Context and Contestation: the enactment of product-service business models across organisational arenas

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Abstract
For many leading manufacturing companies the integration of services into product offerings is seen to comprise an important shift in the underlying business model. In the UK construction sector, the Private Finance Initiative (PFI) is commonly held to provide a revised business context whereby construction companies seek to combine service provision with built infrastructure assets. Trends towards performance-based contracting have likewise been presented as indicative of a re-orientation in the underlying business model towards the provision of integrated solutions. Arguments in favour of the espoused shift towards ‘product-service’ are reviewed and critiqued and the extent to which such ideas are manifested in the construction context are explored. In particular, the idea of shift from one steady-state condition to another is replaced by a focus on the way in which firms continuously organise themselves in interaction with the broader environment. Localised interpretations of product-service are patterned and conditioned by broader social and economic structures. Emerging insights are provided that highlight the complex interplay between espoused strategies and the evolving context in which firms operate. The current emphasis on integrated solutions reflects long-term trends within client organisations towards the outsourcing of their asset management capabilities. However, such trends are by no means uniform or even consistent. The legitimacy of the espoused shift to integrated solutions is therefore continuously contested across organisational arenas. Contractors are hence required to play multiple games at the same time. Of particular interest are the ways in which firms deal with the apparent paradox between recursiveness and adaptation. On the one hand, firms need stabilising routines to operate effectively, yet on the other they must constantly adapt to remain competitive.

Keywords: integrated solutions; PFI; strategy; industry change, outsourcing