# Transcendence as Business Logic in Value Networks for Sustainable Service Business

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## Introduction

Business environments are constantly evolving towards higher complexity; focusing on quality of life, sustainability – embedded in environmental and social context and efficiency. These are some among the many issues challenging modern management theories and practices to be "socially, environmentally and ecological robust" (Birkin and Polesie, 2012, p. 19) and secure stakeholders engagement. This has in many aspects creating new opportunities and prosperity in new ways of living (Florida, 2010). It is mostly driven by growth; besides as many see limited sources for the global world and argue for prosperity without growth (Jackson, 2009), which leads towards new ways of thinking towards value co-creation with customers and other stakeholders. The stakeholder view (Enquist *et al.*, 2006), in this perspective, is of great importance for securing a sustainable business (Sisodia *et al*., 2007; Edvardsson and Enquist, 2009). However, there is a need for a deeper understanding of the business logic and create a value creation network (Enquist, Johnson and Petros S., in process) to achieve and secure sustainable business. "Value creation network" is built upon loosely coupled social and economic actors held together by "the trinity of competences, relationships and information" (Lusch *et al*, 2010) and "understood as a complex network mechanism linking customer value and the value of the firm for all of its stakeholders" (Lusch and Webster, 2011). From a service dominant logic (S-D logic) perspective this will be different compared with G-D logic perspective (Enquist *et al*. 2011).

In this paper, we covet to advance value co creation network thinking and look for business logic to have wider understanding of sustainable business. To make use of business logic that focuses, not only, on business in an economically robust way for "Just business" (Birkin and Polesie, 2012) but aligning business, earth, and humanity (Hart, 2007) in socially and environmentally robust way (Birkin and Polesie, 2012). The main objective of this paper is to validate that value creation logic has to be broadening up with a stakeholder perspective (Enquist, *et al.*, 2006; Sisodia *et al.*, 2007; Edvardsson and Enquist, 2009; Petros Sebhatu, 2010) intended for stakeholder-unifying perspective (Lusch and Webster, 2011) complemented by CSR and sustainability thinking (Johnson, 2007; Edvardsson and Enquist, 2009; Petros Sebhatu, 2010). This leads to co-creating value and sustainability in the network to understand the complex service system. This paper, mainly, is about exploring *transcendence business logic* to be in lieu of guiding open business models and stakeholder unifying perspective in value networks for sustainable service business.

It is important to indicate that Vargo (2007) use the label *transcendence* to explain the logic of value creation. He argues that S-D logic doesn't mean that it is separated from G-D logic and services and goods co-exist with a common purpose service (ibid. p. 106). The concept of transcendence used by Vargo (2007) shows that something new is coming out from the *dualistic interaction* between G-D logic and S-D logic. We would like in this article to further develop this idea, but from a different

perspective, which is a methodological point of view. This is in order to have a wider understanding. The idea of transcendence can be used based on a deeper understanding beyond objectivism and relativism. Bernstein (1983) illustrates that the interaction can be seen from a *dialectic interaction* instead of dualistic interaction/relationship (Enquist and Javefors, 1996; Enquist, 1999). Therefore, our focus is not, with reference, of developing a normative article of management tool for command and control purpose in the value chain. It is more of a conceptual paper, which contributes to a deeper understanding of the business logics for designing open business models for stakeholder–unifying dialogues from a dialectic interaction/ relationship perspective in value networks for securing sustainable service business.

To further embrace these ideas, this paper lays the foundation for enriching the transcendence business logic for a sustainable business based on sustainability, stakeholder-unifying perspective and value creation network theories and empirical context of multiple case studies of retail, health care and public organizations. The remainder sections of this article are organized as follows. The next section presents the methodological approach based on transcendence beyond objectivism and realism and the transformation process of transcendence business logic. This section consists of the understanding of transcendence as business logic based on the dialectic interaction for which is the basis for the theoretical and empirical discussion. The article continues to contextualize transcendence phenomenon in the real context based on the multiple case studies of private and public organizations - IKEA, Starbucks, Patagonia, Mayo Clinic and public transit services. The article concludes with a summary of the main contributions, and managerial implications.


**Transcendence for a new meaning beyond objectivism and relativism**
Transcendence can be understood as "state of excelling or surpassing or going beyond usual limits" (Sisodia *et. al*. 2007, prologue xx). Sisodia *et. al*.( 2007) further discussed this definition as

> *The Age of Transcendence is a cultural movement in which physical (materialistic) influences that dominated cultural in the twentieth-century is ebbing while metaphysical (experiential) influences become stronger. This is helping to drive a shift in the foundations of culture from an objective base to a subjective base*. (ibid, prologue xxvii)

Services have been separated, for long, from goods in a dualistic way in the marketing and management literature with roots from the neoclassical economics (Grönroos, 2007; Enquist, 1999; Vargo and Lusch, 2004; Mars *et al*., 2012), which belongs to the functionalistic paradigm (Burrell and Morgan, 1979). In a functionalistic or positivistic paradigm that goes back to Descartes and his objectivism; dualism means that service and goods are completely separated and live in two separate worlds (Burrell and Morgan, 1979; Alvesson and Sköldberg, 2008).

Transcendence is not a one-dimensional concept. Referring back to a more philosophical discussions two examples can be taken: *transcendentalism* by Emanuel Kant and *transcendental phenomenology* by Husserl, which both are critique to Descartes' view of objectivism (Bernstein, 1983). It can also be related to a dialectic view where Kant introduced transcendence dialectic (Lübcke, 1983). GD-logic and SD-logic can be seen in a dialectic way (Enquist and Javefors, 1996), where the duo co-exist and depend on each other in one world, but not necessary in a symmetric way (Israel, 1980 in Enquist and Javefors, 1996). With help of transcendence we are looking for a new meaning on a higher level; beyond what each of these couple can be understood individually. We suggest that this will be done in a dialectic way as one world (Israel, 1980 in Enquist and Javefors, 1996) like GD-logic – SD-logic. In

our discussion, SD-logic is dominant over the GD-logic, but both units are depending on each other in one world and they co-exist.

We argue in this article for a methodological path beyond functionalism to understand service and value co-creation.

To make an interpretation from a methodological point of view, beyond the positivistic or functionalistic paradigm in service research (Tronvoll et al, 2011). We will depart to a critical hermeneutical tradition inspired by Ricoeur. We are looking at the world as "text", which the word has to be interpreted (Ricoeur, 1991; 2011). Central for Ricoeur is the dialectic between *explanation* (Erklären) and *understanding* (Verstehen) in hermeneutic tradition and practice (Ricoeur, 2011; Kristensson Uggla, 2010; Jahnke, 2012), to examine the world as a *text* that must be interpreted (Ricoeur, 1991). We use the metaphor of "text" to understand the new business landscape and for making an interpretation of this new landscape (Normann, 2001; Håkansson *et al*, 2009) in the age of hermeneutic and globalization (Kristensson Uggla, 2010). The text comes from theory and empirical descriptions and narratives.

Mars *et al*. (2012) with help of Drucker make a warning on working with yesterday´s logic. They look at an old and a new logic based on metaphors. They argue that yesterday's logic is underpinned by a manufacturing logic, GD-logic, and neoclassic economics. The metaphor for this is "machine". To find a new operating logic and corresponding framework those authors make an investigation of the metaphor of "ecosystems" (organizations ecosystem and biological ecosystem) for a many-to-many actor world for  mass collaboration, co-creation and open business models (ibid.). We are opening up for a dialectic between theory and practice with the help of our multidisciplinary theory building and conceptual framework in meeting a specific context based on thick descriptions (Alvesson and Sköldberg, 2008). This meeting of a specific context can be used for hermeneutical reflection in the tension between horizontal (more traditional interpretation) and vertical thinking (more multi-faced interpretation) (Kristensson Uggla, 2010). It is also for getting a better interpretation and a new meaning beyond objectivism and relativism (Bernstein, 1983). In the next section we are discussing the need for understanding the need of the new logic in the new landscape.


**Transformation processes of transcendence business logic**
Pine and Gillmore (1999) address that competition drives commoditization. It is a never ending transformation process.

> "*Certainly, competitors can duplicate specific diagnoses, experiences, and follow-through devices. But no one can commoditize the most important aspect of a transformation: the unique relationship formed between the guided and the guide. It is this tie that binds*."(ibid. p. 205).

In a world of complexity driven by cognitive, emotional and moral demands (Waddock and Rashe, 2012), search for a deeper understanding of transformation in the new business landscape embedded on the alignment of business, earth and humanity (Hart, 2007) is vital. Selznick (1996) address that problems of accountability and responsiveness, public and private bureaucracy, regulation and self-regulation, management and governance, and many others will require new understandings of administrative, political, legal, and moral experience (ibid. p. 277). Gummesson (2008) in his book also discusses the need to understand the complex nature of networks and the relationships, but also the need for governance. We argue in this article that it is a need for more than only one business logic

in a world of complexity. With help of our literature review in the theoretical foundation we have found dialectic concepts which can be handled as transcendence phenomena and outlined below:

The *first dialectic* couple which can be handled as transcendence phenomena is *GD-logic –SD-logic*. The main references are: Vargo (2007); Vargo and Lusch (2004, 2008) and address the exchange logic (ibid.).

The *second dialectic* couple is *Control based – Values based* which we found in the theoretical part of Values-based governance and management. Governance and management is about the *logic of steering* (Selznick, 1992) and the main references about these transcendence phenomena are Pruzan (1998); Edvardsson and Enquist (2009).

The *third dialectic* couple we have found in our literature review is *Value chain – Value network*. The main reference about the business logic about these transcendence phenomena is Stabell and Fjeldstad (1998) who address *value creation logic* (ibid.). Two main references for this dialectic couples are Lusch et al. (2010) and Lusch and Webster (2011) which also address stakeholder unifying.

The *fourth dialectic* couple we have found is *Competition– Cooperation* which addressed a new business interaction addressed by Håkansson *et al*. (2009) as the business world as rainforest metaphor which emphasis multidimensional interaction in the new business landscape (ibid. p. 6). We call this as *business interaction logic*. Two other important references we have found, and which go in the same direction, are Palmisano (2006) view on GIE; and Porter and Kramer (2011) shared value.

The *fifth dialectic* couple we found in our developed theoretical framework is *TQM – TRM*. TRM stands for Total Responsibility Management and have its root from quality movement (Gummesson, 1994). Waddock and Bowell (2007) was our early reference in this direction and addressed responsibility as the key word for this direction which include environmental and social responsibility practice. We have in our own research included this into service research about sustainability and CSR ( Edvardsson and Enquist, 2009; Johnson, 2007; Sebhatu, 2010) and Professor  Waddock has further developed her thought in a newer book about building the responsible enterprise (Waddock and Rashe, 2012). We call this business logic for *responsibility logic*.

The *sixth and last dialectic* phenomena we have found in our investigation are *Hype Communication – Interactive Communication*. Communication is central for most of the authors. We call it *communication logic* and want to highlight three works which try to build a holistic view of the value network based on values and stakeholder view and unifying (Edvardsson and Enquist, 2009; Lusch and Webster, 2011; Waddock and Rashe, 2012).

With the above investigation of transcendence phenomena of dialectic couples and related type of business logic all is put together in the following table (Table 1)

Table 1: *Transcendence phenomena of dialectic couples and related type of business logics*

| *Transcendence phenomena* | *Type of business logic* | *References* |
|---|---|---|
| **G-D logic        –   S-D logic** | Exchange logic | Vargo (2007) Vargo and Lusch, 2004, 2008 |
| **Control based   –  Values based** | Steering logic | Selznick, 1992; Pruzan, 1998; Edvardsson and Enquist, 2009 |

| Value chain – Value network | Value creation logic | Stabell and Fjeldstad, 1998; Lusch et al., 2010; Lusch and Webster, 2011 |
|---|---|---|
| **Competition – Cooperation** | Business interaction logic | Palmisano, 2006; Håkansson et al., 2009; Porter and Kramer, 2011 |
| **TQM – TRM** | Responsibility logic | Waddock and Bowell, 2007; Edvardsson and Enquist, 2009; Johnson, 2007; Sebhatu, 2010; Waddock and Rashe, 2012 |
| **Hype – Interactive Communication Communication** | Communication logic | Edvardsson and Enquist, 2009; Lusch and Webster, 2011; Waddock and Rashe, 2012 |

## Transcendence phenomena in real context

With help of transcendence we are looking for a new meaning. We should as Selznick (1996) put it listen "to the pragmatic claims of social practice, including democracy and justice as well as efficiency and effectiveness" (ibid. p. 277). We will do that by empirical descriptions and narratives to look at the world as text that will be interpret (Ricoeur, 1991; 2011).

### *Transcendence phenomena: GD-logic – SD-logic*

In Enquist and Johnson (2013) we have a very good illustration of the transcendence phenomena GD-logic – SD-logic in the transformation process in the context of public transit services in the Zürich region where the public transit system from the beginning was build up based on Swiss art of engineering. Some thirty years ago the travelers (customers) were treated as commodity (shipped from A to B). Today, the public transit service system is well-developed with a high resource integration of non-human and human resources including active customers who are A to A actors in their own value co-creation processes (Gebauer, Enquist and Johnson, 2013).

Through combining a traditional, yet, efficient transit infrastructure including coordinated timetables, timeliness and other traditional production oriented parameters, with value co-creation service dimensions as means to strengthen customer engagement, co-design, self-service and customer experience, customers appreciation of public transit service has rocketed. Through global customer experience surveys, Zürich now is top ranked as being considered creating quality of life, to which the public transit service system is being considered being a key driver. Transcending goods oriented infrastructure with truly SD-logic driven service dimensions has created a tip-over situation in which citizens now facilitate their own value using the transit system resources and thus provide the citizens with a convenient and seamless living.

### *Transcendence phenomena: Control based – Values based*

Three values-based retail companies we have followed for several years are IKEA, Starbucks and Patagonia. The values and vision/mission for these three enterprises have their roots in strong entrepreneurs of the company: IKEA Ingvar Kamprad; Starbucks Howard Schultz and Patagonia Yvon Chouinard. All three companies are acting today as 'globally integrated enterprises' (Palmisano, 2006) with well-developed stakeholder dialogues and unifying based on a values-based mission. The transcendence phenomena control based – values based is not an easy riding.

Chouinard the founder and the owner of *Patagonia* tell the story in his book "Let my people go surfing – the education of a reluctant business man" (Chouinard, 2005) about how he together with his coworkers developed a business model where the environmental responsibility come into focus. It has

been a long learning process through a lot of crisis before Patagonia became a global famous company and a role model for the retail industry. The owner and founder address as a leader/owner a stewardship for all the stakeholders and not only think about short term profit and profit maximizing.

It took 50 years for *IKEA* to be a real global company and 25 years before IKEA North America to become profitable (Edvardsson and Enquist, 2009). The values and mission meets in the license to operate (De Geer, 2009). For IKEA is the document from the founder Ingvar Kamprad from 1976 "The testament of a furniture dealer" this document and has to be interpreted and understood in each time and in each country where IKEA enter. The former CEO of IKEA Group 1999- 2009 Anders Dahlvig is reflecting over "The IKEA edge" and how to build "global growth and social good" (Dahlvig, 2012). He was the first CEO to take IKEA to the next level to become a "globally integrated enterprise" and at the same time showing that the unique price philosophy of IKEA works which is related to IKEA vision with a social ambition "creating a better everyday life for the majority of

A more dramatic story is about *Starbucks* when Howard Schultz came back as CEO in 2008 and "Starbucks Fought for Its Life without Losing Its Soul" (Schultz and Gordon, 2011). The internal memo from the chairman of Starbucks Howard Schultz was leaked in the Internet on 23rd February 2007 (Wall Street Journal Online, 26 February 2007). His memo was a reflection of the passion Starbucks has for maintaining the authenticity of the Starbucks experience while it continues to grow without losing its core values. The business model before 2007, which was built upon hyper growth by constantly opening new stores, had reach the point of the commoditization of the Starbuck experience" (Schultz, 2007 - memo). Hence, on 7th January 2008 Schultz was back as CEO and president of Starbucks while maintaining his position as chairman. Schultz announced "The Transformation Agenda" (TTA) for Starbucks in March 2008, which includes seven big moves which can be seen as values-based and not based on growth based on a short term based business model (Schultz, 2008 - memo). This new direction can also be seen in the new mission statement for Starbucks: "To inspire and nurture the human spirit one person, one cup, and one neighborhood at a time".

Another values-based company, not in retail, but in Health Care is the non for profit company *Mayo Clinic*. Len Berry together with Kent Seltman, as co-author, came 2008 with the book *Management Lessons from Mayo Clinic* (Berry and Seltman, 2008). It is a book about cultivating a long term service culture in a values-based service within a not-for-profit organization where we can learn more about the roots of service: "to serve someone who needs your help". The book has 10 chapters, which can be seen as a road map for deeper understanding of the Mayo Clinic. The clinic is a highly complex labor- and skills-intensive service organization in health care sector. The book is talking about, how the core values of the organization are deeply rooted in its history; and how they becomes the foundation of the strong service culture of the Mayo Clinic today. ..."Mayo Clinic's story is a story about people – people with skills, values, and vision – who committed and continue to commit themselves to creating and sustaining an organization in order to deliver an excellent service for the benefit of other people. … But it is also a universal story because the underlying principles can inform other service enterprises. It is a story about consistently executing a vision" (ibid. p. 263)

*Transcendence phenomena: Value chain – Value network*

The former CEO of *IKEA* Group 1999- 2009 Anders Dahlvig address four cornerstones for sustainable business (Dahlvig, 2012, p. 1-2):

- A vision with a social ambition combined with a strong value base (building strong values and creating a vision with a social ambition)

- A business model wherein the product range and price are the main differentiators between you and the competition (control of the value chain)
- Market leadership and a balanced global portfolio of markets that defines the company´s short- and long-term growth ambitions (healthy mix of mature markets and future growth markets)
- Company control by a committed owner (long term perspective and a willingness to take risk, as well as establish a company heritage, a purpose, and strong values)

The transcendence phenomena of value chain – value network based on those four cornerstones can be understood by reading the sustainability report 2012 for the IKEA Group. The message from the CEO of IKEA today Mikael Ohlsson in the beginning of this report address a values-based company with a business model build upon a triple bottom line thinking (environmental, social and economic perspectives which has to be balanced, Edvardsson and Enquist, 2009) including co-creation with customers and other stakeholders for stakeholder unifying, learning processes and long-term perspective. The resource integration as a value chain are further developed in a dialectic way to a value network where the resource integrations are more loosed coupled.

*Transcendence phenomena: Competition – Cooperation*

Porter (2008) in his updated and expanded book clearly puts the need for a shift in strategy and the link between competitive advantage and corporate social responsibility. And Porter and Kramer in the last ten years show the progress for only being competitor to shared value (2002; 2006; 2011). Porter and Kramer, (2011) in their HBR article argue on redefining the purposes of the corporation to creating shared value, not just profit per se. Shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates (Porter and Kramer, 2011, p.6). This will, in according to the authors, drive the next wave of innovation and productivity growth in the global economy.  It can be achieved by learning how to create value, our best chance, and by legitimizing business again (ibid). The idea is about resource integration based on alignment driven by alignment and a joint idea of shared value.

We can find a contextual understanding of this phenomenon in the context of *public transit services*. In Enquist and Johnson (2013) we have for five years followed the change process of building integrated public transport systems. We have followed six regional public transport value networks (four in Sweden, one in Germany and one in Switzerland). From this platform we have further developed a scientific article with the title "Steering and navigating in value network for co-creating value and secure a sustainable business" (Enquist, Johnson and Sebhatu, in process) where we picked out four of the networks (the two largest in Sweden and the other two from Germany and Switzerland respectively).  These regional networks are organized as a public and private partnership. The value network resource integration is based on shared value by co-creation of value for customer and other stakeholders and sustainability (which is also a form of value) for the greater society (local – regional). By organizing a public – private partnership the resource integration by geographical integration (local-regional); different means such as trains (interregional and regional), buses (regional- local), trams (local); third party services in the hubs; governance structure for organizing the public – private partnership; smart solutions to keep the network together (infrastructure, smart phones etc). It is a win-win-win situation. The greatest winner is the customers who go from being a commodity in single modes to be an active part in an integrated network. Another winner is the service providers who can reduce the risk to be part of something bigger than just put up a single mode and also be part of governmental financial support in contractual agreements (in Sweden this is done through competition by a procurement process). And the third winner is the society who has an interest for common good to avoid congestions problem, save the climate and support a proactive developing of a sustainable

region which also include prosperity through well-being for the whole region and its different stakeholder groups.

*Transcendence phenomena: TQM – TRM*

The founder and owner of **Patagonia** Yvon Chouinard and one of the pioneers in Patagonia Vincent Stanley have together written the book "*The Responsible Company*" based on their experience from first 40 years of Patagonia. The heart of the book is about the elements of business responsibility related to the five stakeholders: owners; workers; customers; communities and nature (ibid. p. 67). This is a very practical book where for them responsible business is also in their mind a way to reach a healthy business.

In Waddock and Rashe (2012) "Building the Responsible Enterprise" the author´s referring to the former CEO of IBM Global Business Services Samuel J. Palmisano and his document "Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study" from 2010. The CEO believes in this document that successful companies of the future will "co-create" products and services with their key stakeholders. Dealing with complexity (such as climate change, energy, health, security etc), need for global integration and will require creativity and new ways of thinking, as new type of relationships with stakeholders. (ibid. p. 295)

**Starbucks** is a leader in ethical sourcing of coffee and sustainability; 93% of the coffee was ethically sourced in 2012, including 90% certified by C.A.F.E practices program, Starbucks' own certification, with a target of 100% by 2015 as compared with 72% in 2008. Starbucks also become the world largest buyer of Fair Trade coffee in 2009 by doubling the annual purchase and starting a service centre in Rwanda for East Africa to support small farmers. Starbucks engaged aggressively in taking responsibility of its supply chain after an encounter with Ethiopian Coffee farmers cooperative led to an action by Oxfam in 2007. Starbucks' Shared Planet program is an initiative that addresses the design and building of stores, the environmental footprint of its cups, and its relationship with neighborhoods' (*Starbuck CSR Report 2005-12*).

*Transcendence phenomena: Hype Communication – Interactive Communication*

Bo Edvardsson and Bo Enquist CTF used to work with the Creative Director at IKEA Group Staff Communication Michael Hay in an article about Values-based service brands (Edvardsson *et al*., 2006). Mikael Hay delivered three narratives from inside of IKEA. In Edvardsson and Enquist (2009) in the chapter "Values-based service brands and marketing communication" these three narratives where reused and another two were added supported by Mikael Hay. When IKEA build up its brand and marketing communication for different countries it has a provocative style with a social ambition. The five narratives are: "Democratic Design"; "Chuck out the chintz"; "Out looking"; "Be brave, not beige"; "Stay home today!".

The interactive communication will be more of importance for IKEA today.

In IKEA's marketing, value-in-use for customers is primarily of an instrumental nature, as communicated through the catalogue, the website, and the store showrooms. In IKEA's marketing strategy there is also communication beyond the instrumental level, whereby IKEA narrates a sustainable corporate 'story' in which vision, culture, and image complement one another in a successful branding strategy. IKEA showrooms can be seen as 'experience rooms' in which customers have a 'real' experience before purchase. An 'experience room' supports customers in their role as co-

creators of value (by making the solutions customized and 'tangible'), as well as facilitating the company's communication of its corporate values. (Edvardsson and Enquist, 2009)

IKEA starts to use social media in an interactive way through its IKEA-family web page under "LIVE" for tips, ideas, inspiration and sharing different experiences by customers around the world (http://www.ikeafamilylive.com; www.ikeeafamily.com). This page is also linked to Facebook. Ikea's engagement in social media seems not as innovative as it is. Instead IKEA have played to Facebook's strengths, using specific campaigns to achieve specific objectives. Face book in different countries, for instance IKEA Sweden – Malmo (http://sv-se.facebook.com/ikeasverige. IKEA communicates thorough Twitter in different areas/countries and titles, for instance IKEA USA @DesignByIKEA with more than 141,000 followers (http://twitter.com/#!/DesignByIKEA-02/04/2013). August 2011, IKEA have launched a new social experience through YouTube. This campaign firstly shows a video which showcases some of the products that are in their latest lines, it then goes on to launch a personalized 3D showroom on YouTube, which retrieves information from Face book profiles belonging to visitors. The YouTube video extracts information from the visitors profile and builds them a room based on their information.

## Concluding discussion

In this study we underlined the interrelations among various concepts and theories and illustrated the research methodology of transcendence as the new business logic. We addressed the need for advancement of value co creation network thinking and perusal for the business logic to have a wider understanding of sustainable business. This leads to understand the complex service system for co-creating value and sustainability in the network. We argued the need for more than only one business logic in a world of complexity. With help of our literature review we have found dialectic concepts, which can be handled as transcendence phenomena.

Services have been separated from goods in a dualistic way in the earlier marketing literature. We argued in this paper for a methodological path beyond functionalism. We are providing a deeper understanding of the business logic; co-creating value for people and developing sustainability for society. It is not enough to only look at the exchange logic. We are suggesting a different business logic that follows the path way of transcendence. This allows us to understand the dialectic and other relationships for sustainable business that also affects the business model. With the help of transcendence we are looking for a new meaning and phenomena. In sum, our model for transcendence business logic, so far, involves the following phenomena: *Steering logic*; *Value creation logic*; *Business landscape logic*; *Responsibility logic*; and *Communication logic* (figure 1). These transcendence phenomena of dialectic couples and related type of business logic were presented in table 1.

To conclude, this paper, mainly, is about exploring *transcendence business logic* to be in lieu of guiding open source business models based on the need for understanding of the new logic in the new complex landscape. Transcendence is not an easy concept. It goes back to a more philosophical discussions and definitions. Two examples of these are transcendentalism by Emanuel Kant and transcendental phenomenology by Husserl, which are critiques to Descartes objectivism (Bernstein, 1983). It can also be related to a dialectic view where Kant introduced transcendence dialectic (Lübcke, 1983). The idea of transcendence, we argue, on the need for a more methodological understanding goes beyond a positivistic paradigm in service research. The methodological approach in our study is inspired by a more critical hermeneutic tradition beyond objectivism and relativism in

the dialectic between *explanation* (Erklären) and *understanding* (Verstehen), which allows us to understand the complex phenomena of globalization. Globalization is not only raising a number of conflicting interpretations of the main economical and technological transformation of the world. Transcendence business logic as open source business logic will mediate potential gaps between conflicting interpretations, which also makes a profound experience of cultural and socio-political transformations.

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