Marquette University

e-Publications@Marquette

Marketing Faculty Research and Publications

Marketing, Department of

3-2019

Ethical Foundations for Exchange in Service Ecosystems

Patrick E. Murphy

University of Notre Dame

Gene R. Lacznia

Marquette University, eugene.lacznia@marquette.edu

Follow this and additional works at: https://epublications.marquette.edu/market_fac

Part of the [Marketing Commons](#)

Recommended Citation

Murphy, Patrick E. and Lacznia, Gene R., "Ethical Foundations for Exchange in Service Ecosystems" (2019). *Marketing Faculty Research and Publications*. 285.

https://epublications.marquette.edu/market_fac/285

Marquette University

e-Publications@Marquette

***Marketing Faculty Research and Publications/College of Business
Administration***

This paper is NOT THE PUBLISHED VERSION.

Access the published version via the link in the citation below.

SAGE Handbook of Service-Dominant Logic, Chapter 9 (2018): 149-160. [DOI](#). This article is © SAGE Publications and permission has been granted for this version to appear in [e-Publications@Marquette](#). SAGE Publications does not grant permission for this article to be further copied/distributed or hosted elsewhere without express permission from SAGE Publications.

Chapter 9: Ethical Foundations for Exchange in Service Ecosystems

Patrick E. Murphy & Gene R. Laczniak

Introduction

The emphasis of most academic work on service-dominant logic (Vargo and Lusch, 2004) has focused on its strategic, managerial, and operations aspects. One of the major contributions of this approach is that S-D logic puts the customer on the same level as the firm and it is proposed that this partnership can contribute to a more humane, ethical form of marketing (Williams and Aitken, 2011). The few articles that have explored such connections between S-D logic and marketing ethics are analyzed and extended in this chapter.

Since the original conceptualization of S-D logic by Stephen Vargo and Robert Lusch (2004), they and their subsequent coauthors have continued to refine and expand this contribution to the marketing literature. In that article, they highlighted the fact that all economies are service economies. They have introduced the notions of service ecosystems (Akaka et al., 2013; Vargo and Lusch, 2011), service-to-service exchange (Lusch et al., 2006) and the key role that institutions and institutional arrangements

play in exchange (Vargo and Lusch, 2016). Two specific refinements that relate to this chapter are the broadened framework for value propositions (Chandler and Lusch, 2015) that focuses on the move from customers to stakeholders and the role of values in exchange within the service ecosystem, as well as the inextricable link between S-D logic and relationship marketing (Vargo and Lusch, 2010 a and b). The most recent Vargo and Lusch article (2017) discusses ethics as a research frontier that draws on service and S-D logic. (This last article will be examined in the future research directions section.)

If the notion of a more humane or ethical ethos characterizes S-D logic, research must be directed toward the societal, ethical and normative aspects of this construct. A hallmark of ethical marketing that has been identified earlier is that it should be 'fair and just' to all the parties in the exchange (Crane and Desmond, 2002; Laczniaik and Murphy, 2008). This chapter takes a 'virtue ethics' approach (Williams and Murphy, 1990) as it highlights important organizational values to the success of the marketing endeavor. In particular, the business virtues of trust, commitment and diligence are described as embedded in S-D logic.

Thus far, at least three journal articles plus a book chapter have been devoted to examining the specific ethical and societal underpinnings of S-D logic. The first, by Abela and Murphy (2008), indicates that while S-D logic does not have explicit ethical content, several of the foundational premises (FPs) do have implicit ethical messages. Specifically, FPs 4, 6 and 8 especially lend themselves to normative exploration, with a minor revision (i.e., ought rather than is). For example, FP6 might be ethically explored as 'stakeholders should always be perceived as co-creators to the exchange'. Abela and Murphy elaborate on seven 'tensions' within current marketing theory, discuss ethical issues associated with each one, and explore how the shift to S-D logic reduces these tensions. One of their major concerns is that marketing tends to compartmentalize ethical issues and this development leads to a separation of strategic and societal concerns. They state: 'In general, theoretical developments in marketing are introduced without explicit consideration of ethics by their proponents, apparently on the assumption that such consideration can be separated from the "business" issues' (2008: 40).

A second article focuses *directly* on S-D logic and marketing ethics. Williams and Aitken (2011) examine whether the current conceptualization of S-D logic needs to be modified to more explicitly integrate the ethical dimension of marketing activities. They recognize the central role that stakeholders play in this process and that this derives from a social contract between business and society (Donaldson and Dunfee, 1999). The fact that the interchange is a two-way process between the firm (representing business) and customers (representing society) is highlighted. These authors propose a new foundational premise: FP 11: '*Value co-creation is the result of differential desires of economic actors, which are in turn a result of the (a) differential access to resources and (b) differential values of actors*' (2011: 451). Williams and Aitkin put it more succinctly by stating: 'Value is determined by values' (2011: 451). They present a model of the process for making better ethical decisions following S-D logic. Their final comment about this model is: 'The voluntary component of exchange always involves ethical decisions' (2011: 451). The authors explain this point by indicating that a consequence of considering values in decision making is that company actions are always embedded in a value-laden societal context.

In a chapter from an anthology exclusively devoted to examination of S-D logic (Lusch and Vargo, 2006), Laczniaik (2006) focused on its societal and ethical dimensions. His essay examined four of the

foundational premises (FPs) of S-D logic: 2, 4, 6 and 8. Laczniaak broadened these premises by incorporating societal, long-run value instead of short-term financial success, a stakeholder orientation, and the virtue of trust – with each perspective taking a macro view of the FPs rather than examining S-D logic from primarily a firm's standpoint. In other words, the lens of macro marketing was applied to S-D logic such that the thrust of the analysis was upon the connections between the marketing system and society rather than inductively starting with the dynamics of a particular firm or industry.

The most recent journal article to incorporate S-D logic with ethical perspectives was written by Murphy et al. (2013). While the other three focused exclusively on S-D logic and its relationship to ethical and societal marketing issues, this article spotlighted the co-creation principle as one of six foundational premises for responsible marketing. The authors' thesis: if marketers genuinely involve their customers in creating value (i.e., co-creation), this process is likely to be ethical. The authors utilized a quotation from the literature to highlight how this process might work in practice.

Ultimately, corporations are deeply involved in co-creating the meaning of responsible consumption. While this is a crucial task..., the danger that is amidst the corporation's need to remove barriers to consumption and to establish its activities as meaningful consumer choices, the institutionalized nature of consumer responsibility may potentially dissolve rather than provoke broad moral imagination. (Caruana and Crane, 2008: 1515)

The balance of this chapter discusses three topics that relate to the intersection of S-D logic and ethical marketing. They are: the *relational* nature of S-D logic, the importance of both value *and values* to marketing and the necessity of *stakeholder* analysis to S-D logic in networked, service exchange.

Relational Nature of S-D Logic

The inherent *relational* foundation of S-D logic is well substantiated and is included as FP 8 by Vargo and Lusch (2004). Murphy et al. (2007) argued that relationship marketing is at its core ethical marketing. The relational nature of S-D logic can be directly associated with the notion of service-for-service exchange. Thus, service requires a relationship and a service-centered view is based on a relational view of exchange (Akaka et al., 2013). Figure 9.1 depicts the virtue-driven stages of relationship marketing identified by these authors – establishing, sustaining and reinforcing the relationship with consumers. These strategic steps are paired with the ethical business virtues of trust, commitment and diligence. The rationale for these three virtues is that it takes trust to establish a relationship, commitment to continue it and diligence for relationships to endure. The figure shown here is slightly different from the one in the original 2007 article in that the arrows connecting the stages now go in both directions. This represents a change that incorporates S-D logic thinking into the process; it is now conceived as a two-way flow, as opposed to the original conception, where marketers do things 'to' consumers instead of 'with' them. Importantly, as suggested in the aforementioned chapter by Laczniaak (2006), this change also underscores that the descriptive positivism of S-D logic and the normative nature of cultivating ethical relationships with customers/partners can be (and should be) strategically connected.

Figure 9.1 Ethical bases of relationship marketing

- * Relationship Marketing Stages
- ** Key (Foundational) Virtues
- *** Facilitating (Supporting) Virtues
- **** In Communication and Action

Source: Adapted from Murphy et. al. (2007: 44).

Relationships, which are by definition long term, are built on trust, which is one of the most researched concepts in marketing (for a detailed analysis, see Murphy et al., 2007: 44–46). The type of trust that characterizes relational exchanges is called *authentic* or genuine. Authentic trust can be distinguished from blind trust on one end of a continuum and calculative trust on the other. In fact, trust is a virtue/value that follows the ‘ethic of the mean’ – which Aristotle described as the mean between two extremes (Murphy et al., 2017). Other aspects of trust are that it results from dialogue or ‘conversations about trust’ and is ‘ultimately about relationships, and what it takes to create, maintain and restore them’ (Solomon and Flores, 2001: 32). (Note that the Solomon and Flores (2001) description is highly consistent with the relationship marketing stages identified in Figure 9.1.) Other writers have also focused on the importance of trust in marketing. Brenkert (1997) introduced several kinds of trust, and his attitudinal trust, renamed by Laczniak (2006) as *authentic* trust, is described as providing the consumer with a confidence that marketers will try to do the right thing regardless of circumstances or legal allowances. The term ‘authentic’ was selected to stress also that trust has a central place in an organization's mission and strategy.

The notion of trust has also been identified in discussions of networked, service exchange where co-creation is a hallmark. Johanson and Vahlne (2011) conclude that strategy-making is a continuous process in service exchange and relies upon dynamic relationships among parties in the network. They define dynamic relationships as follows: ‘the process is one of interaction, which is supported by mutual trust and commitment established over time’ (2011: 6). Trust is also dependent on the institutions that facilitate a better understanding of cooperation, which requires that trust be embedded within them (Vargo and Lusch, 2016). Many companies have adopted trust-driven relationships with their *stakeholders* – a concept discussed in more detail later. Two specific illustrations are noted here. La Poste Retail, a division of the French Postal Service with 17,000 branches throughout the country, held a series of ‘co-creation workshops’ with employees and other stakeholders to improve customer service. The complexity of the process and the multi-pronged importance of trust were identified by one manager, who said:

Evidently, the key is to re-create trust between teller employees and managers. We must leverage what's positive and energizing for them, namely the relationship with the customers. It is upon this relation that we must build the team in each post office. (Ramaswamy and Gouillart, 2010: 153)

Another example is an innovative program introduced by Nike in 2006. The company launched Nike+ (called Nike plus), a partnership with Apple to engage more deeply with runners and the running community at large. The program allowed runners using an iPod to upload data from a run, analyze it and share it with other runners. This example of a co-creative engagement platform allows Nike to accomplish both relational and strategic goals. One of these was directed to: 'build deeper relationships and trust with the community' (Ramaswamy and Gouillart, 2010: 12).

The second stage in Figure 9.1 shows that ethical relationships also require *commitment*. The fact that trust is necessary for making commitments is well established in the business literature (Solomon and Flores, 2001). Morgan and Hunt (1994: 23) defined relationship commitment as 'an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes that the relationship is worth working on to insure that it endures indefinitely'. An amendment to this statement, consistent with S-D logic, is that both parties should be committed to the relationship. In the S-D logic literature, commitment is viewed as customer engagement (Jaakkola and Alexander, 2014). Commitment in relationship marketing also implies both making and keeping promises (Bitner, 1995; Gronroos, 1994). Promise-keeping in relationships is about commitment, even when it might not be advantageous for one or both parties to do so (Murphy et al., 2007). It is interesting to note that Brown and Bitner (2006) propose a model of promise-keeping that, similar to the observations above, involves *enabling* (internal marketing), *making* (external marketing) and *keeping* (interactive marketing), but they do not explicitly mention the normative or ethical aspect of their 'services marketing triangle'; instead, the example they use to underscore promise-keeping is FedEx's reliable commitment to deliver packages before a certain time.

A good illustration of a company that has been committed to its users and other stakeholders is Lego, the famous Danish plastic brick maker. In fact, the brand name in Danish means 'play well'. Two of the company's programs illustrate this commitment. The Lego Factory allows customers to design and build any model they can imagine using a special software. Within this factory setting, the company has also set up an online community that engages more than 400 million people through message boards and a website called My Lego Network. Although children and their parents represent the core customers, a large group of adult 'super-users' participate in product idea generation and, sometimes, even the invention of new products (Ramaswamy and Gouillart, 2010). These programs demonstrate an ongoing commitment to a wide range of users.

Diligence is the third core virtue in Figure 9.1 – i.e., earnest endeavor, persevering application and steady attention (Murphy et al., 2007). Although some writers describe diligence as just effort (Hosmer, 1994), what is envisioned here is a higher level of ongoing mutual concern expressed by both parties or with multiple stakeholders. The connection with marketing strategy might best be seen at the implementation stage of relationship management. Diligence is what happens *after* the relationship is formed. Whether it is a friendship, marriage or business exchange, diligence is what sets apart those unions that are long lasting. This type of diligence should not be confused with the notion

of due diligence that is used by accountants, lawyers and others involved in corporate governance or mergers or acquisitions. Members of the exchange process that demonstrate diligence will do whatever is necessary to reinforce the relationship. In the original article, Murphy et al. (2007: 48) said the following about diligence: 'If trust is the bricks and commitment the mortar, diligence would be the tuck-pointing of a building. Even the sturdiest relationships will not endure without diligent maintenance'. Diligence has also been discussed as an essential virtue that contributes to the working of markets in general (Graafland, 2010).

Figure 9.1 includes five other virtues that *facilitate* ethical relationship marketing. The first is *integrity*, which is defined as coherence, honesty, moral courage, self-awareness or completeness. A high level of forthrightness is associated with firms and individuals who demonstrate the trait of integrity. Fournier et al. (1998: 49) describe why integrity is so essential to the relational process: 'Let's put our relationship motives on the table: no fluff, no faked sincerity, no obtuse language, no promises we don't keep – just honesty about commercial intent. We want consumers' money – let's tell them that and let's tell them why the deal is a good one'. *Fairness* is a second facilitating virtue. If partners in a relationship are unfair with one another, there is little chance it will continue. It should be noted that just as there are unfair marketers, unfair *consumers* (Berry and Seiders, 2008) can also undermine the relationship. *Respect* is another facilitating virtue shown in Figure 9.1, which appears to be an increasingly important virtue in our multicultural world. In international venues, respect is often a complicated task due to differing perspectives and experiences, yet valuing others for what they believe is critical for nurturing any relationship. Sometimes, parties may 'respectfully' disagree with one another, but mutual respect is a prerequisite for meaningful interactions. *Empathy* – the fifth virtue – has a number of meanings, e.g., the Golden Rule, the 'ethic of care' or holding 'an other orientation'. It involves trying to put oneself in the place of another, which is often difficult to do. Empathy, however, should not be equated with sympathy; both sides of the exchange can be empathetic while still driving a hard bargain.

Surrounding these facilitating virtues is *transparency*. For example, throughout Europe in the early 1990s the term 'transparency' was used frequently by European firms. In the USA, the descriptor did not catch on in the business sector until after the infamous Enron, WorldCom and Tyco scandals several years later (Laczniak and Murphy, 2005). Transparency is now commonly used and, hopefully, practiced more sincerely throughout the globe. Several years ago, Starbucks launched a website (MyStarbucksIdea.com) where the company invited customers to help shape the future of Starbucks with their ideas. This opened a dialogue with customers; the firm then culled the best suggested ideas, and customers voted on those remaining; Starbucks reported back which ideas went forward in the company. The executive who oversaw this effort explained: 'There are advantages to having that kind of transparency because it creates more engagement, and we get to actually iterate on our solutions while building them' (Ramaswamy and Gouillart, 2010: 23). A current example of transparency is Southwest Airlines' campaign entitled 'transparency', which highlights the firm's low fares, lack of baggage fees and overall openness with customers, employees and other stakeholders. Transparency has also been the subject of considerable empirical academic research, especially in Europe, where writers have found both financial, consumer and relational advantages to being more transparent with stakeholders (Eggert and Helm, 2002; Eskildsen and Kristensen, 2007). Urbany (2013) calls such efforts to increase transparency 'making the case for clarity'.

Value and Values

Before Vargo and Lusch (2004) proposed that co-created value, not profitability, was a key component of S-D logic, Ramirez (1999) concluded that 'value in use' had a strong intellectual foundation. The idea of 'value in use' foreshadowed that the seller and consumer perceptions of value propositions were co-equal. Thus, the co-creation of value, central to Vargo and Lusch's S-D logic, involves mutual dependency and reciprocal exchange. Because this dependence on one's partners requires human commitment, questions regarding the ethical responsibilities of such parties to one another are unavoidable. The concept of service ecosystems (Vargo and Akaka, 2012) also has values as one of its underlying premises. Furthermore, the importance of networks and configurations of relationships and resources in markets is also dependent on value co-creation, which has both a value and values underpinning tied to S-D logic and service ecosystems (Akaka et al., 2012). Relatedly, Penaloza and Mish (2011) link values to the triple bottom line in bringing about value co-creation for the meso level of the service ecosystem.

The key constructs of value and values align well with recent discussions of the role of institutions (Vargo and Lusch 2011; 2016) and customer stakeholders (Jaakkola and Alexander, 2014) in value co-creation. Again, value generally has to do with economic contributions while values pertain to the ethical dimension of an exchange. Value is phenomenological, but values are socially constructed and influence diverse stakeholder views. Since other articles in this volume speak to the concept of economic and social value, the emphasis in this section is on values.

The idea that economic value is intertwined with societal values was discussed in the ethics-centered articles mentioned above. For example, Abela and Murphy (2008) outline three critical performance measures that advance S-D logic in marketing. The first is valuing intangibles such as brand reputation as well as the notion that unethical behavior undermines co-created relationships along with brand equity. The second concept that needs to be internalized is the utilization of *multiple* success metrics because value cannot easily be reduced to a single indicator. Metrics such as the 'balanced scorecard', 'triple bottom line' or the *Global Reporting Initiative* are all efforts that reflect this criterion. The third proposal of Abela and Murphy (2008) discusses the role of volatility and risk. The point here is that a focus on the total value of service rather than merely tangible products delivered can help reduce volatility and improve exchange satisfaction.

Although these ideas of brand reputation, multiple outcome measures and full-service value have been discussed in the twenty-first century, the notion that marketers should have a broader perspective has been around for some time. In 1972, Philip Kotler introduced the 'societal marketing concept' (SMC) and defined it as follows:

The SMC calls for a *customer orientation* backed by *integrated marketing* aimed at generating *customer satisfaction* and *long-run consumer welfare* as the key to attaining long-run profitable volume. (1972: 54, emphasis in original)

This belief about long-run consumer satisfaction can be expanded to broader stakeholder satisfaction (Laczniak, 2006; Laczniak and Murphy, 2012), which takes into consideration the various obligations of marketers to all their constituents.

The aforementioned Williams and Aitken (2011) article also examines the value–values interface in a similar way. They state that ethical considerations are not optional and that adhering to ethical norms may mean lower profits in the short term. The American Marketing Association *Statement of Ethics* and the ethical norms associated with it unambiguously imply that ethical concerns are relevant to every economic transaction and relationship. Hence, Williams and Aitken (2011) propose FP 11, the second article reviewed in this chapter's introduction section. This proposition formally incorporates both value and values (i.e., virtues) into any discussion of S-D logic. If values, then, are a key driver of this new approach to marketing, marketers and customers need to be on the same page regarding the importance of ethical conduct in their behavior. These authors concluded their article with a summary observation:

In privileging the co-creation of value and the reconciliation of values, in such a customer centric and relational context, S-D logic provides the exhortation for people to be treated fairly and equitably – [thus] an FP for the ethical conduct of business. (Williams and Aitken, 2011: 452)

Such values–value intersection is not simply an academic debate. A number of executives, most notably Paul Polman, CEO of Unilever, have been strong proponents of a values-oriented position (Murphy and Murphy, 2017). Polman has spoken on multiple occasions about the relationship between 'share value' and 'shared values'. His management style is grounded in a philosophy that successful businesses focus greater attention on 'shared values', with a higher stock price (i.e., share value) perceived as a by-product of that primary focus. Put another way, co-created business and customer value ultimately will pay dividends in share value; in contrast, exclusive focus on the financial bottom line will undermine the shared values (i.e., ethics) of the firm. For this reason and others, Unilever no longer reports quarterly earnings to the financial community.

Stakeholder Importance of S-D Logic and Exchange in Service Ecosystems

Although stakeholder analysis and engagement have been part of a managerial examination of firms for some time (Donaldson and Preston, 1995; Freeman, 1984; Freeman et al., 2010), discussion of *multiple* stakeholders within marketing has been a relatively recent phenomenon. Of course, the dominance of the *customer* stakeholder has long been a sacrosanct position of the marketing community, both academic and practitioner. This historical approach has been tempered in recent years with a greater emphasis on the other stakeholders that impact marketing organizations (Ferrell and Ferrell, 2008). (An attempt to rectify the lack of theoretical emphasis on stakeholder marketing resulted in a special issue of the *Journal of Public Policy & Marketing* devoted to this topic in Spring 2010; it featured 11 articles.)

In an early discussion of the societal and ethical dimensions of S-D logic, Laczniak (2006: 284) indicated that: 'My reading of the S-D logic framework finds nothing in the [Vargo and Lusch] conception that is opposed to the stakeholder orientation'. This recognition that stakeholders should be part of the discussion helped set the stage for subsequent ethical analyses of the new emerging logic, i.e., an analysis of co-creation that went beyond the descriptive nature of seller–buyer dyads.

One extensive analysis of the stakeholder perspective examines the 'value proposition concept' as it relates to this broadened view of company and marketer accountability (Frow and Payne, 2011). They propose a 'six market domains' stakeholder model which serves as a foundation for a marketing

systems approach that is consonant with S-D logic. A several-stage planning framework is advanced that links the stakeholder concept with value co-creation for the purpose of aligning value propositions (Frow and Payne, 2011). The first step is to identify stakeholders within the network. Next, core values need to be determined. This step ties in with the second section of this paper, where increasing both tangible and intangible value, not merely profits, is emphasized. Third, dialogue should be facilitated such that knowledge-sharing among stakeholders is enhanced using S-D logic. The fourth stage highlights value co-creation opportunities by providing a more active role for consumers and other stakeholders in the process. This co-creation approach engages ‘not only the firm and its customers, but also the entire network of suppliers, partners and employees in a continuous development of new experiences with individuals’ (Ramaswamy and Gouillart, 2010: 5). Finally, the culmination of this process should be co-creating *stakeholder value propositions* – meaning that deeper stakeholder relationships should emerge for non-consumer stakeholders.

In what might be considered the latest in the evolution of the stakeholder-oriented approach in marketing, Lusch and Webster (2011) advocate a stakeholder-unifying, co-creation philosophy for all of marketing. They thoughtfully trace the development of marketing through three eras with the first (early twentieth century) one called the ‘utility creating and value adding’ stage; here, marketers mostly supplied standardized products to their customers. The second era is a ‘customer-oriented and value producing’ stage that follows the traditional marketing concept, but with enhanced financial metrics. The current era, value co-creation, is a broader conception of marketing that is firmly rooted in S-D logic. The crux of this era is as follows: ‘The key concepts in the value co-creation concept of strategy and organization are core competencies and dynamic capabilities used to co-create value and the relationships with all stakeholders that help to accomplish this’ (Lusch and Webster, 2011: 132). Another distinguishing characteristic of this era is the institutional support it envisions: that is, human rights and ecological norms are now essential instead of only private property, with market effectiveness and marketing regulation being the hub of institutional concern. This third era of marketing is decidedly *stakeholder*, macro and *societal* in scope (see also Lacznia and Murphy, 2012).

Macro analyses like those cited above point toward a more normative approach to stakeholder analysis and engagement than has traditionally been the case. Prior writings in marketing (e.g., articles in the *Journal of Public Policy & Marketing* 2010 special issue) typically treat stakeholders as groups to be managed or ‘marketed to’ as opposed to involving them in a jointly created process. The historic ‘hub and spoke’ stakeholder analysis has given way to an ecosystem-oriented conception that focuses on individual, organizational and societal needs (e.g., human rights and ecological norms). An illustration of this stakeholder mindset is the *fair trade movement* in France that has evolved into relationships that require solutions with input from many stakeholders (Ozcaglar-Toulouse et al., 2009). As was noted already, the shared values emphasis is fundamentally a stakeholder, rather than a stockholder, focus. Ethical societal values serve as ‘action’ drivers shaping strategy and helping move the organization forward (Lacznia and Murphy, 2012).

Conclusion and Future Research Directions

This chapter focuses on several ethical concepts that ground S-D logic and exchange in service ecosystems within a values-oriented context. After reviewing the relevant literature in the introductory section, the first area highlights the *relational* nature of S-D logic. (Again, review the framework shown

in Figure 9.1.) The second part of the chapter argues for an emphasis on both value *and values* as a mechanism to capture the full economic and societal impacts of marketing activities. The third section examines *stakeholders* and how the latest thinking regarding S-D logic can be seen as moving beyond a customer–marketer orientation to a broader grounding in the importance of multiple stakeholders.

Presented below are several research directions for scholars interested in applying and extending the ideas proposed in this chapter. We envision that both conceptual and empirical research is needed to advance the perspectives discussed above. First, the relational nature of S-D logic could be studied in the context of the seven basic perspectives for ethical and socially responsible marketing that were developed by Laczniak and Murphy (2006). The fact that marketing should benefit society, be above the law and focus on stakeholders links to ideas in the chapter regarding S-D logic. Second, the ‘value and values’ questions require a more sophisticated analysis of some of the intangible effects that companies have on their stakeholders. Third, the issue of human rights as conceived in the ‘third era of marketing’ (Lusch and Webster, 2011) might be studied in an aggregate supply chain context to measure both financial and societal impacts of multinational marketers. For instance, one possible line of investigation applies S-D logic to issues involving impoverished market segments (Laczniak and Santos, 2011). Fourth, the challenge of balancing the various stakeholder demands in ethically aspiring companies is one that is often discussed but seldom quantified. Researchers need to gain a better understanding of what these conflicting demands mean for marketing decisions. Fifth, although a number of exemplary corporate programs were discussed in this chapter, they cannot be generalized without further investigation. Studying the best practices of organizations that have both accepted S-D logic thinking and envision themselves as part of the larger institutional and stakeholder framework would be useful. Sixth, in the latest article on the future of S-D logic, Vargo and Lusch (2017) indicate that service and S-D logic can contribute to a normative framework for marketing. They conclude with what we agree is a fundamental question that should be examined by researchers: ‘Can S-D logic and institutional theory be used to investigate the process and types of institutional innovation that could foster ethical decision making?’ (2017: 62).

This is obviously not an exhaustive list of research directions that need to be studied in the future. Ethical principles seem to be closely tied to a broader understanding of S-D logic. We encourage researchers to examine the moral dimensions as part of any exploration into S-D logic questions. Doing so will likely advance both theory and practice within ecosystems of service-for-service exchange.

References

- Abela, A. and Murphy, P. E. (2008). Marketing with integrity: Ethics and the service dominant logic, *Journal of the Academy of Marketing Science*, 36, 39–53.
- Akaka, M. A., Vargo, S. L. and Lusch, R. F. (2012). *An exploration of networks in value cocreation: A service-ecosystems view*, in S. L. Vargo, R. F. Lusch (eds.), *Special Issue – Toward a Better Understanding of the Role of Value in Markets and Marketing. Review of Marketing Research*, Volume 9, Bingley, England: Emerald Group Publishing, 13–50.
- Akaka, M. A., Vargo, S. L. and Lusch, R. F. (2013). The complexity of context: A service ecosystems approach for international marketing, *Journal of International Marketing*, 21(4), 1–20.
- Berry, L. L. and Seiders, K. (2008). Serving unfair customers, *Business Horizons*, 51, 29–37.

- Brenkert, G. (1997). Marketing trust: Barriers and bridges, *Business and Professional Ethics Journal*, 16(1–3), 77–98.
- Bitner, M. J. (1995). Building service relationships: It's all about promises, *Journal of the Academy of Marketing Science*, 23(4), 246–251.
- Brown, S. W. and Bitner, M. J. (2006). *Mandating a services revolution for marketing*, in R. F. Lusch and S. L. Vargo (eds.), *The Service Dominant Logic of Marketing: Dialog, Debate, and Directions*, Armonk, NY: M. E. Sharpe, 393–405.
- Caruana, R. and Crane, A. (2008). Constructing consumer responsibility: Exploring the role of corporate communications, *Organization Studies*, 29(12), 1495–1519.
- Chandler, J. D., and Lusch, R. F. (2015). Service systems: A broadened framework and research agenda on value propositions, engagement, and service experience, *Journal of Service Research*, 18(1), 6–22.
- Crane, A. and Desmond, J. (2002). Social marketing and morality, *European Journal of Marketing*, 36(5), 548–560.
- Donaldson, T. and Dunfee, T. (1999), *Ties that Bind: A Social Contracts Approach to Business Ethics*, Cambridge, MA: Harvard Business School Press.
- Donaldson, T. and Preston, L. E. (1995), The stakeholder theory of the corporation: Concepts, evidence and implications, *Academy of Management Review*, 20(1), 65–91.
- Eggert, A. and Helm, S. (2002). Exploring the impact of relationship transparency on business relationships: A cross-sectional study of purchasing managers in Germany, *Industrial Marketing Management*, 32, 101–108.
- Eskildsen, J. and Kristensen, K. (2007). Customer satisfaction – the role of transparency, *Total Quality Management*, 18 (January–March), 39–47.
- Ferrell, O. C. and Ferrell, L. K. (2008), A macromarketing ethics framework: Stakeholder orientation and distributive justice, *Journal of Macromarketing*, 28(1), 24–32.
- Fournier, S., Dobscha, S. and Mick, D. G. (1998). Preventing the premature death of relationship marketing, *Harvard Business Review*, 76(1–2), 42–53.
- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*, Boston, MA: Pitman.
- Freeman, R. E., Harrison, J. E., Wicks, A. C., Parmar, B. L. and De Colle, S. (2010), *Stakeholder Theory: The State of the Art*, Cambridge, UK: Cambridge University Press.
- Frow, P. and Payne, A. (2011). A stakeholder perspective of the value-proposition concept, *European Journal of Marketing*, 45 (1–2), 223–240.
- Graafland, J. (2010), Do markets crowd out virtue? *Journal of Business Ethics*, 91, 1–19.
- Gronroos, C. (1994). Quo vadis, marketing? *Journal of Marketing Management*, 10(2), 347–360.
- Hosmer, L. T. (1994). Why be moral? A different rationale for managers, *Business Ethics Quarterly*, 4, 191–204.
- Jaakkola, E. and Alexander, M. (2014). The role of customer engagement behavior in value co-creation, *Journal of Service Research*, 17(3), 247–261.
- Johanson, J. and Vahlne, J. (2011). Markets as networks: Implications for strategy, *Journal of the Academy of Marketing Science*, 39(4), 484–491.
- Kotler, P. (1972). What consumerism means for marketers, *Harvard Business Review*, May–June, 48–56.

- Laczniak, G. R. (2006). *Some societal and ethical dimensions of the service dominant logic perspective of marketing*, in R. F. Lusch and S. L. Vargo (eds.), *The Service Dominant Logic of Marketing: Dialog, Debate, and Directions*, Armonk, NY: M. E. Sharpe, 279–285.
- Laczniak, G. R. and Murphy, P. E. (2005). *Ethical leadership for improved corporate governance and better business education*, in R. A. Peterson and O. C. Ferrell (eds.), *Business Ethics: New Challenges for Business Schools and Corporate Leaders*, Armonk, NY: M. E. Sharpe, 175–195.
- Laczniak, G. R. and Murphy, P. E. (2006). Normative perspectives for ethical and socially responsible marketing, *Journal of Macromarketing*, 26(2), 154–177.
- Laczniak, G. R. and Murphy, P. E. (2008). Distributive justice: Pressing questions, emerging directions, and the promise of Rawlsian analysis, *Journal of Macromarketing*, 28(1), 5–11.
- Laczniak, G. R. and Murphy, P. E. (2012). Stakeholder theory and marketing: Moving from a firm-centric to a societal perspective, *Journal of Public Policy & Marketing*, 31(2), 284–292.
- Laczniak, G. R. and Santos, N. J. C. (2011). The integrative justice model for marketing to the poor: An extension of S-D logic to distributive justice and macromarketing, *Journal of Macromarketing*, 31(2), 135–147.
- Lusch, R. F. and Vargo, S. L. (2006). *The Service-Dominant Logic of Marketing: Dialog, Debate, and Directions*, Armonk, NY: M. E. Sharpe.
- Lusch, R. F., Vargo, S. L. and Malter, A. J. (2006). Taking a leadership role in global marketing management, *Organizational Dynamics*, 35(3), 264–278.
- Lusch, R. and Webster, F. (2011). A stakeholder-unifying, co-creation philosophy for marketing, *Journal of Macromarketing*, 31(2), 129–134.
- Morgan, R. E. and Hunt, S. D. (1994). The commitment-trust theory of relationship marketing, *Journal of Marketing*, 58(3), 20–38.
- Murphy, P. E., Laczniak, G. R. and Harris, F. (2017), *Ethics in Marketing: International Cases and Perspectives*, second edition, London, UK: Routledge.
- Murphy, P. E., Laczniak, G. R. and Wood, G. (2007). An ethical basis for relationship marketing: A virtue ethics perspective, *European Journal of Marketing*, 41(1–2), 37–57.
- Murphy, P. E. and Murphy, C. (2017), *Sustainable living: Unilever*, in E. O'Higgins and L. Zsolnai (eds.), *Progressive Business Models: Creating Sustainable and Pro-social Enterprise*, Cham, Switzerland: Palgrave Macmillan, 263–288.
- Murphy, P. E., Oberseder, M. and Laczniak (2013). Corporate societal responsibility in marketing: Normatively broadening the concept, *AMS Review*, 3(2), 86–102.
- Ozcaglar-Toulouse, N., Beji-Becheur, A. and Murphy, P. E. (2009). Fair trade in France: From individual innovators to contemporary networks, *Journal of Business Ethics*, 90, 589–606.
- Penaloza, L. and Mish, J. (2011). The nature and processes of market co-creation in triple bottom line firms: Leveraging insights from consumer culture theory and service dominant logic, *Marketing Theory*, 11(1), 9–34.
- Ramaswamy, V. and Gouillart, F. (2010). *The Power of Co-Creation*, New York, NY: Free Press.
- Ramirez, R. (1999). Value co-production: Intellectual origins and implications for practice and research, *Strategic Management Journal*, 20, 49–65.
- Solomon, R. C. and Flores, F. (2001), *Building Trust in Business*, New York, NY: Oxford.
- Urbany, J. E. (2013). *The case for clarity*, in P. Murphy and J. Sherry (eds.), *Marketing and the Common Good: Essays from Notre Dame on Societal Impact*, London: Routledge, 61–80.

- Vargo, S. L. and Akaka, M. A. (2012). Value cocreation and service system (re)formation: A service ecosystem view, *Service Science*, 4(3), 207–217.
- Vargo, S. L. and Lusch, R. F. (2004). Evolving to a new dominant logic for marketing, *Journal of Marketing*, 68(1), 1–17.
- Vargo, S. L. and Lusch, R. F. (2010a). From repeat patronage to value co-creation in service ecosystems: A transcending conceptualization of relationship, *Journal of Business Market Management*, 4(4), 169–179.
- Vargo, S. L. and Lusch, R. F. (2010b). 'Relationship' in transition: An introduction to the special issue on relationship and service-dominant logic, *Journal of Business Market Management*, 4(4), 167–168.
- Vargo, S. L. and Lusch, R. F. (2011). It's all B2B... and beyond: Toward a systems perspective of the market, *Industrial Marketing Management*, 40(2), 181–187.
- Vargo, S. L. and Lusch, R. F. (2016). Institutions and axioms: An extension and update of service-dominant logic, *Journal of the Academy of Marketing Science*, 44(1), 5–23.
- Vargo, S. L. and Lusch, R. F. (2017). Service-dominant logic 2025, *International Journal of Research in Marketing*, 34, 46–67.
- Williams, J. and Aitken, R. (2011). The service-dominant logic of marketing and marketing ethics, *Journal of Business Ethics*, 102, 439–454.
- Williams, O. and Murphy, P. E. (1990). The ethics of virtue: A moral theory of marketing, *Journal of Macromarketing*, 9(1), 19–29.