

Value proposing as institutional work

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The paper discusses how service innovators engage in critical reflexive practices in order to create and maintain value propositions that are embedded in institutional arrangements. The eco-system approach (Vargo and Lusch, 2016) has shown how institutional structures and innovation co-evolve (Vargo, Wieland and Akaka, 2015). Institutionalized structures and practices are important for innovation because they provide generalized perception of appropriate behaviors (Vargo, et al., 2015, p. 69). The understanding of the dynamic interaction between institutional context, the creation of value propositions and value creation is, however, still not well developed. The paper uses a case study to explore how value propositions co-evolve with institutional change in the context of new public governance. Institutionalization of value proposing is defined as a process that leads to the integration of value offerings with users practices and processes. The paper explores how the different steps of the value proposing behavior can be conceptualized as institutional work referring to the concepts of theorizing and 'reflective testing'.

1. Introduction

Research on service marketing in the tradition of service logic or service-dominant logic (Grönroos, 2011; Vargo and Lusch, 2016) has conceptualized service innovation as related to the creation of value propositions (Skålén, Gummerus, von Koskull and Magnusson, 2015; Vargo, et al., 2015). Value propositions are understood as propositions about the potential usefulness of service offerings for users. Value is created when users integrate these service offerings with their practices and derive value from them. Importantly, this literature stresses that value propositions are not made in a dyadic relationship between providers and users, or by the providers themselves, but are developed within an institutional context by multiple actors (Vargo, et al., 2015), who contribute to changing and maintaining the institutional context.

This perspective from the service marketing literature could be a fruitful way to analyze innovation, because it bridges the macro- and a micro-context of innovation, i.e. the institutional context and the day-to-day exchange practices. We suggest, however, that the understanding of the dynamic interaction between institutional context, the creation of value propositions and value creation is still not well developed. Further the notion of value propositions is in itself underdeveloped in the service marketing literature where the focus has more been on the value co-creation with users. This paper deals with the analysis of service innovation in public services where the construction of value propositions may be seen as a core activity that emerges from governance and practice of public services. Public organizations, like private companies, develop value propositions for their service receivers. These value propositions comply with certain institutional principles and logics in the public sector that concern, among others, their management, governance and moral foundation. Yet how this macro-context of innovation co-develops with the development of value propositions in a micro-context is still not well understood. There is a tendency in the literature to either focus on the governance of innovation, or on service innovation from a practice perspective. The purpose of the paper is to explore whether the notion of value propositions can guide the analysis of public innovation in an institutional context by seeing it as a form of institutional work (Lawrence and Suddaby, 2006). More specifically we focus the type of institutional work called *theorizing*, which we think is congruent with the notion of value propositions.

The literature on public governance has distinguished three types of governance context referred to as traditional public administration (TPA), new public management (NPM) and new public governance (NPG) (cf. Hartley, 2005; Osborne, 2006, 2010; Torfing and Triantafillou, 2013). They could be seen as ideal typical organizing principles or institutional contexts for public service organizations that enable and constrain actions through cognitive, normative and regulative structures (Scott, 1995). Public service organizations gain their strength and legitimacy by adhering to such ideal principles (cf. Billis, 2010). The literature also suggests that these institutional logics frame the process of innovation as either large scale, focusing organizational form or being innovation at both central and local levels (Hartley, 2005; Scupola and Zanfei, 2016).

NPM has been seen as a crucial, ideal-typical logic for some decades (Hood, 1991) but is also being seen as replaced by NPG. NPM directs attention towards internal processes, management and control. Citizens are not seen as involved in co-creational activities, instead services become organized according to principles of choice and user satisfaction (Torfing and Triantafillou, 2013), and centered around a public choice logic (Osborne, 2010). NPG responds to some of the problems of NPM, e.g. that citizens do not feel involved in the services they receive. NPG denotes a collaborative, networked approach to governance, citizens are seen as co-producers of services (Osborne, Radnor, Kinder and Vidal, 2015) leading to more useful and user-friendly services, and public choice is replaced by a strive for creating public value (Osborne, 2010).

As Scupola and Zanfei (2016) rightly note, the complexities of innovation as well as the difficulties of the transition from NPM to NPG are underexplored in the governance literature. As a result, the framework is underdeveloped. One problem is that it places governance at the center of innovation (cf. Osborne, et al., 2015). The endogenous, practice-based, and pragmatic character of innovation and development of value propositions lacks focus.

We thus hold that there is a need to improve our understanding of how the macro-context of innovation (the institutional logics and principles) co-evolve with a micro-context of innovation and development of value propositions. We propose that one way to bridge the micro- and macro-context of public innovation is through the concept of value propositions as institutional work. This approach pays more attention to the agency of employees and public managers in public sector organizations in developing and maintaining new institutional logics.

Following the call to analyze how innovations become institutionalized and maintained over time (see e.g. Vargo, et al., 2015) we develop the service marketing approach into a framework based on institutional work theory (Lawrence and Suddaby, 2006), and with more emphasis on value propositions and service management, suggesting to see value propositions (or value 'proposing') as a form of institutional work. More specifically we explore, in a specific case of public innovation, how the notion of value propositions as institutional work can be used to guide the analysis of innovation. Thus the following four research questions are addressed:

1. How does a macro-context of innovation co-evolve with a micro-context of innovation?
2. How can the notion of value proposition derived from the service-dominant logic be used (and improved) to better explain the relation between a macro- and a micro-context of innovation?
3. How can value propositions or 'value proposing' be considered a form of institutional work in support of New Public Governance?
4. How can the notion of value propositions as institutional work guide the analysis of innovation in a specific case of public innovation?

The remainder of the paper is structured as follows. First, to explain the theoretical setting of the paper, we seek to define the core concepts of the paper and thus explain the theoretical model. Following this, we justify and present our case study approach. Then we analyze the case study to examine how this framework can guide the analysis of service innovation. Finally we discuss the results and present our conclusions.

2. Definition of core concepts

In this section we provide an understanding of the theoretical context of the study with respect to the three first research questions above.

2.1. New Public Governance

In order to set the scene we briefly define what we mean by New Public Governance (NPG) as a context for innovation in public services. NPG is a conceptualization of public administration, which is usually contrasted with two other arrangements, Traditional Public Administration (TPA) and New Public Management (NPM) (Hartley, 2005; Osborne, 2006, 2010; Torfing and Triantafillou, 2013). The premise of NPG as an ideal type is that the state has become more dispersed and plural where many

actors contribute to service delivery and where the policy-making is informed by multiple processes (Osborne, 2010). Previously the state has been more unitary and focused on the building and administrating the welfare state. In the ideal-type of NPG, emphasis is, according to Osborne (2015) on negotiations of values, meanings and relationships. The administrative governance process becomes characterized by collaboration in order to handle emerging complex and crosscutting policy problems (Torfing and Triantafillou, 2013, p. 15).

The theoretical foundations of NPG are, according to Osborne (2010), institutional and network theory, while TPA is associated with traditional political science and public policy doctrines and NPM with public choice theory (see also Scupola and Zanfei, 2016). Networked governance (Hartley, 2005) and collaborative forms of innovation are seen as central traits in the NPG context (Osborne, et al., 2015).

Hartley (2005) speaks of networked governance and she connects this type of governance with a specific mode of interactive innovation where managers become explorers, the population co-producers and where innovation takes place at both the central and local levels aiming at radical innovation and continuous improvement. Osborne and his colleagues (Osborne, et al., 2015; Osborne, Radnor and Nasi, 2013) have more recently connected NPG with an institutional logic and theoretical approach that they call public-service-dominant logic, inspired by the marketing theory of service-dominant logic (Vargo and Lusch, 2008). Using this lens they reformulate the new ideal principles of public services that they observe in their research. They become systems in which organizational sustainability is embedded, where public service organizations build relationships across the service systems, which have an outward focus on public value, which build on innovation to achieve value, where co-production is a source of performance and innovation, and which place emphasis on the experience of the service receiver (Osborne, et al., 2015).

Overall, NPG and the related framework of public-service dominant logic could be seen as ideal principles of governance or a new institutional logics (Skålén and Edvardsson, 2016) for public administration which exists in parallel with TPA and NPM, yet a possible transition from NPM towards NPG may be observed. Skålén and Edvardsson (2016) have explored the change from a goods-dominant (G-D) logic to a service-dominant (S-D) logic in a private bank. They illustrate how employees enact the S-D logic from a practice-based perspective. However, little research exists about how a public-service dominant framework may be enacted within the institutional context of NPG. We will suggest that an institutional work approach may help explain how such a logic is launched by means of new types of value proposition, yet we will also argue for a reflexive practice-based approach in which the NPG logic is seen as enacted reflexively in relation to employees' and service-receivers' practices.

2.2. Value propositions

In this section we briefly explain how value propositions can be defined in the context of a S-D logic and ecosystem approach. Our aim is to further explain how value propositions can be understood as a kind of institutional work, which can be used to analyze the transition from NPM to NPG.

We distinguish two different notions of value propositions, one belonging to a G-D logic and one belonging to a S-D logic (cf. Skålén and Edvardsson, 2016). In a

goods-dominant logic value propositions are propositions about the specific benefit a customer may get from using a service (for a review see Frow, McColl-Kennedy, Hilton, Davidson, Payne and Brozovic, 2014). It works much like a promise or expectation combining benefit and price (ibid. p. 3). Resonating with the work of Anderson et al. (2006) a service provider may pursue three strategies: seeking to list all possible benefits a customer may have, compare benefits of the service with those of competitors, or propose selected benefits that are critical to a specific customer. Value propositions can also be understood as the interactive attempt of a company to match customers' value-creating process (Frow, et al., 2014; Normann, 2001). In any case, value propositions are in this context seen as rather static.

In a service-dominant (S-D) logic, value propositions are dynamic proposals for how resources are offered for the value creating process. Value propositions concern how resources may be shared in a given context, rather than the customer's benefit from using these resources. Customers create value, or co-create it interactively with multiple actors (including the provider) when they use the services offered thereby contributing to each others' wellbeing within a service ecosystem (Vargo and Lusch, 2016). Frow et al (2014) define value positions as 'a dynamic and adjusting mechanism for negotiating how resources are shared within a service ecosystem' (p. 14). The difference is subtle but important. Value propositions should in this context probably not be defined as promises as suggested by several authors (Grönroos and Voima, 2013; Lusch, Vargo and O'Brien, 2007; Skålén, et al., 2015), i.e. they do not concern promises of specific benefits, but they suggest possible ways to make use of resources for value creation, for example by offering a technology (for example a collaborative IT platform) as a resource for value creation. For example, a person may extract value from participating in a meal. The value proposition here concerns how resources and technologies are offered for the meal. The customer must accept or reject this resource constellation (for example in a restaurant), and if they accept the value proposition then integrate it with their value-creation.

Vargo et al. (Vargo, et al., 2015) argue that innovation is driven by the need to develop compelling value propositions (p. 63) and that value propositions are collaboratively constructed by multipole actors within an institutional context. For example, technological innovation is seen as 'the co-creation of new value propositions' (p. 67). To become fully developed they must become accepted on the market. Institutionalization 'requires the acceptance of a value proposition as well as the continued exchange, integration and application of a particular technology among multiple actors, over time'. Value proposing behavior is therefore further seen as a kind of institutional work aimed at institutional change and institutional maintenance.

Value-proposing actors, based on their institutional arrangements and their competences (i.e., operant resources), engage in institutional work by recombining or proposing not only new integrative practices, but also new normative and representational practices. Somewhat paradoxically, these value propositions are never just aimed at institutional change, but also reflect the institutional work of overlapping maintenance, and disruption components (Vargo, et al., 2015, p. 69).

Such value propositions are, according to the authors, not only assessed by the consumer, but also by the help of varied institutions, and this institutional work is directed at both changing, maintaining and disrupting institutions. Vargo et al. (2015) treat these issues mainly in a theoretically foundational way. How value proposing more exactly constitute institutional work is not treated.

2.3. 2.3 Institutional work

Institutional work theory belongs to neo-institutional theory which is generally concerned with the embedded agency problem (Archer, 2003; Giddens, 1984; Lawrence and Suddaby, 2006; Seo and Creed, 2002; Hardy and Maguire, 2008). Actors are understood to be embedded into institutional arrangement that constrain and enable action. Institutions are 'cognitive, normative and regulative structures and activities that provide stability and meaning to social behaviour' (Scott 2001). Yet actors can change institutions through institutional entrepreneurship. According to DiMaggio (1988, p. 14) 'new institutions arise when organized actors with sufficient resources (institutional entrepreneurs) see in them an opportunity to realize interests that they value highly'. Institutional work theory is more generally concerned with how institutions are created, maintained and disrupted (Lawrence and Suddaby, 2006).

The difficulty is to explain the agency that goes into changing institutions. Resourceful actors would normally support existing institutions and weaker actors do not have the resources to change them. Changing institutions requires legitimate subject positions, visions and resources (Battilana, Leca and Boxenbaum, 2009; Maguire, Hardy and Lawrence, 2004). Yet, institutions can be vague or there can be tensions between different institutional logics. An institutional logic is a socially constructed pattern of cultural symbols and material practices by which individuals and organizations provide meaning to their daily activity (Thornton, Ocasio and Lounsbury, 2012, p. 2). For example, a service-dominant logic and a goods-dominant logic can be institutional logics (Skålén and Edvardsson, 2016) that compete within a given organizational field such as the public sector. These tensions lower the embeddedness of actors and this opens the space for change agency.

Institutional work theory is, however, not only concerned with the change of institutions, but also the maintenance and disruption of institutions. Institutional work is 'the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions' (Lawrence and Suddaby 2006, p. 215). Maintenance is often overlooked, but institutions require active maintenance. Maintenance of institutions demands, for example, that some conflicts and tensions are actively concealed.

Lawrence and Suddaby (2006), in a review of existing neo-institutional research, distinguish 17 forms of institutional work that serves the purpose of creating (9), maintaining (5) and disrupting institutions (3). For example, changing institutions requires advocacy that can mobilize political support, the defining of rule systems, the construction of identities, and theorizing which is 'the development and specification of abstract categories, and the elaboration of chains of cause and effect' (Greenwood, Suddaby and Hinings, 2002, p. 60; Lawrence and Suddaby, 2006, p. 226). Maintaining institutions requires enforcement, auditing and monitoring, underpinnings of an institution by creating and sustaining myths regarding its history, and 'embedding and routinizing' by 'actively infusing the normative foundations of an institution into the participants' day to day routines and organizational practices' (Lawrence and Suddaby, 2006, p. 230)(p. 230). Disrupting institutions requires such institutional work as 'undermining assumptions and beliefs' (Lawrence and Suddaby, 2006, p. 335).

Mena and Suddaby (2016, p. 2) argue that little research has investigated the transition from change to maintenance of institutions and how institutional work shifts during this process. Similarly, Dansou and Langlely (2012) argue that little research is

offered that describe the lifecycle of creating, maintaining and disrupting institutions. They suggest that the notion of test from conventionalist theory (Boltanski and Thévenot, 2006) can be used to describe different moments of institutional work that also allows for 'a richer account of agency, relationality and temporality in institutional evolution' (Dansou and Langley, 2012, p. 505)(p. 505).

Responding to this call for research that focuses how creating, maintaining and disrupting institutions are connected, we argue that the focus on value propositions can be a helpful way of thinking about this. New or modified value propositions may form innovations that will change institutions, for example by providing new technological platforms where people can share resources. However, the realization of value propositions is dependent not only on the institutional work done by the innovators but also the interactive and reflexive justification and realization of the innovations through institutional justification and integration with value-creation.

Value proposing as institutional work may best be conceptualized as a cross-cutting theorization or theorizing of new institutional arrangements (Greenwood, et al., 2002; Tolbert and Zucker, 1996). 'Theorization is the development and specification of abstract categories and the elaboration of chains of cause and effect' (Greenwood et al 2002, p. 60). Greenwood et al argue that theorization can be divided into of two tasks: 1) 'specification of a general "organizational failing" for which a local innovation is "a solution or treatment," and 2) justification of the innovation. Further they argue that new ideas must be aligned with prevailing practices thereby giving them moral and pragmatic legitimacy (Greenwood, et al., 2002, p. 60).

Following this, we suggest that value proposing, understood as institutional work, can be related to 'theorization' as institutional work, because its aim is to offer value rather than realize value. Value proposing as theorization can thus be divided into: 1) abstract specifications of failings, 2) identification of new solutions, and 3) achieving moral and pragmatic legitimacy for them (cf. Greenwood, et al., 2002; Tolbert and Zucker, 1999). However, we propose that the reflexive and relational character of theorizing is underdeveloped in these models. Value propositions, to be developed into full innovations that are institutionalized, must be accepted by users. Therefore, the theorization can be tested and reflexively modified out in order to become institutionalized. Reflexivity we take to mean that practices are constituted and re-constituted by actors through their situated reflection on their practice (cf. Giddens, 1990). To capture this we add one category to the framework which it misses namely 4) testing (cf. also Dansou and Langley, 2012), which is the 'proof of the pudding' through a reflexive enactment of theories in practice.

2.4 Enactment and reflexivity

Giddens (1990) has stressed how modernity embeds reflexivity. Actors are knowledgeable actors that reflexively make use of structures such as institutions and practices to enable action (cf. also Mutch, 2007). Embedded agency is seen as a reflexive enactment of institutions and practices. Previous work on innovation has also argued that organization's innovation strategies are interpretations (Daft and Weick, 1984) that are reflexively enacted by employees and managers (Fuglsang and Sundbo, 2005).

Reflexivity may, however, come in different modes depending on actors situations and relationships. Archer (2003), within the context of critical realism and structure-agency theory, who equals reflexivity with actors 'internal conversation' has distin-

guished four modes of reflexivity represented by different personalities: communicative reflexives, autonomous reflexives, meta-reflexives, and fractured reflexives. Communicative reflexives conduct their ‘internal conversation’ in communication with others and are concerned with maintaining status quo. Autonomous reflexives are self-directed personalities and they seek to move away from their initial context and become bearers of transformatory projects. Meta-reflexives are contextually unsettled and produce a continuous critique of themselves and society and the relations between them. Fractured reflexives are people who due to circumstances are unable to have an instrumental conversation with themselves that can guide action.

While Archer’s pioneering work within the field of critical realism has been criticized for its lack of relationality – with its focus on internal conversation – ((Burkitt, 2015), it may be useful for pointing out that embedded agency and reflexive enactment of institutions and practices may take different forms and that not all actors are equally capable of reflexivity. This insight as well as relationality of reflexivity will be further developed during the case study below.

2.4. 2.5 The model

Our model is briefly summarized in Figure 1 below.

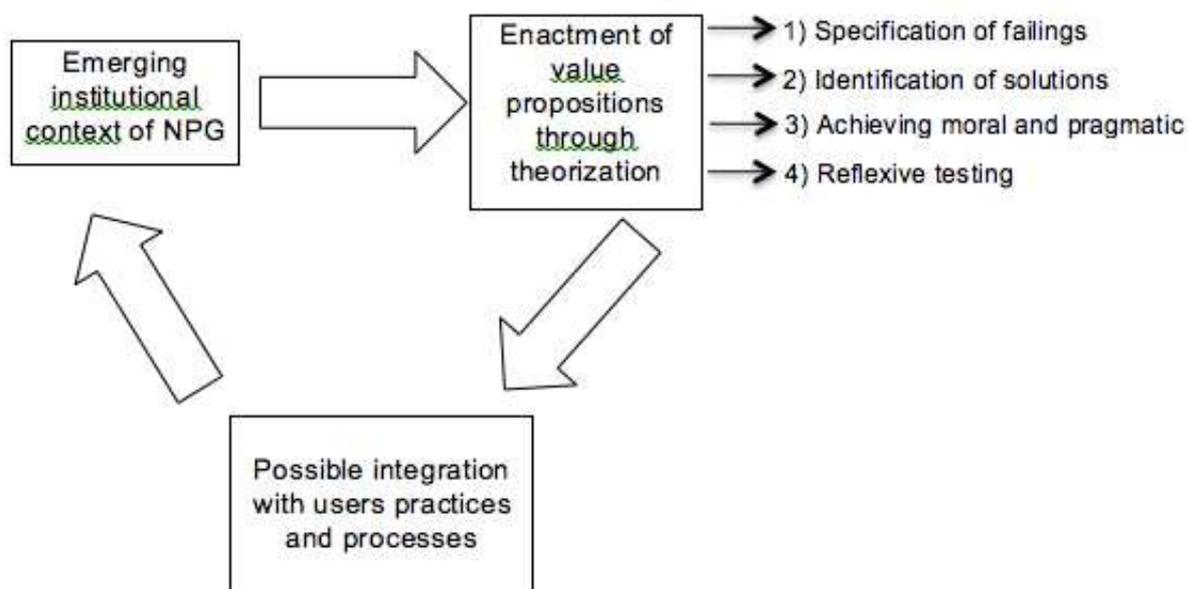


Fig. 1: Model of value proposing as institutional work.

The model suggests that, in processes of service innovation, institutional structures become enacted through theorization of value propositions and that this may lead to integration with users practices and processes through acceptance or rejection of these theorized value propositions. The model suggests that reflective testing, i.e. testing of value propositions against users reflective style could form part of the model.

3. Research context and case study

In this section we describe the research setting (the municipality of Copenhagen and the research method (the case study approach). Then we describe how data were collected and analyzed.

3.1. Research setting

The research setting, which is used to examine the usefulness of the model above is an experimental project in the municipality of Copenhagen about developing new offerings to elderly citizens to prevent a feeling of unwanted loneliness

According to the Law on Social Service, Danish municipalities offer personal help and care to persons who due to a temporary or permanent decrease of physical or mental functions or special social problems are unable to perform these tasks. Further, the municipalities can provide subsidies to services with an activating and preventive purpose, such as elderly clubs driven by elderly or municipal activity centers.

Our research is focused on an experimental project about services with an activating and preventive purpose called Life Quality for Elderly in Social Housing Areas. The project aimed to experiment with activities for elderly that suffered from an unwanted feeling of loneliness. It was conducted by the Centre for Care, which has the overall responsibility for strategy and development in elderly care in the municipality of Copenhagen. The centre consists of three departments, Department of Home Care and Activity (Afdeling for hjemmepleje og aktivitet), Department of special measures (Afdeling for særlige indsatser) and Department of Nursing Homes (Afdeling for plejeboliger).

The project was funded by a Danish Elder Pool (total 1 billion DKK), which was agreed by the Danish Parliament in 2013 and distributed to the Danish municipalities during 2014. The municipality then approved the project in 2014 for the period 2014-2016. Three low-income urban areas with many elderly residents were identified were sub-projects were carried out. Local resources were mobilised in the three areas including the following:

- Local senior centres, driven by seniors, who already organize activities and have the daily contact with many local citizens.
- Public home care/ home help whose employees have the daily contact with some citizens who need help.
- The housing associations and their personnel including (social) janitors or other personnel dedicated to take care of special activities.
- The user boards of the housing associations who have a broad contact network the residential areas.
- Municipal activity day care centres in the local areas with employees who have professional training and experience in organizing activities for elderly such as physical training and everyday activities.

- Other local actors such as the church or students living in the neighbourhood.
- The elderly citizens themselves.

3.2. Research method

The method is a case study (Eisenhardt, 1989; Yin, 2009). Case studies can be used to understand the dynamics within a research setting (Eisenhardt 1989) and for theory building (Eisenhardt, 1989; Yin, 2009). Theory building can start from scratch without hypotheses (Eisenhardt, 1989), or theory can be part of the case study from the beginning (Yin, 2009, p. 35). Cases can then explore and test theories (Flyvbjerg, 2006). Multiple case studies can lead to more powerful analytical conclusions (Yin, 2009, p. 61). But single case studies can examine causal relationships in depth. The advantage of case studies in comparison with surveys or archival analysis is that they can be used to answer ‘how’ and ‘why’ questions. For the purpose of this paper, we used a single case method to investigate how the macro- and micro-context of innovation were intertwined. The case study is also a process study (Langley 199; 2007) that aims to ‘provide the temporally embedded accounts that enable us to understand how ... patterns come to be’ (Langley, 2007). In our case we focus how institutional patterns come to be through value propositions and institutional work. Theory has been part of the process from the beginning, but theories have been abductively changed and adjusted during the research process. One theoretical starting point was to explore how employee activities such as bricolage can be a path to innovation, but it was realized during the research process that the interaction of the macro- and micro-context of innovation was an important researchable issue that could be conceptualized in terms of value propositions and institutional work.

The case overlaps with experimental research (Sørensen, Mattsson and Sundbo, 2010; Yin, 2009). It can be characterized as a natural experiment carried out by other actors than the researchers to be distinguished from a controlled experiment. Organizational activities can sometimes be conceptualized as experiments where actors test new ideas in practice. In services, the testing and subsequent adjustment of service offerings has been recognized in the literature as part of the innovation process and has been theorized as ad hoc innovation (Gallouj and Weinstein, 1997), rapid application (Toivonen and Tuominen, 2009) or after innovation (Sundbo, 2008). Natural experiments can be used in innovation research when the testing of ideas for complex change processes cannot be set up by researchers, but only by actors themselves (cf. Sørensen, et al., 2010). In the present case, the experiment is highly dependent on the use of local resources, and collaboration across municipal, civil and private actors in the natural context.

3.3. Data collection

Data were collected from the three sub-projects in three low-income urban areas. There were small differences in the composition of the population in the three areas, which enabled the sub-projects to work with different focal points.

The three areas were:

- Urban area Bispebjerg and Nørrebro (BIN): This area consisted of three residential areas altogether with 432 elderly residents (65+) and 76 residents who were diagnosed with mental disease. In the experiment 6 social activity workers from the municipality moved their workplace to the three housing areas. Here, they provided support to elderly citizens' on-going activities. They collaborated with various stakeholders, including home carers and residents in the housing areas that were designated to have the resources and desire to take responsibility for activities during the project and after the project period.
- Urban area Tingbjerg: This area was inhabited by 586 elderly citizens (65+). 176 were with other ethnic background than Danish. Many had a background as unskilled labourers. Many had lived in the neighbourhood their whole life. The project was organised as a partnership between a local senior centre, driven by seniors, the housing association and the public home care. They contributed each with their resources and roles in developing methods to support the participation of the elderly in activities. The daily management of the activities was undertaken by the senior centre.
- Urban area Sydhavn. The area included 171 elderly (65+). In addition, exchange students from the University of Copenhagen were housed in this area. Many of the apartments were marked as special homes for elderly and offered through triage. Some were offered for people diagnosed with mental disease. The project was organised as a partnership between a local senior centre, the housing association, a municipal activity day care centre and home care, with the municipality as the organizing unit.

The data were collected over a 15 months period from January 2015 to August 2016. An overview of the collected data is provided in Table 1.

Data-type	Case
Documents	<ul style="list-style-type: none"> • Project description • Internal documents (elderly policy, notes to the administration, sub-project description, minutes from meetings) • External documents (varied relevant reports in the area) • 32 employee-logbooks
Participatory observation	<ul style="list-style-type: none"> • 3 project meetings • 2 learning workshops • 12 sub-project meetings (Bin = 5, Tingbjerg = 4, Sydhavn = 3) • 1 Kick-off arrangement in Tingbjerg • 1 Common meeting in Tingbjerg • 1-days' observation in a pensioner club (Tingbjerg) • 1-day observation of activities in Sydhavn including informal conversations with project workers, elderly participants and students.
Interviews	<ul style="list-style-type: none"> • 3 interviews sub-project leader (Sydhavn). • 1 Interview med sub-project leader and chairman in pensioners' club (Tingbjerg)

	<ul style="list-style-type: none"> • 10 interviews with project employees in Sydhavn • 10 in-depth interviews with elderly citizens.
Narratives and insights	<ul style="list-style-type: none"> • 5 narratives of citizens participating in the project. • 10 insights from the project.

Table 1: Overview of data collected

Data were collected from project and sub-project meetings (15 in all), learning workshops (2) and observations of day-to-day activities on two locations. The observations involved informal conversations with participants. 4 interviews were conducted with two sub-project leaders, and 10 interviews were conducted with project workers in one of the sub-projects. 10 elderly residents from one of the three areas were interviewed about everyday life, their social relationships, a typical good and bad day, and their possible participation in project activities. Furthermore, two sub-project leaders have collected five narratives of elderly citizens participating in the project. Finally, 10 insights have been produced in collaboration between researchers and project-leaders about experiences from the project experiment.

3.4. Data analysis

Field notes from meetings, learning workshops and observations were written during and immediately after the events to remember what happened. Interviews were taped and partly transcribed. The 10 interviews with the elderly citizens have been reported and analyzed in separate report for the municipality (Hansen, 2016). The five narratives of citizens' experiences were composed by two sub-project leaders based their experience in the project. The 10 insights from the project were collected in collaboration between a researcher and three sub-project leaders with the aim to formulate some more general statements about project experiences. The narratives and the insights were collected in a special report used in a conference (Cilgin, Fuglsang, Kolind, Petersen and Wichmann, 2016).

The interpretation of the data followed a hermeneutical approach (Laverty, 2003) in seeking to understand project experiences yet guided by our theoretical understanding. We inspired by a critical incident technique (Chell, 2014; Flanagan, 1954; Fuglsang, 2016) in organizing the analysis around the main episodes of institutional work especially as an interview technique that could uncover personal experiences of service innovation processes.

4. Findings

The findings section is organized in accordance with the model of institutional work described as theorizing in section 2.3 (specification of failings, identification/justification of new solutions, achieving moral and pragmatic legitimacy for them and reflexive testing). The empirical materials are used to investigate the fourth research question regarding how institutional work theory can guide the analysis of value propositions in a specific case of public innovation.

4.1. Abstract specifications of failings

In the project description there is no mention of service failings as such in the municipality or by any other actor. Instead the project description emphasizes a need to develop new types of service offerings and value propositions in order to fulfill the role of the municipality. For one thing, the project associates itself with a new policy document about elderly policy in the municipality called 'Live strong – the whole life' (Københavns Kommune, 2015a). The policy states that the municipality shall provide resources for elderly citizens so that they can better master everyday life. The project description declares that this policy forms part of a 'a paradigm shift where the focus is on creating a framework and opportunities for elderly citizens to actively participate in everyday life' (Københavns Kommune, 2015b, p. 7).

Secondly, the project application refers to reports and surveys that provide evidence of varied problems of loneliness. Reference is made to a survey showing that about one out of four elderly in Copenhagen who use the municipality's offerings, feel lonely, and 10% of the users have a feeling of unwanted loneliness. It is argued that citizens, who experience loneliness and have poor social relationships, often have a self-estimated poor health, are more ill and take longer time to get well again than people with a strong social network. 2-3% of all deaths nationwide are, according to the project description, related to weak social relations. The project description also states that geographical distance to service offerings is a barrier to participating in offerings for vulnerable people with disabilities and a weak network.

Thirdly, the need for collaboration is stressed. A sub-project leader formulates this aspect in the following way:

The aim is to support the citizen, and enable the citizen to do as much as possible in their own lives as long as possible ... if we come out in a residential area, it gives us a variety of opportunities to provide offerings to the citizen, so if you see a citizen who is lonely or need something socially, you have the possibility to act on it (sub-project leader).

She implies that that the municipality has previously not collaborated sufficiently with local actors in supporting the vulnerable elderly.

4.2. Identification/justification of new solutions

The project has identified three types of co-creational solutions:

- To develop and implement activities with elderly citizens which the elderly themselves perceive as meaningful and which support close social relationships.
- To develop cooperation between the municipality, civil and private actors, that in common can create new opportunities for elderly citizens.
- To develop and test methods to approach vulnerable elderly and by motivation based on their needs and wants to get them to participate in activities (Københavns Kommune, 2015b, p. 3).

Activities include: offering common meals, offering parties with music, singing and dancing, offering krolf (a combination of croquet and golf), bingo, excursions, cycling

(using rickshaws), possibilities for carpentry, knitting, playing cards, special activities for men only, and special activities for women only (Cilgin, et al., 2016).

These co-creational activities are justified by a general aim, which also relates to the municipality's elderly policy, to increase the quality of life by reducing loneliness:

The aim of the project is to increase the quality of life by preventing and reducing loneliness among elderly people in social housing in three low-income urban areas with many elderly citizens in Copenhagen (Københavns Kommune, 2015b, p. 3).

Project management also justifies the co-creational activities with reference to an interest in development of own practice:

It is an interest in our own practice, and an interest in what we can do together with others (sub-project leader).

We collaborate with others because we believe that we can do things better in common and that players other than the municipality can achieve something in this respect (sub-project leader).

The main concern is, however, not the co-created activities as such, but their role for building relationships among elderly residents in the local area. While support from the municipality is seen as critical, it is not always needed. At a meeting, the residents themselves came up with many suggestions for building relationships that did not require intervention by the municipality:

There were many suggestions, chain messages, small groups of teams calling each other once a week to see if they are alive. I think that it is great, it is relationships that matters. When the activity is a little bit exciting it can lead to further relations. There was one who had brought a cheese to another because she had heard that he liked strong cheese, so she brought one with her. One bakes bread when she comes (project employee).

Altogether the project develops linkages between 'co-creating activities, 'building social relationships', 'reducing loneliness', 'increasing life quality', 'mastering everyday life', and 'using local resources'. The co-creational approach derives its strength and legitimacy from the municipal policy which states that: 'The municipality must create the framework so that all citizens in Copenhagen - young and old - can put their resources into play for the benefit of themselves and others' (Københavns Kommune, 2015a, p. 20).

4.3. Achieving moral and pragmatic legitimacy for them

The moral basis of the project is a difficult combination of two types of ethics: justice ethics and care ethics. Justice ethics are the principles of equitable distribution of resources, which is inherent to the Danish welfare state. Thus, the project must lead to the development of methods that can be used by others in the municipality. Care ethics is visible in the co-creational person-oriented approach to service offerings in the project. Some examples that were observed include: giving a person a ride on the rickshaw when she felt like it; talking with the elderly about daily problems; assisting them with transportation to activities when needed; making use of residents material resources when they participative.

Care ethics is also associated with important civic actors with good reputation in the local area, such as an elderly club called the NeighborhoodHouse (Kvatershuset). They have a strong brand because they are able to organize meaningful activities in the neighbourhood on a regular basis:

They (the NeighborhoodHouse) have a clear brand ... there is not really anyone who says ok for us (in the municipality), whereas when someone comes from the NeighborhoodHouse, it is already an approval (project employee).

However, since civic actors, even if they make use of both volunteers and professionals, follow a different institutional logic than the municipality and which is more care oriented and more locally anchored. Sliding towards these principles can, for municipal employees, be experienced as confusing and weakening the moral basis:

There is a challenge with a project like this, which has a sender which is the Municipality of Copenhagen, which has created the framework, there is a challenge in mutually adjusting expectations, to whom belongs the project who sets up the guidelines. We (the municipality) have started to define the guidelines and we have ambitions, and people say , we will work with this. There is a schism concerning who is defining the project (sub-project leader)

Pragmatic legitimacy, i.e. to show that activities are appropriate and desirable in the context where they are organized, is emphasized in terms of both quantitative and qualitative measures. Quantitatively, the number of participants in activities are measured and compared. It doesn't always seem appropriate to organize activities for a very small number of people. Qualitatively, it was suggested to collect everyday stories that could produce evidence on the project's desirability. One example of such a story was the following:

A 78-year-old lady with no family and friends is in despair because she has to be re-housed. The whole area is being renovated and several residents have to be rehoused for several months. Their apartments must be cleared. Everything is confusing because this lady has many different diseases – and she cannot handle physically or mentally to pack the apartment after having lived there for about 50 years. The staff from the housing association had tried for several months to encourage her to a gentle rehousing, unsuccessfully. Both the home care and the senior centre also knew her. They now chose to enter into practical cooperation about resettling her because 'we knew each other from the project working group'. The housing association was responsible for the move itself, 6 volunteers from the senior centre packed down the apartment and packed her stuff out in the new apartment. The home care and referral authorities could smoothly enter into new solutions, e.g. for washing clothes. Subsequently volunteers are included in a visiting service, as well as picking up and bringing her to various events - all to prevent loneliness and isolation.

Another brief story that was collected was the following:

After a joint meal arrangement where the mood had been absolutely fantastic and everyone had a pleasant time and enjoyed each other's company, we saw that up to 25% of the participants had cut their hair when we met them the next week.

These narratives are produced to provide evidence that activities are appropriate and desirable: they increase trust among local actors and the ability to collaborate about

solving citizens problems. Organizing practices such as meals, games, music, dancing matters for creating a sense of belonging in the social community.

The project makes itself visible and meaningful to citizens by seeking to meet needs on an ad-hoc basis. However, in practice it was difficult to find a basis for meeting individual needs in this way because resources were few, but also because this care-oriented, individualized approach can be difficult to justify in the context of municipal services that must be universal and follow procedures.

4.4. Reflexive testing

Institutionalization of activities and relationships is a main concern for the project management: Can activities survive the project period? Can they spread to other parts of the municipality? In order for this to happen, the value offerings must be integrated with residents' processes and practices. As the municipality probably cannot uphold its activities after the project period, the residents themselves must volunteer to take more active part in the value offerings together with other local actors. At the same time, methods must be developed that somehow show how this can be done and which can be transferred to other areas. Hence, institutional work should not only align with governance structures but also with citizen reflexivity. We conceptualize this as reflexive testing, by which we mean a form of testing of activities that allows citizens to reflexively adopt the activities.

One problem is that all local areas have different cultures and are populated by different groupings and networks who have different perceptions of and interests in such projects:

It is a very complex network of relationships that we find here (among the citizens). It is very difficult for us to find out exactly who is on which side, for they speak of course also together, and they also talk nicely to each other sometimes in the street, and visit each other ... (project employee)

Further, the target group for the value offerings is fluent and changing:

It is a fuzzy field. Because, who are the lonely ones? You cannot easily see if people are lonely. But the target group is defined as those who feel lonely, those who are vulnerable and who otherwise do not participate. What we're trying to do is to narrow it down to those who can benefit from what the project is offering, those who do not have a great abuse, and those who do not have mental instability, which makes them find it difficult to handle social situations. But people who come down here, they can participate.

And not all citizens appear interested in accepting the value offerings made by the project:

There are several participants that say something like: I have been a socially active and made things all my life, now I would like to just be allowed to look after myself. And it is a form of protection of yourself.... And the way to break it, it's through relational work, and it requires time and man power (project employee).

One important way to integrate with residents' practices is by approaching the citizens in a more stepwise manner, opening for a more reflexive approach to the value offerings:

Many of the activities are so that you (as an elderly) just have to show up among many people. The activities are in the initial stage, more intense than normal and for fewer people, and those who come are people who are used to being active in this kind of community. So maybe, it's a thought I have, when you know who are sitting there, and there are no more people than there are, then it is barrier-breaking to come here. You have to talk to other people and have to be in focus. You cannot really hide. So it takes some time to break the barrier. We've talked about that when the weather improves, we can do outdoors activities so you can sit and watch them from your window, and maybe consider that this is something I want to participate in (8:45).

As a consequence of these considerations, one sub-project leader came up with the following model for integrating value offerings with citizens' processes and practices that might lead to institutionalization:



Fig. 2: Spiral model for integrating value offerings with citizens' practices and processes suggested by a sub-project leader.

The model consisted of four steps:

- 1) Observe: Citizens observe an activity that takes place in the neighbourhood.
- 2) Participate: Citizens may choose to participate one or more times maybe in the beginning in a peripheral or cautious way.
- 3) Take responsibility: Citizens may choose at one point to take full responsibility for an activity or sub-activity as a volunteer.
- 4) Involve: Citizens take responsibility for involving other citizens in activities.

Thus, co-production and co-creation activities are 1) conflicted processes, because they intervene in neighborhood cultures, 2) they meet resistance, because people can be unwilling to participate, and 3) they are dynamic-reflective processes, because people should be able to reflect upon their usefulness and develop their reflexive approach. Furthermore, from observations in the neighborhoods, it also seems appropriate to argue that citizens approach the project with very different reflexive styles in the sense that some are more autonomous than others, some are meta-reflexives, i.e. skeptics, some a communicative reflexives that enjoy communicating with others and some are fractured reflexives due to varied mental disorders and disabilities (cf. Archer 2003). In order to institutionalize the project, it must develop methods that allow citizen both to approach the project at different levels and develop their own reflexive style, for example by the spiral model of Figure 2.

5. Discussion

In the following, we summarize the findings and discuss them against the research questions and the previous literature.

5.1. How a macro-context of innovation co-evolve with a micro-context of innovation

The experiment shows that changing the service offerings emerge from varied interacting levels of governance and practice: From the municipality in which there is a declared interest in a co-creational approach to service development. From the national level where funds are set aside to develop new services for elderly and the law stipulates that the municipality can offer services with an activating and preventing purpose. From the municipality's Centre for Care, where the experimental project is proposed and funding for it secured. From practice in the sense that sub-project leaders and project employees have an interest in developing own practice and concrete fruitful ideas of how to do it.

While research previously has focused either on the governance level or the practice level, focusing for example the central role of governance for innovation or the way employees and managers through bricolage and other activity contribute to service development, we need research that takes a more holistic view on the interaction of these different contexts. The experimental project shows that the transition from new public management towards new public governance is a complex process dependent on many layers of management and interaction with users. This is supported also by the research of Scupola and Zanfei (2016). While co-creational service innovation activities need support from both the top and the bottom, it is also basically a process that needs orchestration of many different actors, allowing them to build relationships and collaborate across various moral (justice, care) and institutional (public, private, third sector) logics and principles.

5.2. How the notion of value proposition derived from the service-dominant logic can be used (and improved) to better explain the relation between a macro- and a micro-context of innovation?

According to the literature on service logic and service-dominant logic, public and private organizations provide value propositions for their clients and customers. Users create value themselves when they integrate these service offerings with their practices and processes. In the service marketing literature, value creation is the core concept, due to this literature's main focus on marketing. However, creation and development of value propositions can be seen as a key concept to understanding the innovation process of public and private organizations bridging governance, management and employee points of view. Value propositions constitute a kind of boundary concept (Fuglsang and Møller, 2016) for policy-makers, managers, employees and users when constructing service offerings for users. Further, in the public sector the construction of value propositions is central to the governance process because value propositions for citizens deals with the very content of policy.

The case study shows that value propositions can be used in two ways to explain the relation between micro- and macro context of innovation and must be improved in at least one way:

a) Firstly, the policy of the municipality can be understood in terms of value propositions that must be provided to the users by municipal service providers.

b) Second, the notion of co-production and co-creation of value-propositions by multiple actors becomes central to the municipality's conceptualization of value-propositions. The service offerings must be created and provided through collaborative efforts between multiple actors within an institutional setting. Thus, the municipality focuses not only the content but also the process of developing value propositions, and it tends to draw increasingly on a new public governance framework (co-production, public value) instead of new public management (internal control, public choice).

c) However, the separation that we find in the literature on service logic and service-dominant logic between on the one hand creation and development of value propositions and on the other hand the co-creation of value by integration with users processes and practices is somewhat at odds with the experiences from the project. The co-creation and co-production of value proposition is a social process from which actors derive value. Hence, the relationship between value proposition and value co-creation seems more complicated than stated in the literature, because value proposing is in itself an intensive and asserted process through which users learn to becoming users and derive value from social relationships (cf. Becker 1953).

5.3. How value propositions or 'value proposing' can be considered a form of institutional work

We suggested to use the concept of theorizing from institutional work theory to further conceptualize how service innovation becomes institutionalized, following a call in the literature to view innovation as an institutionalization process. Institutional work is the process of developing, maintaining and disrupting institutions, and theorization has been used both to explain how institutions are created and maintained, as well as the transition between the two.

Thus, we suggest that value propositions related to theories, or abstractions, of services are used to negotiated and explain services, and thereby convince users to accept or reject services, thereby informing a process institutionalization of services. Theorization works in two ways: in relation to policy in providing legitimacy for services by aligning them with norms and standards and in relation to users providing both arguments and underlying methods and guidelines for adopting services.

Theories emerge in the case both from scientific work in the fields of gerontology, elderly care and loneliness research. Further it comes from consultancies who 'sell' conceptualizations of services or service work. Theories are adjusted in an abductive way when they meet practice. For example, the theory of unwanted loneliness emerges from science, consultancy and policy-making and is confronted with the practical experience of employees and citizens.

However, our impression from the experimental project is that theorization is perhaps a strong word. At least, we are not speaking of theories in the narrow scientific sense of the word, but more of complex concepts or boundary concepts that are broad enough to pull together diverse supporters. The meaning of the theories is relatively flexible and evolves over time and is abductively created by interactions between theory and practice.

5.4. How the notion of value propositions as institutional work can guide the analysis of innovation in a specific case of public innovation?

The notion of theorization used in the analysis concerned three processes: specification of failings, identification/justification of new solutions, achieving moral and pragmatic legitimacy. The case study produced evidence for these processes. Further, we added a fourth process to this framework: reflexive testing, i.e. a form of testing of activities that allows citizens to reflexively adopt the activities. The analysis showed, however, that failings are not specified in a very clear way by the municipality. Value propositions are rather theorized in terms of a policy vision and a new paradigm, for which evidence is produced. This new paradigm is supposed to be better or solve problems of a previous approach, but failings as such are not mentioned directly. The new approach identifies and justifies the type of solutions that implies co-production and co-creation of activities near to citizens' homes. The project tends to be caught between different logics (public, private and third sector) and morals (justice and care) which weakens the decision-making basis.

Thus, we find that the modified model of theorization can guide research on public innovation but must probably be nuanced on several points. Firstly, in the context of service innovation in the public sector, specifying failures seems complicated. Secondly, providing legitimacy is a conflicted and hybridized process where different logics and morals tend to clash. Thirdly, theorization and institutionalization is a reflective process, which is dependent on the reflective style of the different participants and the ability to change the reflective style relationally. Institutionalization implies alignment not only with norms and standards but also with users' reflexive styles.

All together we find that institutional work theory provides guidelines for bridging the analysis of the macro- and micro-context of service innovation. We stress however, that further work must be done to understand institutional work as a reflexive process that is dependent of the reflective style of participants. Further, we suggest that the notion of value proposition is difficult to distinguish from a process of value creation as suggested by marketing theories of service logic and service-dominant logic, and finally that the development of value proposition from a policy, governance, management and employee perspective could be given more attention in public service research.

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