

# Exploring the Development of an Ecosystem from a Service-Dominant Logic Perspective

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## Abstract

The emphasis on value co-creation has gained popularity in practice and research over the past decades. The literature, particularly in the research domains of marketing and service, indicates that the co-creation of value does not take place in vacuum but in spheres of interaction which may be entangled with a number of interconnected interaction processes spanning organizational boundaries. The consequence of such interaction would result in the emergence of an ecosystem which defines an embedded organization's interdependence with others; and thus, this ecosystem is important to the organization's survival and prosperity. However, concerning the development of an ecosystem, it seems to be a knowledge void in literature. In particular, how an organization is able to establish and develop its ecosystem remains poorly understood. This is the point of departure for this research.

In order to unveil how an ecosystem is established and developed, this research is grounded in the service-dominant (S-D) logic and integrates the Industrial Marketing and Purchasing (IMP) Group's interaction and networks approach, as the theoretical framework. The adoption of S-D logic is because a system perspective is one of the central theoretical constructs in this service-based logic. The logic also serves as the theoretical foundation for service science which is concerned with the concept of ecosystems. Moreover, due to the IMP's focus on interaction through developing inter-organizational relationships, it is believed that drawing a linkage between the S-D logic and the IMP approach could act as a suitable theoretical lens to investigate ecosystem development.

The empirical investigation of this research was performed through a single case study. This methodological choice was made because this research was explorative in nature and because the research aimed at gaining a holistic understanding of the "how" inquiry. The focal actor of the case was KKY (the real name was not revealed), which was an agricultural

enterprise based in Taiwan and specialized in producing and marketing sweet potatoes and which relied on contracting farmers as its key partners and on making use of information technology to manage the production process. The case under investigation was KKY's developmental process during a time period from early 1990s to 2015, within which it gradually cooperated with different stakeholders (including farmers, farmers' associations, Japan-based business customers and channels) to reinforce its business operation, resulting in the emergence of an ecosystem centered around KKY. The case construction was built on a variety of data sources, including depth interviews, on-site observations and archival materials. The case presentation resulted from the development of codes and themes from the raw data and from the comparisons with theoretical constructs.

The case findings allow us to develop the following implications. Particularly, we are able to tight the linkage between value proposition, resource integration and ecosystem, which are key constructs in the S-D logic, by combining the IMP's concepts of "relationships" and "mobilization". We find that resource integration between actors has to take place in inter-organizational relationships and such relationships can be regarded as constituents of an ecosystem because of their evolving and self-adapted natures. Moreover, the "co"-creation of value contributed by resource integration does not mean that actors automatically gather to co-work or collaborate; instead, they are influenced and attracted, namely, being mobilized to engage in the co-creation process. We also find that in order to mobilize key stakeholders that are important to the development of an ecosystem, the focal actor needs to build a clear value proposition (e.g. aimed at providing service to farmers in our case context) and consistently and adequately structure its resource base to form interdependence with key stakeholders (e.g. helped solve farmers' production problems by performing key activities, such as quality control, mechanical issues and price negotiation). Together with a clear and convincing value proposition, the focal actor's structured resource base and key activities can be conceptualized as a platform for the mobilization of other actors (stakeholders) because it allows the participants to engage in the combination and integration of resources not only with the focal actor but also other participants, through which individual benefits are gained and value is jointly created.