

Interfunctional coordination: the role of institutional arrangements

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Purpose – Service-dominant (S-D) logic is considered to be the philosophical foundation of service science (Maglio and Spohrer, 2008). The lack of discussion about articulated mechanisms of coordination and cooperation is a limitation of S-D logic (Vargo and Lusch, 2016). Consequently, these authors recently introduced an eleventh foundational premise (fifth axiom) that focuses on the role of institutions and institutional arrangements (Vargo and Lusch, 2017) and they suggest that institutions have moved to the forefront. This study investigates the role and mechanisms of interfunctional coordination (IC) in alignment with the fifth axiom. IC involves coordinating resources across departmental boundaries to create superior customer value (Narver and Slater, 1990).

This research aims to contribute to a better understanding of the role of instrumental institutions in the cooperation and coordination (Ostrom, 2005) of complex and resource-integrated service-exchanges. IC is studied here to shed light on complex scenarios and to support decisions made in service exchanges (Gummesson, Mele and Polese, 2018). Engaged actors integrate their resources and contribute to gaining value for the contexts of all involved (Polese et al., 2017).

Design/methodology/approach – This research adopts qualitative analysis (Yin, 2003) consistent with both the purpose of this study and the complex nature of the phenomenon investigated. This research integrates three sequential studies conducted in Spain, as follows: 1) a focus group (7 participants); 2) in-depth semi structured interviews conducted on top managers at a range of firms (35 interviewees, 45-60 minutes); 3) an online forum (6 participants).

Findings – Enablers and barriers for IC were identified. Culture, power, and digital transformation are factors that are shown to have a relevant impact on IC. The processes that facilitate IC should balance the negative effects of working in silos. Finally, IC should help to decrease the complexities faced in some situations, and instead ensure simplicity. Within this, IC facilitates satisfactory service exchanges and customer solutions.

Research implications – This study advances existing knowledge through an empirical investigation and academic discussion on the eleventh foundational premise (fifth axiom).

Practical implications – It provides interesting insights for practitioners, especially top managers, about the barriers and enablers of IC and the best practices for use.

Originality/value – This is a novel approach to the fifth axiom of S-D logic, where the study of interfunctional coordination relevantly contributes to the clarification of institutions and institutional arrangements, as well as demonstrating its impact on value cocreation.

References

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