied together in shared systems of service exchanges (Vargo, 2011). Vargo and Lusch (2008a: 7) emphasize this understanding in the ninth foundational premise, “all social and economic actors are resource integrators.” Lusch et al. (2010: 4) also highlight that “firms exist to integrate and transform micro-specialized competences into complex value propositions with market potential.” These practices are changed in the course of an ongoing market process (Kirzner, 1997) where new institutional logics may emerge that change the existing institutional order (North, 1993). An institutional order existing at a certain point in time thus typically is a hybrid of a “made order” (Haase and Kleinaltenkamp, 2011: 151) and a “spontaneous order” (Furubotn and Richter, 2008: 16).

Our view of resource integration is built on Zimmermann (1951) and Pels et al. (2009) who emphasize the dynamic aspects in which resources become valuable during the cocreation process. Thus, resources have no inherent value in themselves. Instead, they possess important potential value, depending on how they are integrated and operated on, in specific contexts with specific intentions. The potential, to which values of a resource can be realized by an actor, depends on the courses of action that stand open for the particular actor, on the basis of the public relations (PR)

related to a resource (Haase and Kleinaltenkamp, 2011). According to PR theory, neither a resource nor its attributes are of importance, rather, it is how an actor makes use of the resource or how the attributes serve him or her. Whether a resource or its attributes are of use to an actor depends on the PR to the resource. PR theory distinguishes four types of PR to a resource (Demsetz, 1998; Eggertsson, 1990; Furubotn and Pejovich, 1972): (1) the right to use it (*ius usus*); (2) the right to appropriate the returns arising from exploiting it (*ius usus fructus*); (3) the right to change the form, substance, and place of it (*ius abusus*); and (4) the right to transfer all or some of the aforementioned rights to that commodity to others (*ius successio*).

In this sense, resources need to be understood as “*becoming*” instead of “*existing*” in the specific situation, as they are integrated by actors in order to enable value cocreation. This dynamic view on resources has long been recognized in the literature. Zimmermann (1951) pointed out more than 60 years ago that resources *are not*, rather they *become*. More recently, Pels et al. (2009: 47) have characterized marketing as “. . . a social and economic process, and resources as ‘becoming’, not ‘being’.” Institutions are crucial to the shaping of economic and social processes in addition to the understanding of resources as becoming, as institutions regulate and guide not only actors’ resource integration and value cocreation processes but also their evaluation activities. Edvardsson et al. (2012) argue that studying practices is the only way to describe and understand the realization of the intended resource integration. Within these service practices, various social and service system-related structures, such as norms and rules coexist and shape and explain actors’ actual practices of resource integration. We argue that most of these descriptions and definitions emphasize the resources rather than the actors and the institutional logics that shape actors’ resource integration and value cocreation efforts.

An exception is Alderson (1965) who developed a model of value cocreation through group behavioral systems that include interactions of activities, actors, and resources. He acknowledged that actors influence the business system by the coordination and integration of activities and the use of available resources based on sort and transformation processes in the creation of value. Normann and Ramírez (1993) used a value network approach, although they argued for “value constellations” as interorganizational networks linking companies with different assets and competencies together in response to, or in anticipation of, new market opportunities. The role of value creation is distributed among the various actors in the value constellation (Normann and Ramírez, 1994). Value-creating systems have been described as constellations of resources (Normann, 2001), a configuration of resources (Spohrer et al., 2007), value networks (Lusch et al., 2010), or service ecosystems (Vargo and Lusch, 2011). The term service system is used to emphasize the dynamic aspect by including an institutional component and from which structures become included. Zhang and Chen (2008) argue that cocreation with customers is a systemic process, containing key cocreation activities that can probably turn customer efforts, skills, and knowledge into unique competitive advantages. However, the impact of cocreation as a systemic process shaped by institutional logics has not been explicitly discussed, nor has it received much attention in the literature.

A service system in action is the fundamental basis for resource integration and value cocreation through mutual service provision (Vargo, 2008; Vargo et al., 2008).

A view of actors as resource integrators who participate in value cocreation provides the foundation for S-D logic. Integration requires processes and forms of collaboration, where the practices of integrating resources and the methods for designing and configuring the resource integration process remain uncertain (Kleinaltenkamp et al., 2012). As actors’ agency is a precondition for resource integration, their specific value-creation intentions drive resource integration. To understand the forces shaping resource integration though, we need to identify and include the

norms and rules that create forces shaping the behavior of actors and social agents (Archer, 1982; 2000). Most service research only considers customers, without acknowledging the institutional logics that shape their roles as resource integrators (Hibbert et al., 2012).

To cocreate value in line with value propositions, actors seek support from institutional norms and within their service system. As a result, institutions are required when resources are being integrated. Value gets cocreated when resources are integrated and used by actors, in a specific context and with an intention or purpose to meet the intended, realized value in context (Vargo and Lusch, 2008). In this sense and as argued before, resources do not exist but are *becoming* and do not have value per se but merely potential value. To date, research on service systems has mainly focused on resources or the configuration of resources, and to some extent actors, knowledge, and skills as well as norms and rules (Edvardsson et al., 2012). What is missing is a broader perspective including the regulative, normative, and cognitive functions of institutions, institutional logics, and the impacts resulting from institutional logics on actors' activities and interactions during resource integration for value cocreation.

Framing institutions, institutional logics, and institutionalizing

To better understand the emergence and the effects of institutions and institutional logics within service systems, it seems necessary to clarify and frame these concepts.

Institutions

Seminal work on the emergence and impacts of institutions was done by Douglass C. North who received the Nobel Prize for his endeavors in 1993. He characterizes institutions as “rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction” (North, 1990: 3). Institutions are “made up of formal constraints like rules, laws, constitutions, etc. and, informal constraints like norms, behavior, conventions, etc. and their enforcement characteristics. Together they define the incentive structure of societies and specifically economies” (North, 1990: 88). In essence, institutions are “sets of rules governing interpersonal relations” (North, 1990: 70). Thus, the main effect of institutions derives from the fact that they “act to reduce the uncertainty of human interaction and, thus, the costs of cooperation” (Furubotn and Richter, 2008: 17). This effect occurs, as institutions provide mutual expectations regarding the behavior of the actors involved in social interactions, like the ones of resource integration.

To serve like these, institutions comprise three elements (North, 1990):

1. a rule or rules (explicit or implicit) stating the consequences of a certain behavior;
2. a sanction or several sanctions describing consequences of behavior not abiding by the rules; and
3. a guarantee or guarantees securing the enforcement of the sanction(s).

Friedland and Alford (1991) define institutions as both supraorganizational patterns of activity by which individuals and organizations that produce and reproduce their material subsistence and organize time and space. They are also symbolic systems rendering experience of time and space meaningful. Thornton (2004) revised Friedland and Alford's (1991) interinstitutional scheme to six sectors: the market, the corporation, the professions, the state, the family, and religions. Each of these categories of institution has its own set of norms and rules. This revision to an analytically

distinct set of ideal-type institutions makes it useful for studying multiple logics in conflict and consensus, in order to better understand what forces shape service systems and value cocreation. North (1990) is only focusing on the “constraining” characteristics of institutions but not on the “enabling” ones as well.

In line with Scott (2008), the focus in this article is on regulative, normative, and cognitive rules as institutional pillars, shaping institutional logics. To be more specific, the regulative pillar of institutions comprises all formal rules regulating and thus enabling or constraining the behavior of actors. Regulation, observation, and sanctioning ensure that the actors’ behavior conforms to certain standards. Second, the normative pillar consists of norms and values. Here, norms specify how certain things should be done, whereas values comprise concepts of what is desired and standards through which behavior and structures can be evaluated. Normative systems not only determine the objectives of actors but also the ways in which they should be achieved. Normative institutions are typically followed easier than regulative institutions as actors perceive an internal commitment toward norms and values, as well as perceiving social expectations to behave in a specific way. Finally, the cognitive pillar is related to the actors’ perceptions of reality. As the cognitive processes of the involved actors are influenced by their cultural context, the actors’ way of behaving can be interpreted as a result of their internal representations of their environment.

Institutional logics

The concept of institutional logics (plural) is traditionally understood as an idea that is related to an organizational field. Here, institutional logics are understood as the taken-for-granted rules guiding the behavior of field-level actors and related practices that predominate in an organizational field (Scott, 2008). Friedland and Alford (1991: 248) define institutional logics as “a set of material practices and symbolic constructions which constitutes its organizing principles and which is available to organizations and individuals to elaborate.” Relating to Wooten and Hoffman (2008), Kantola and Järvinen (2012: 270) state that the “concept of institutional logics helps to explain connections that create a sense of common purpose and unity within an *organizational field* – a space where organizations relate to one another in the process of change.”

We understand an institutional logic (singular) as:

- a configuration of a set of institutions grounded in norms and rules aiming at achieving a specific desired state in a society or a group,
- which is aligned because of a logic grounded in basic values and accepted among enough actors or actors with enough agency to exist,
- so that it has as consistency across its normative, regulative and cognitive levels.

Such an understanding of an institutional logic is related to actors, as it shapes their roles, activities, and interactions when integrating resources during value cocreation processes by identifying and accessing the potential of resources, and thus the means of integration and the intended value is derived. As a result, we understand more about how resources are *becoming* and why resource integration is successful or not, as an institutional logic coordinates the actors’ value cocreation processes beyond knowledge and skills.

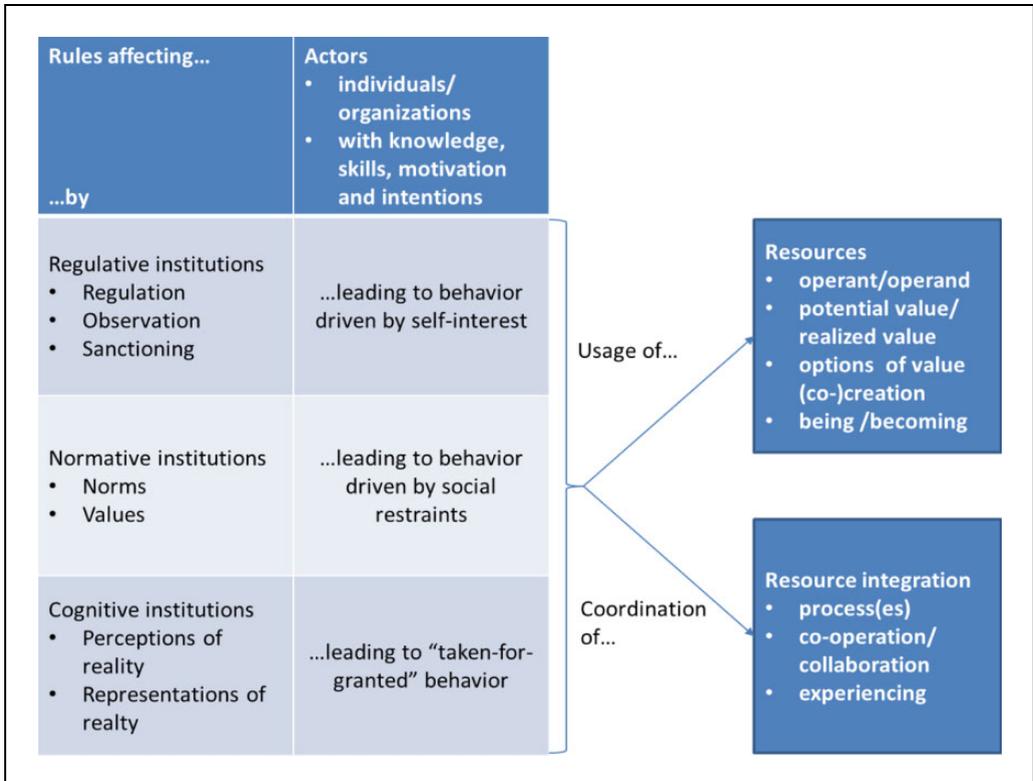


Figure 1. Conceptual framework.

Our conceptual framework

We thus use four main concepts in our conceptual framework (see Figure 1) to describe and understand value cocreation in service systems: (1) actors, (2) resources, (3) resource integration, and (4) institutions (regulative, normative, and cognitive).

1. Actors are individuals as well as all sorts of formal or informal organizations like firms, peer groups, families, pressure groups, and so on having knowledge, skills, motivation, and intentions at their disposal so that they are willing and able to integrate resources.
2. Resources are all tangible and intangible entities actors own, or have access to, that are used by them for the purposes of resource integration. Prior to resource integration, resources, either operand or operant, only have a potential value which is then transferred into realized value through the processes of resource integration. Thus, resources typically comprise different options for value cocreation that are becoming in the course of the resource integration processes so that resources are both static and dynamic.
3. Resource integration comprises the methods through which resources are integrated and used by actors, so that their potential value is realized in practice. Resource integration consists of cooperative and collaborative processes between actors, leading to experiential outcomes and outputs, as well as mutual behavioral outcomes for all actors involved.

4. The behavior of actors during resource integration processes, including their value attribution to resources and resource integration processes is shaped and driven by the rules embedded in the institutions involved. In the case of regulative institutions, this leads to behavior which is driven by self-interest, as any non-legit behavior will lead to negative consequences. In the case of normative institutions, behavior is driven by social constraints or benefits, whereas cognitive institutions result in a “taken-for-granted” behavior. Furthermore, it is typical for all three types of institutional behavior to occur simultaneously during resource integration. Thus, it is not clear before the process of resource integration as to which institutional system drives the actors’ behavior most. Consequently, it is the—complex—combination of all three institutional systems as a whole that shapes and influences actors’ behavior throughout the course of resource integration.

Institutionalizing

“Institutionalization” refers to the processes by which societal expectations of appropriate organizational form and behavior come to take on a rule-like status in social thought and action (Martinez and Dacin, 1999: 78). Social rule system theory stresses that particular institutions and their organizational instantiations are deeply embedded in cultural, social, and political environments and that particular structures and practices are often reflections of, as well as responses to, rules, laws, conventions, and paradigms built into the wider environment. Thus, institutional arrangements are man-made, emerging from ongoing practices of exchange and interaction throughout resource integration processes, in which they have to prove their ability to steer and control human behavior.

These “practice tests” of institutions are mainly driven by the experiences and assessments of resource integrators. During every process of resource integration, resource integrators (may) get knowledge about:

- the value of their resources (especially with respect to the experienced value in context and possible differences compared with the expected value in exchange);
- the behavior, knowledge, and skills of other resource integrators concerning their cooperation and fairness; and
- the helpfulness/practicality of the institutions applied to govern the resource integration processes.

Out of these resource integration experiences, an approval of the usefulness of institution(s) applied may arise but also a demand for an institutional change if the institutional arrangement does not fulfill the requirements or expectations of the specific resource integrators. Thus, the emergence as well as the change and the disappearance of institutions can be seen as the result of the experiences resource integrators render, when using institutions (see Figure 2)—which may be seen as the value in use of institutions. In Figure 2, three main roles are put forward:

- First, actors being individuals or organizations with agency, intentions, prior experiences and expectations on institutions cocreate value.
- Second, institutions with normative, regulative, and cognitive rules enable as well as constrain actors, resource integration, and value cocreation processes including sanctions when violating the norms and rules of the involved institutions.

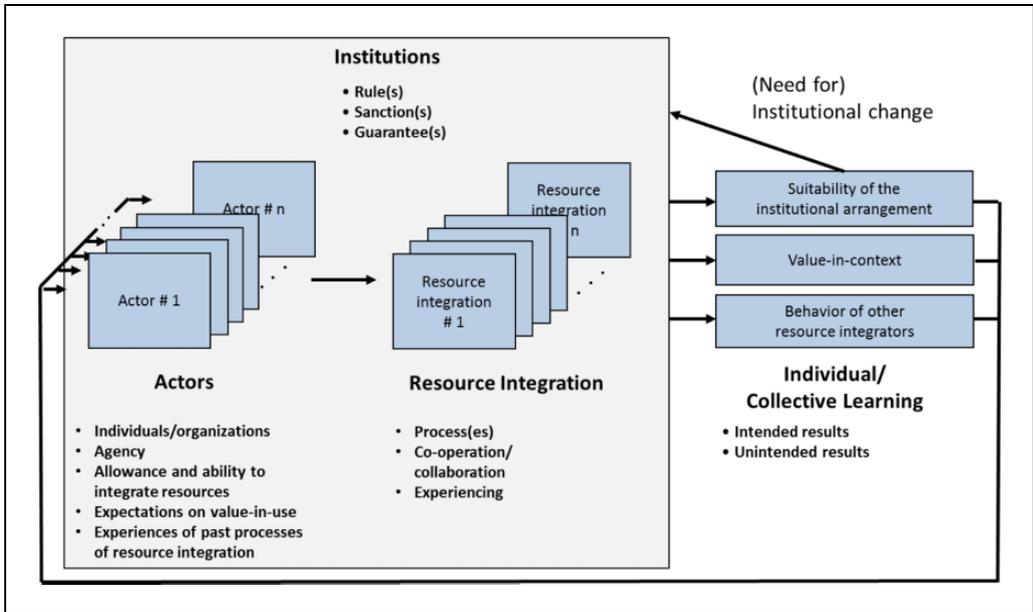


Figure 2. The role of institutions in shaping resource integration in service systems.

- Third, actors’ learning processes and the need for institutional change are based on favorable or unfavorable outcomes, intended and unintended results, and positive as well as frustrating value cocreation experiences but also experiences from other actors’ resource integration insights including innovations. These learning processes result in feedback loops that on the one hand (may) change the actors’ expectations and skills as well as their behavior, and on the other hand (may) result in institutional change or at least a need for it if many actors join forces.

Seen in this way, institutions, institutional logics, and institutional change are crucial for the concept and practices of resource integration. Furthermore, they play a major role within the advancement of the market process that represents the decisions of resource integrators mutually affecting one other and the collective knowledge of market participants (Kirzner, 1997).

The music industry exemplifies how the role of institutions in shaping resource integration in service systems has changed and continues to change over the last century. Since the 1950s and the introduction of Vinyl-LPs record companies—Majors—became the dominant players in this field achieving large growth in sales and revenues. For their business, companies traditionally used radio, concerts, and merchandising to promote their records. As their success was very much relying on the vinyl-standard, Majors tried to fight against competing record technologies like music cassettes and digital audio tapes by focusing on containment strategies such as PR campaigns (“Copy kills music”), lobbying with the goal of having copyright laws tightened and class actions as well as with the development of proprietary music file formats with copy protection technologies like digital right management (DRM). But after several years of declining sales and revenues PolyGram together with Philips and Sony introduced the compact disk (CD) as a new music distribution platform. It became the new standard sound carrier leading to an almost 20% average annual growth from 1985 to 1999 (Leyshon, 2005).

At the same time, the data compression technology “Motion Picture Audio Layer 3” (MP3)—originally designed for the audio track of digital films—was developed. Again, this technology was not taken seriously by Majors, although it had been diffused since the mid-1990s as an alternative technology for music distribution, first by information technology specialists, and later by a wide range of mainly young music consumers. At the same time, related technologies like personal computers, MP3 players, the Internet, peer-2-peer file-sharing networks, streaming technologies, and cloud computing emerged. Concurrently, legal rules regarding PR (or intellectual PR (IPR)) and the relations with and revenue to the “owners and artists” of the music and motion pictures and movies have been developed. Together, this enabled and accelerated the widespread use of the MP3 format by consumers but also artists to consume and distribute music. Thus, MP3 became the new standard for the dissemination of music which is not tied to a particular sound carrier, leading to dramatic shrinkage of sales and revenues for Majors since 2000.

Vainly, Majors tried to fight against this development by introducing new sound carrier formats like Super Audio CD and Music digital video disk or proprietary music file formats with integrated DRM. Furthermore, neither the setup of own online distribution platforms like Music.Net, PressPlay, and others nor the suing of illegal platforms (e.g. Napster) and their users was anyway successful. However, since Apple set up the iTunes Store with music licensed by the record companies in 2003, it became the biggest music seller and legal distribution platform of digital music through the Internet. In the meantime, other new entrants launched streaming and cloud computing-based services for music consumers like last.fm, MySpace, or Spotify leading to even greater challenges for Majors.

From an institutional point of view, this example illustrates the effects of an institutional logic and its change on the behavior of actors within a service system; in this instance, the distribution and consumption of music:

- **Regulative institutions:** Because of digitalization, the costs of distributing, copying, and downloading music decreased dramatically. This led to an increase in the costs associated with the enforcement of PR in relation to music. Therefore, the “old” regulative system failed because of the high transaction costs associated with the management of digital and IPR caused by new technologies.
- **Normative institutions:** It was not possible or feasible to sanction the avoidance of PR, nor was it possible to accept the assertion that PR were unclear, hard to apply, and no guiding praxis had yet been developed. Furthermore, the norms and values of the music industry had changed and as a direct result, the norms and values of music users had also changed. The illegal downloading of music was no longer viewed as illegal, but instead, to some groups in society, illegal downloading became lucrative and even socially desirable. However, cases of illegal downloading were discussed in the media and brought to legal trials, such as the case of Spotify. Gradually, the legal context and PR of music became clearer and political support became stronger.
- **Cognitive institutions:** The young users, the so-called “born digitals,” who entered the market of music consumption in the late 1990s and later, were unfamiliar with the “old” world of analog music production and instead, understood “downloading” as the norm in terms of accessing music. Born digitals learnt from friends, social media and from cognitive authorities about accessing and using new technologies in creative ways, changing the rules of the game. Subsequently, a new community of practices developed and the digital and connected society provided many new and attractive opportunities on how to integrate resources and

cocreate value in the context of music and motion pictures. New cognitive institutions emerged and existing institutions changed, as new cognitive rules were introduced by the born digitals, enabled by a set of new technologies and platforms configured in service systems.

Influence of institutional logics on resource integration

Institutions like business contracts, regulations, and legal agreements regarding IPR, trade sanctions, trust, and credible commitments are able to reduce all kinds of uncertainties during, or caused by, resource integration. Institutions emerge in the creation and recreation of service systems and service systems are designed to enable value cocreation. Generally regulative, normative, and cognitive rules are taken for granted and, thus, accepted over time as the “norm” and become the accepted way of practicing service-for-service exchange. Previous research has paid attention to social structures and forces in terms of norms and rules. One role that institutions and their logics have is to develop ways to respond to uncertainties (Echeverri and Skålén, 2011), influencing resource integration toward the intended and attractive value in context for involved actors.

In their 10th foundational premise, Vargo and Lusch (2008a) acknowledge that customers (and other actors) determine value cocreation phenomenologically on the basis of value experienced in a certain context. Value is therefore context specific and different situations may require and foster different value-creation modes. This is further elaborated by Edvardsson et al. (2011) by their concept of value in social context, emphasizing that institutionalized social norms and rules shape actors when integrating resources and cocreating value. This is consistent with Schau et al. (2009: 41) who argue that “value is manifested in the collective enactment of practices.” The term experience refers to the customer’s personal and context-specific experience of resource integration, the value cocreation process and its outcome.

Social structures can be understood as grounded in, and expressions of, rules forming the basis for social and societal institutions. We suggest that different institutions have a somewhat different set of values forming the basis for their specific rules and thus, we use the term institutional logics to represent these different sets of values. The question of which institution and which logic(s) will be most powerful or make the most impact in specific practices or situations depends on when actors operate on and integrate resources. Although asked the other way around, which institutions inhibit or restrict an actors’ integration of resources exhibits how institutions have a major impact on service systems in action. We, therefore, need to introduce institutional logics to better understand resource integration and value cocreation.

Institutional logics matters: Four key propositions

Following the earlier presented framework and discussions we can derive the following propositions:

1. The importance of institutionalization and institutional logics arises from the shaping of the involved actors’ behaviors and their resource integration, value cocreation, and thus economic and social performance.

Institutional logics are crucial for the shaping of actors’ roles, activities, and interactions when integrating resources during value cocreation processes by identifying and accessing the potential of resources, and thus, the means of integration and the intended value to be realized. Accordingly,

institutional logics influence both how value cocreation in service systems comes about and the design and development of value propositions and the supporting service systems in action. The influence or forces from these institutions might be more or less powerful in specific situations and service systems.

2. Institutions portray a consistent force that synchronizes actors in their resource integration process in such a way that resources are assigned in an enabling/supporting or constraining/restricting manner. Institutions are an essential component in the process of value cocreation. Institutions influence the value cocreation process and resource integration toward the efficiency that lies within the service system.

The actor's flexibility when integrating resources will depend on the density of institutions within the service system. If the service system is comprised of institutions that facilitate resource integration, the service system will be effective. On the other hand, if the service system encounters inhibiting factors or obstructions for resource integration, it will reduce the resource integration process and be less effective.

3. Regulative, normative, and cognitive rules are institutionalized in social systems and shape actors' behavior when designing and operating within the service systems to cocreate value.

Institutions shape actors and, when rules are not met, exercise sanctions. These institutions enforce legal sanctions as well as formal agreements between the involved actors or beneficiaries. Normative institutions put forward norms or standards grounded in values, in industry, professional groups, social groups, or society in general. These norms include what to do and what not to do when doing business. Cognitive institutions refer to ways, perceptions, and descriptions, theories and models, empirical data about reality and thus, the understanding of a business reality as a basis for operating as a successful business. These three categories of institutional forces can be studied in practice, framed by service systems in action, and influenced by other systems and institutions referred to as service ecosystems. These service ecosystems also shape, change, and recreate institutions.

4. There are many different institutional logics comprising elements of legal, social, commercial, and religious institutions which structure the embedded rules shaping actors' behavior within a certain context.

Thus, actors are at the same time influenced by multiple institutions and their specific logic, here referred to as institutional logics. Although institutional influence varies between actor(s) and situations, it may even vary over time as a result of learning and experience. Institutional impact may also depend on the involved actors' agency and intentions. There is a dialectic and interdependent relation that can be stable and fixed or turbulent and dynamic between service ecosystems and institutions. Institutional logics form the basis for the actors' options and practices of value cocreation and value assessment.

Research contributions

First, this article has brought clarity to the term institution. Previous research in the domains of marketing and management have been constrained by the parallel use of organizations as

institutions (Williamson, 1985) and whether institutions are understood as a set of rules, or if they cover behavior that is derived from these rules. This article presents a clear context for the term institution drawing on the work of North (1990) and Scott (2008), delineating institutions as a set of rules that encompass a regulative, normative, or cognitive nature in governing interpersonal governance. Drawing on institutional theory, this article shows that institutions play a major role in shaping an actors' behavior when managing resource integration and the cocreation of value in service systems. This article also conceptualizes that institutions are important to understand because of their influence on the service system, and more importantly, their impact on the value cocreation efforts of actors involved as well as their value assessment.

Second, this article contextualizes the actor-centric and systemic nature of resource integration. Previous research by Vargo and Lusch (2008a, 2008b) emphasizes an outcome-oriented perspective where the collaboration between actors like employees, customers, and suppliers use their knowledge and skills to cocreate value. This article outlines how coordination and collaboration are essential to the process of resource integration (Kleinaltenkamp et al., 2012) and the ways in which the activities of resource integrators are coordinated and adjusted to each other, so that the desired value of resource integration is achieved for all actors involved.

Third, this article emphasizes institutional logics as sets of regulative, normative, and cognitive rules that coordinate the activities of resource integration by shaping the actors' value-cocreation behavior in service systems. In this sense, institutional logics enable but may also hinder resource integration and value cocreation, and as such, they have to be seen as a major component of the service ecosystem that surrounds any sort of value cocreation activities. Furthermore, the article conceptualizes that such institutional logics develop and change over time.

Fourth, a framework for understanding how institutions affect resource integration and thus value cocreation has been developed, which has not explicitly been brought into the discussion of actors' resource integration and value cocreation in service systems in previous research. It contains the regulative, normative, and cognitive rules that shape an actors' behavior, determine the *being* and the *becoming* of resources, and coordinate the process of resources integration. In doing so, institutional logics matter as they ultimately enforce and shape actors' behaviors and the collaboration between actors when realizing value by transforming potential value into value in use.

Finally, empirical illustrations have been provided, showing the relevance of including institutional logics in the conceptualization and analysis of resource integration and value cocreation in service ecosystems. In sum, this article contributes with a new conceptualization of institutional logics in relation to actors' resource integration and thus, value cocreation in service systems.

Managerial implications

Understanding the impact of institutional logics on the coordination of resource integration and value cocreation gives valuable hints for the design of service systems. As institutional logics consist of several layers of regulative, normative, and cognitive rules, it becomes obvious that a service system as a whole can only be "managed" in full if all institutional levels are understood. Even though it is questionable as to whether or not it is even possible to manage this complexity, an increased understanding of the levels (and how they interact) will help making implicit knowledge explicit and hence help identifying changes that might be needed.

For example, when firms traditionally focused on tangible product offerings "servitize" (Vandermerwe and Rada, 1988) and new value propositions and business models focused on service and the experience of the offering, they challenged the old institutions. Consequently, it

becomes important to change the cognitive institutions—the firms' and the customers' and other actors' view/perception of value, the normative institutions—behavior and relationships, as well as the regulative institutions—standards and rules. Previous research on these servitization processes implicitly addresses both cognitive (e.g. Matthyssens et al., 2009; Windahl and Lakemond, 2010) and normative challenges, whereas regulative institutions are not as well understood (for overviews, see Baines et al., (2009); Fisher et al., 2012). Arguably, an explicit focus on institutions, that is, a screening of institutional logics and their enabling or inhibiting norms and rules may help identify organizational inertias on various levels (groups, organizations, markets, societies, etc.) and show ways to overcome these organizational inertias.

To further illustrate managerial implications in relation to the roles of institutional logics in coordinating resource integration, we use the example of smartphones and the Nokia brand. Brand champions such as iPhone, together with Samsung Galaxy and other brands use either the platform iOS or Android, while Nokia decided to go for Windows Phone. When launching the new Nokia Lumia in July 2013 with excellent features in relation to the price being charged, a managerial problem emerged, which had very little to do with the product and its lack of capabilities but lied in the ecosystem—no Snapseed, Instagram or Flickr app was working to its full potential. More importantly, very few apps were available compared to the phones or systems based on iOS and Android. The Nokia phone had been assessed as one of the very best on the market, but it is not about the phone but about the service ecosystem. Other apps and the continuous development and introductions of new apps are now critical for smartphones' value in use. These are the important factors in relation to the integration and coordination of resources in a service system that either enable or inhibit resources integration and value cocreation.

- Cognitive institutions inform actors and customers are provided with information and experiences from both “experts,” friends and other customers, often on a global basis. Different smartphone brands are assessed in the context of service ecosystems and the influence on a customer's behavior is obvious.
- Normative institutions regulate the use of apps and information sharing was already in place and some of them are in a recreation process. Norms and values in the phone industry changed and as a result the norms and values of the telecom service consumers changed.
- Regulative institutions have already changed the “old” regulative system to fit mobile phones and the digital age. Existing regulations including section and the management of IPR were in place and only some fine-tuning was needed.

Limitations and directions for further research

This theoretical article incurs limitations which arise from the predominant focus on a conceptual framework and propositions for institutional logics and resource integration. One of the main theoretical focuses of this article has centered on the coordination of resources for resource integration. Resources, as briefly acknowledged in this article, manifest themselves as operant, invisible, intangible, dynamic, and infinite *or* operand, visible, tangible, static, and finite (Arnould et al., 2006; Vargo and Lusch, 2006). The primary concern of this article was not to explicate the manifestations of input and outcome resources but rather focus on Zimmermann's (1951) dynamic statement that resources *are not*; rather, they *become*. Using Zimmermann (1951), this article emphasizes the processual and systemic nature to resource integration and value cocreation.

However, further research into the mobilization of specific resource types would benefit this article, as the configuration of resource interactions through systemic integration would provide a comprehensive and holistic outlook on resource integration, in the form of an input–process–output model of coordination which entwines the systemic nature of resource integration with the traditional outcome-oriented perspective of Vargo and Lusch (2008a, 2008b).

In examining institutional logics, this article adopts a macro lens whereby, service systems are shaped by social values and forces in social systems (Edvardsson et al., 2011). This means that no single, unrelated institution is active but that there is a set of typically nested institutions of different kinds affecting each other in various but coherent ways with respect to their effectiveness. As such, the article is limited in illustrating how institutional logics enable and hinder resource integration and value cocreation through nested institutions at many levels in a service system. Further research into these nests of institutions that operate through a network of networks approach, alongside a deeper understanding of the interactions, exchanges, and linkages that occur between actors could provide a stronger foundation for future studies on institutional logics.

In this article, the impact of cocreation as a systemic process shaped by institutional logics incorporating the regulative, normative, and cognitive functions of institutions and institutional logics during resource integration was discussed. Further theoretical understandings of the systemic processes are needed to illustrate not just a silo behavioral system (Alderson, 1957) but also how institutions and institutional logics are shaped by both mechanistic and ecological behavioral systems (Alderson, 1957; McHugh and Domegan, 2013). Research into the various behavioral systems shaping institutions and institutional logics would illustrate the cross-level effects of top–down and bottom–up interactions between societal actors within nested institutions in a service system (Alderson, 1957; McHugh and Domegan, 2013).

This article also highlights how regulative, normative, and cognitive institutions influence actors' behavior and vice versa and how actors influence these institutions through their behaviors. However, this limited focus on the complex construct of behavior derives that consequential behavioral actions are shaped and driven by rules embedded in institutions. Future theoretical work could highlight that behaviors do not occur in an institutional vacuum. In addition, further investigations into regulative, normative, and cognitive institutions could specifically depict how the behavior of actors in nested institutions is heavily influenced by multiple linkages and exchanges with other actors at multiple levels of systemic influence, such as those at the individual, interpersonal, organizational, community, societal, and public policy levels (McHugh and Domegan, 2013; McLeroy et al., 1988).

Additionally, value is here understood as being cocreated by customers and other actors (Vargo and Lusch, 2004, 2008a). However, this article does not delve into the approaches of value which Russell-Bennett et al. (2009) deduce as economic and experiential values for cocreation. Further research could investigate how institutional logics shape and drive value cocreation differently, depending on the context from which value is derived, albeit economic or experiential.

As acknowledged by the authors, institutional logics consist of several layers of regulative, normative, and cognitive rules, where, as a whole, service systems can only be “managed” in full, if all institutional levels are understood. However, it was questioned as to whether or not it is even possible to manage this complexity of levels (and how they interact). As such, further research into the conceptualization of value cocreation in a service system from a “power-with” orientation rather than a “power-over” managerial orientation warrants further investigation. Power-with service systems adopt a highly collaborative and participatory approach to the systemic influences of institutional logics (Domegan et al., 2013; Ind and Coates, 2013).

Finally, this article uses four main concepts to describe and understand value cocreation in service systems, forming the conceptual framework for this article. Alongside the conceptual framework, the article derived four key propositions to explain how institutional logics matter when coordinating resource integration. The authors acknowledge that both the conceptual framework and the four key propositions require further theoretical investigation, in order to develop measurable constructs and hypotheses for testing. Once achieved, empirical research can be undertaken to methodologically validate the theoretical framework and structure for identifying and analyzing the influence of institutional logics on service systems.

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