

Journal: Sustainability

Special Issue: On the Sustainable Relationship between Product-service innovation and Outcomes: Pitfalls and Solutions

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**Summary:** (about 200–500 words).

Dear Colleagues,

Product-Service Innovation (PSI) describes the processes for developing services business models in manufacturing contexts that are often opened-up by the use of digital technologies (Bustinza, Vendrell-Herrero, & Gomes, 2020). Therefore, PSI is a type of digital-enabled technological innovation focused on understanding the interaction between production processes and service operations sustained by Smart Manufacturing module implementation. In this sense, PSI represents the innovation perspective for understanding servitization in manufacturing, particularly concentrated on analysing the innovation outcomes achieved from the most complex form of manufacturers’ service offerings: Advanced services (Baines et al., 2017). Even when the theoretical benefits of developing PSI have been effusively studied (Rabetino, Harmsen, Kohtamäki, & Sihvonen, 2018), whether and how these innovative business models affect firm performance remains unresolved as the effect seems to clearly depend on contextual aspects of the organization (Bustinza et al., 2018; Kowalkowski, Gebauer, Kamp, & Parry, 2017). Consequently, the relationship between PSI and performance identified in the literature reflects all kinds of functions: linear, decreasing returns, (inverse) U-shape, cubic relation…, meaning that, in practice, theoretical PSI benefits are blurred.

Some of the reasons behind the unclear relationship between PSI and performance lie in the choice of dependant variable, usually overall performance measures (customer, financial, operational… performance measures), being scarce those appropriate innovation-outcome measures related to the unique resources and distinctive capabilities generated. Following this reasoning, it is clear that the main examples of successful PSI development take the form of distinctive capabilities generation: Rolls-Royce’s Total Care provides passenger mobility, Xerox’s Print Management provides printing capabilities, MAN’s Pay-per-Kilometre provides distance travelled, Bombardier’s Transportation or Hitachi Rail provide trains’ availability, reliability, or cleanliness, Caterpillar guarantees costs per operating hour of equipment… showing that PSI benefits come in the form of cross-leveraging resources and capabilities across products and services (Visnjic, Jovanovic, Neely, & Engwall, 2017). Analyzing these examples, it is plausible to state that overall performance is sustained on these singular capabilities generated by PSI.

Considering thus that resources and capabilities are antecedents of overall performance measures, there is a critical need in the servitization literature for understanding the path followed by firms in terms of pitfalls to avoid, and solutions to take, for successfully developing PSI. In other words, a decision-making perspective is needed to gain a grained understanding of the complexity behind PSI capabilities generation. To better frame the innovation perspective of servitization, several reasons sustain taking a decision-making approach (Roberts, 2001): 1) Literature at this moment has developed a general knowledge of PSI benefits, 2) Even though this knowledge exists, the successful development of PSI depends on the specifics of the situation, 3) There are few key examples of firms showing successful PSI capability generation. Therefore, for understanding the relationship between PSI and performance, a richer repository of case studies showing successful practices for generating singular PSI capabilities is needed. These company field case studies should report the firm’s name and require approval from the company. In summary, these cases will report decision-making processes in terms of pitfalls to avoid and solutions to take in successfully developing novel PSI-oriented business models. Therefore, this special issue will contribute to the necessary and requested understanding of the transition from descriptive to prescriptive theory around servitization in manufacturing (Baines et al., 2017), where relationships were not just sustained on correlations but on causes as well.

The aim of this special issue is to publish case studies with a high theoretical basis that are not only impactful for scholars; they also need to be specifically relevant for practitioners and executives. Therefore, enquiry into the paradoxes faced by manufacturers during the servitization transition, characterised by both pitfalls and solutions, that can help to generate good practices leading to successful servitization pathways are welcome. It is this sense that this special issue calls for a more critical and nuanced approach that unravels, through the lens of successful manufacturing firms’ examples, successful transition pathways to servitization, playing special attention to the role of PSI as a unique resource and distinctive capability generator. Covered topics will include the analysis of firms facing servitization paradoxes in the form of balancing product and solution logics i.e. having a product engineering vs. a customer-centric solutions mindset, continuously developing the product business vs. explorative learning towards a new solutions business, etc. (see Kohtamäki, Rabetino, & Einola, 2018 to get more detailed information about these paradoxes). Additionally, other topics covered are, on one hand, the identification of unique resources developed by PSI as increased product installed base, new business model development, or increased sales force and distribution network; and, on the other hand, distinctive capabilities generated in terms of data-processing and interpretation, risk assessment and mitigation, modularity, life-cycle orientation, ecosystem positioning, product and service innovation balance, or synergistic product and service culture (Story et al., 2017; Ulaga and Reinartz, 2011). We expect to receive company field cases studies dealing with these issues.

Papers selected for this Special Issue are subject to a rigorous peer review procedure with the aim of rapid and wide dissemination of results, developments, and applications. Furthermore, a special session on the Special Issue will be held during the 9th International Conference on Business Servitization (ICBS 2021). ICBS is an annual international conference for academics and research-oriented practitioners devoted to all areas of Servitization and Product-service Innovation in industry. ICBS ([www.servitization.org](http://www.servitization.org)) is one of the leading international conferences for presenting novel and fundamental advances in the field Servitization. The special session will be chaired by the guest editors, and will be aimed at identifying studies suitable for this special issue. Researchers are welcome to present their work and discuss their ideas with the guest editors. Presentation at the special session does not guarantee acceptance of the paper for publication and attending to ICBS 2021 is not a precondition for acceptance into the Special Issue.

Submissions should be accompanied by an assurance of originality and exclusivity and should adhere to the ‘Style and Format’ guide for authors that can be found on the journal’s website. If you have any queries regarding manuscripts, please direct them to Prof. Oscar F. Bustinza (oscarfb@ugr.es). All submissions will be subject to a rigorous double-blind peer review process, with one or more of the guest editors acting as action editor.

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**Keywords:**

• Product-service innovation (PSI) outcomes

• Prescriptive theory about servitization implementation

• Field case studies

• PSI unique and distinctive capabilities

• Servitization paradoxes

• Pitfalls and solutions for developing successful PSI business models