Boosting Productivity in the Services Sector Productivity Commission Submission on 1st Interim Report

Inquiry into the Services Sector
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The Productivity Commission is to be congratulated for producing the First Interim Report on Boosting Productivity in the Services Sector. The report is timely and important as it provides an overview of the New Zealand services sector and details the challenges and opportunities that this sector presents for NZ.

The following submission is the author's own view, and not that of ESR. It is based on 30 years of experience in managing scientific and technical services (in both private and public sector organisations) including leading 'services innovation' research capability development within ESR's Social Systems Group.

Summary Answers to Inquiry Questions

My answers to the questions posed by the Productivity Commission are premised by a preference for enabling policies, rather than prescriptive (regulatory) policies given that the New Zealand and international evidence base on what enables service innovation and productivity is in its infancy relative to the knowledge base that underpins both agriculture and manufacturing sectors.

The option of an in-depth investigation of ICT as enabler of service innovation and productivity is therefore a favoured option. In parallel to this option for in-depth investigation, it make sense to treat the in-depth analysis as an applied research project to support the development of the New Zealand knowledge base on services innovation and productivity, while leveraging the growing international knowledge base.

In addition to an in-depth analysis on the topics outlined, consideration needs to be given to the type of service that might benefit New Zealand the most from an investigation. For example investigating how ICT supports and enables relatively low value, low wage commodity-based services e.g. rental hiring, would probably not provide the gains compared to investigating high value, high wage innovation-based services e.g. professional and scientific services (Refer to the Appended section below on *What are services?* for a discussion on service typology).

Topics for in-depth analysis

Recommendation 1- Criteria for selection

In addition to the criteria in the report an additional criteria related to the evidence base that supports the policy options would be a valuable addition. e.g.:

- For a given potential topic for in-depth investigation, there is a good evidence base about enablers or barriers to increasing productivity to support the investigation; and there is the potential to add significantly add to that evidence base for the benefit of New Zealand.

Topic Choice and refinement

8.1 Which two of the three proposed topics rank most highly in relation to the selection criteria in the inquiry terms of reference?

The three potential topics of in-depth investigation include:

- Improving occupational licensing in the services sector
- Stimulating services competition
- Addressing barriers to the successful application of ICTs

In terms of credible evidence to support a policy initiative the highest priority topic for a future focus is the role of ICT in improving services productivity.

The topic of occupational licensing is not new and should be considered, therefore would rank second, but with a wider scope (Refer to the *Occupational Licensing* section below).

Services economics seems to be in its infancy as a research subject (Bryson et al., 2012), therefore should be approached with caution. Particularly given that the "conventional (economic) wisdom is now under fire" (Economist, 2011). Refer the *Stimulating Services Competition* section below.

Topic refinement should be developed drawing on the existing international and New Zealand evidence base, and be implemented as a research study to facilitate learning and development for the New Zealand services sector as a whole.

The Commission has already noted the importance of the need for services innovation:

> *"ICT and innovation can boost productivity when effectively applied: Innovation – developing new products, making use of new products, or developing new processes or ways of doing something – is a vital way for New Zealand firms to lift productivity. This is as true for firms in the services sector as it is for those in the other sectors."* (p 4)

Arguably innovation to support boosting services productivity is even more important for the services sector given the recognised lack of services innovation policy to date (The Royal Society UK, 2009); OECD, 2005)). Refer to the section below on "Services Innovation".

Recommendation 2 – Services Innovation Policy

Consider a ***services innovation*** policy option, in addition to, and in parallel with other policy options for in-depth investigation.

Recommendation 3- ICT and Services

Focus the in-depth investigation on the role of ICT for improving service productivity and services value, using an applied research approach.

Occupational Licensing

8.2 Are the objectives of occupational licensing regulation affecting the services sector clear? Are these objectives being achieved?

Problem definition: The stated problem being addressed by this regulatory approach is to protect the consumer by specifying minimum educational and professional qualifications for the particular service occupation. This regulatory approach might help address other problems or risks in the services sector including:

- information asymmetry that arises from the complexity of some services;
- intangible nature of many services; and
- negative impact of 'poor' service.

Comment: Clarity about qualifications alone is unlikely to sufficiently address the above problems and issues. If the question is framed more towards gaining and understanding of information asymmetry and how this affects quality (perceived and actual) might be more fruitful. Analysis tools that are used to understand 'human activity systems' might be useful, including 'community of practice', 'rules', supported by relevant 'tools'. This is a more expansive licensing approach such as used for IANZ laboratory accreditation. This form of information provision for the service recipient would provide a greater degree of quality assurance for the customer. Clarity about qualifications would be only one aspect and include other important aspects of the service 'black box' such as management responsibility and corrective actions for quality improvement.

Note that this sort of approach to addressing information asymmetry is likely to be mostly applicable to relatively simple ***commodity-based*** services, and likely to be less relevant to the more complex ***innovation-based*** or specialised services (Refer to the service typology discussion below in the *The Importance of Perspective* section in *Appendix 1: What are services? The need for a practical definition for supporting improvement in productivity*").

Recommendation 4- Information Asymmetry and Service quality

A better understanding of information asymmetry and service quality is needed before considering a policy action such as occupational licensing. For other than simple commodity-based services there are at least two dimensions to the buyer – seller information asymmetry for services. Focusing on knowledge-intensive services for this investigation option, such as professional, scientific and

technical services might be more worthwhile in terms of value for policy effort and cost. Different social perspectives and ICT tools have potential to address information asymmetry for commodity-base services (Bloom et al 2008; Cruz and Kini 2007).

ICT and Services

There is good consensus that ICT is an important enabler of services, including as a services research priority (Ostrom et al., 2010). "Leveraging Technology to Advance Service—is seen as a pervasive force enveloping all services research priorities", includes the following areas:

- Building business models for new service technologies (e.g., smart services, cloud computing)
- Accelerating adoption and acceptance of new, service-oriented technologies
- Capturing and delivering service-oriented information for real-time decision making
- Enabling and accelerating mobile commerce and productivity for consumers and employees
- Using the service system paradigm to drive innovation
- Enabling agility and integration through service-oriented architecture and service platforms

Many of the questions posed in the 1st Interim Report on Boosting Productivity in the Services Sector are legitimate questions for research. Particularly the following:

1. To what extent has the adoption of ICTs enabled New Zealand services firms to increase productivity?
2. What are the main factors that prevent firms from extracting value from investments in productivity-enhancing ICTs? What can be done to address them? (Also need to consider enabling factors, as well a preventative factors.)
3. Are there shortfalls in the complementary factors (e.g. skills) that are required for firms to successfully make use of ICTs? If so, what are the specific factors, and is there a role for government policy to address these shortfalls?
4. Are their particular barriers to the uptake and effective implementation of ICT in the wholesale and retail industries? If so, what impact do they have and what could be done to address them?

However, it seems that the 'product' development approach to ICT has dominated, rather than viewing ICT as an enabler of service as indicated below (Ostrom et al, 2010):

> *"Technology-enabled services have become commonplace and transformative in the service economy. Unfortunately, many of these services are still too difficult to use. More interdisciplinary design research is needed that pushes technology to the background and makes it easier to use."*

Viewing ICT is an enabler of services might be a more beneficial focus – a 'means' rather than an 'end' of the service. This implies it is important to firstly understand what aspects of service might be enabled by ICT and design ICT accordingly, rather than a particularly ICT development being a solution looking for a problem. As noted in the Report development and availability of ICT tools does

not necessarily result in service productivity improvement. E.g. the availability and adoption of 'Cloud Computing' does not necessarily result in an overall improvement of NZ service productivity.

Key points about services that inform response to questions

Key points from the 1st Interim Report and other research are:

1. Services are important due to size of economic activity, and in developed countries the shift the shift in demand from products to services.
2. Services and service transactions are diverse in their form and complex in their character. Services are not well understood – hence "there is no single or right definition of 'service'. Services and the services sector has particularly challenges due to the range in 'type' of services (Ref Appendix 1 on "What are services"):
    - Services range from being "commodity-based" where the interaction between parties is limited e.g. a supermarket retail service; to an "innovation-based" service that requires more interaction, trust and knowledge sharing e.g. information, professional, and scientific services.
3. Measuring the performance of the services sector and specific services is challenging, in terms of costs, value and quality (both before and after provision of the service). Much of the statistics and date collected seems more appropriate for measuring the manufacturing sector resulting in significant gaps (Bryson et al., 2012). The role of the customer and IT are important elements for consideration in measuring and understanding services (Malsbender et al., 2011).
4. The cost structure of services is quite different to the cost structure manufacturing, creating different challenges compared to manufacturing in the areas of geographical and economic scale. Similarly, the way and where value is created by services is quite different to manufacturing. The value for a product is mostly created within the firm via the combining of component parts with the help of the firms labour and capital. The value of a product is mostly created well before the product is used. Conversely the value of a service is created at the interface between the service firm and the customer, and is used at the same time as provision (Vargo et al., 2008; Nicholas & Foote, 2013). Services require different frameworks of analysis and development because of these differences and challenges. This includes economic and organisational frameworks.
5. All of the above present challenges for designing successful policies for services, and avoiding unintended consequences.
6. Information asymmetry is an important dimension of services: Arguably there are two dimensions to the buyer – seller information asymmetry related to services: (1) Service provider knowledge of the problem or needs of the customer to be solved by the service; and (2) Customer knowledge of the 'methods' and expertise that the service provider might apply to solving the problem of the customer. This asymmetry is particularly important for knowledge-intensive services where the customer's problem can be as equally complex as the expertise provided by the service provider, creating framing, understanding, data source, and intended outcomes challenges for both parties. 'Problem structuring' or 'sense-making' tools and methods can help overcome these asymmetries. This point does illustrate that the complexity of knowledge required for effective professional services: the knowledge

of 'know what' and 'know how' that is mostly within the domain of the service provider; and 'know why' and 'care why' that is mostly within the domain of the service recipient (Quinn et al., 1996).

7. ICT is a recognised key tool for supporting and enabling services, in terms of costs, value and quality (Ostrom, 2010).
8. There is a need for service innovation supported by services research so that lessons learnt (both positive and negative) can be applied to other services. In Europe services research has been a focus since the 1990s, whereas in New Zealand a specific focus on services research is a recognised gap. (Gluckman, 2009; Carnaby, 2009)

Stimulating Services competition

The usefulness of stimulating competition may work for relatively simple relatively low value "transactional" commodity-based services (Refer to services typology below), but would be difficult to apply to innovation-based, higher-value value add, specialised, or unique services.

Until recently the study of services economics seems to be largely ignored by economists (Bryson, 2012), therefore allowing this field to evolve more internationally before a New Zealand based analysis might be a more pragmatic approach.

Some conventional economic wisdom argued by William Baumol is now being questioned as indicated below (Economist 2011).

"Services, in contrast, appear to be a graveyard for productivity. Because a haircut or a restaurant meal has to be delivered in person, there is almost no potential to exploit economies of scale and to export. People consume more services not when technological advance lowers their price but when they have reached a level of affluence that satisfies most of their other needs. Indeed William Baumol famously argued in the 1960s that as countries grew richer and their citizens became keener on buying services, their productivity growth would inevitably slow.

That conventional wisdom is now under fire, in a book edited by Ejaz Ghani of the World Bank and a related article he wrote with Homi Kharas of the Brookings Institution and Arti Grover also of the World Bank on the VoxEU website. The authors argue that technology and outsourcing are enabling services to overcome their former handicaps. Traditional services such as trade, hotels, restaurants and public administration remain largely bound by the old constraints. But modern services, such as software development, call centres and outsourced business processes (from insurance claims to transcribing medical records), use skilled workers, exploit economies of scale and can be exported."

Services Innovation

Investing in service innovation via research and development is a policy option and has been noted as an important gap. The number of questions raised by the 1st Interim Report on Boosting Productivity in the Services Sector support the need to fill key knowledge gaps related to services. Research and innovation policy has largely been blind to services resulting in important knowledge gaps (The Royal Society UK, 2009).

"Innovation policies have tended to focus on the support of R&D in manufacturing industries. But it is now recognised that other approaches are required to support innovation in services."

"There is a poor understanding of services innovation and how to measure it effectively" … "due to a number of factors, including the diversity and relatively recent expansion of the sector, the intangible and sometimes ephemeral nature of services (often with simultaneous production and consumption)." … "The role and power of consumers/users in the innovation process was particularly highlighted".

"Poor understanding of innovation models and practices is compounded by the relative lack of academic and case study material and suitable statistical information available for analysis. As a result there are significant knowledge gaps and associated challenges for policymakers, innovation practitioners and potential collaborators in the STEM supply chain."

There is a need for new frameworks for understanding services. For example Beckert (2010) has developed an integrative framework (applied to how markets function) that highlights the way that in which evolving network structures, cognitive frames and institutions affect the boundaries of complex service systems. Key elements of this framework are depicted in Figure 2 and include:

- Social networks which set out the way in which actors relate to each in a complex service system including resource and information flows.
- Cognitions as the way in which stakeholders in a complex service system "understand and make sense of their roles" (Childress, 2011, p. 120); and
- Institutions as the formal and informal rules (including norms and beliefs) that orient stakeholders towards the complex service system;

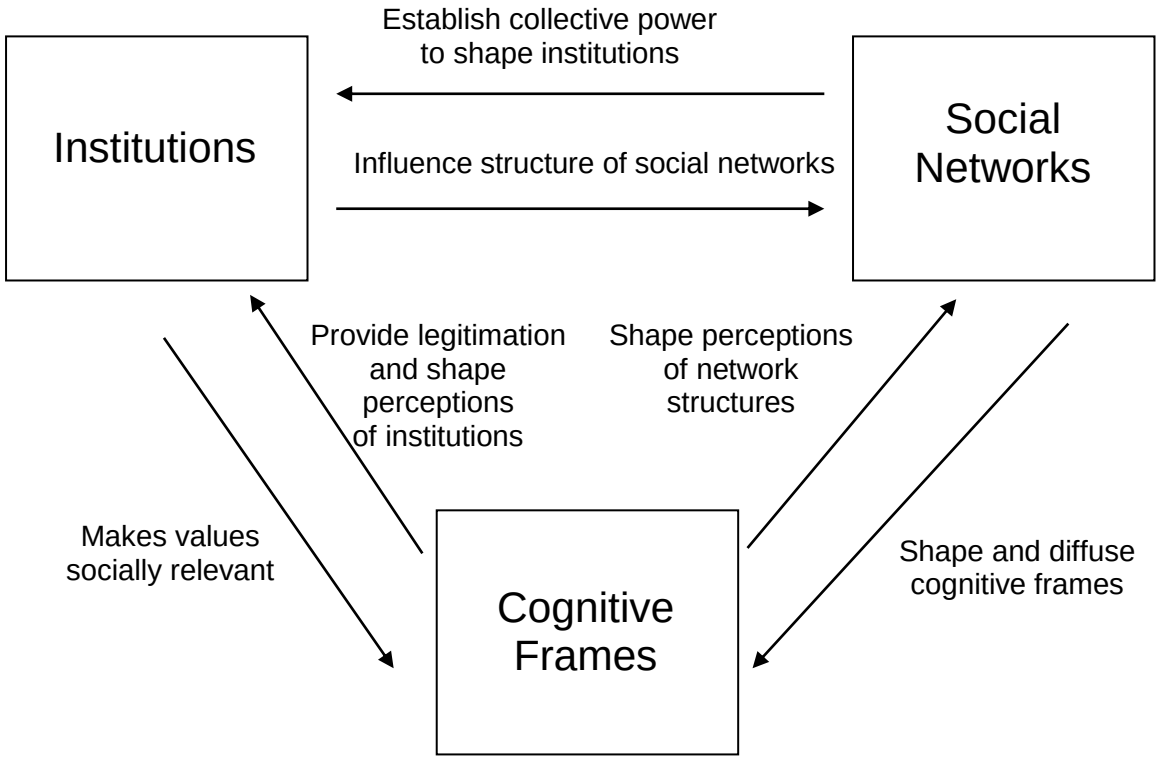

Figure 1: Institutions, social networks and cognitive frames (Beckert, 2010, p. 612)

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Appendix 1: What are services? The need for a practical definition for supporting improvement in productivity

Services defined – a working definition for research purposes

Early (1990's) definitions of services have been refined from being a result of a process of co-production between a client and a service provider to a more complex definition that includes multiple agents on both sides of the provider – customer service equation.

"Services … are often the outcome of complex interactions between agents, capabilities and preferences. In the coming decade, services will increasingly be conceptualised drawing upon multi-agent frameworks in which clients, providers and all kinds of agents interact and cooperate and compete in new ways."(Bryson, 2012)

There is growing interest in the school of thought that views services as fundamentally different to the production of goods (Vargo, 2008). A distinction is made between "goods-dominant logic" and "services-dominant logic". This distinction is a based on fundamental argument about how and where value is created. Key points from this perspective to date are:

- For services value is always co-created because the roles of producers and not distinct.
- Re-introducing and making the distinction between value-in-exchange and value-in-use, with value-in-exchange being more relevant for manufacturing of products, compared to value-in-use being more relevant to services where value is co-created jointly and reciprocally between the service provider and service recipient, and through integration of resources (capital etc) and competencies (knowledge etc). The integration of resources and competencies provides some clues how service productivity can be improved (e.g. the citizen use of smart phone apps to improve graffiti removal services). Goods are service delivery vehicles and knowledge and skills are key resources for competitive advantage.
- The conceptual model of "service-dominant logic" as distinct from "product-dominant logic". For service-dominant logic "value is co-created through the combined efforts of firms, employees, customers, stockholders, government agencies, and other entities related to any given exchange" – the 'whole' service system. This multi-agent view is important when considering the role and impact of government policy and regulation in that this should not be considered in isolation from other parts the "service system".
- "The firm's roles in value creation, the proposition of value and provision of service, are intermediary to the value co-creation process. Value propositions establish connections and relationships among service systems. In value co-creation, value is ultimately derived with the participation of, and determined by, the beneficiary" (customer of the service).
- The need for interdisciplinary study of service systems, currently called "service science" given that "service innovation did not have the same scientific and engineering bases as manufacturing or goods innovation".

Service Typology

A more nuanced description of services is a required prerequisite for improving the productivity of the range and complexity of services.

A potentially useful service typology is described by an IBM booklet *Relationship Alignment – Reducing Friction – Realizing Value*, IBM Corporation 2004. The value exchange that occurs via a service can be typed in at least four ways: Transactional, Value-Added, Specialized, or Unique – depending on the degree of involvement and the complexity of the service. The "**Transactional"** and "**Value-Added"** are considered as ***commodity-based*** value exchanges. Both involve an exchange of goods or services for money, with the parties' involvement limited to what is required for simple transfers. "**Specialized**" and "**Unique**" value exchanges are considered as "***innovation-based*** exchanges" required more extensive collaboration between the parties.

Characteristics of each of these four types of value exchange have been proposed:

"Transactional value exchange

- Competition exists. The customer has many options to acquire the same good or service.
- Economies of scale and efficiencies of interaction factor into the price.
- The transaction timeframe is specific and limited.
- Personal relationships are not part of the proposition, and no tangible or intangible value is ascribed to them.
- Both parties can easily conform to a contract that explicitly specifies the deliverables.
- The conditions of satisfaction can be expressed and met.
- The product or service specification is well-defined and its service level is controllable due to the stability in the environment.
- Procurement leadership can be critical to success.
- Trust comes in the form of contract performance.

Value-Added value exchange

- Fewer supplier options are available.
- The commodity characteristics are similar to those of the Transactional exchange, yet some additional expertise is required in the equation.
- The supplier learns more about the needs of the customer in order to bring specific expertise to the situation, or the expertise leads to supplier preference.
- The customer values the expertise and is willing to pay a modest margin over the charges of a commodity supplier.
- The supplier may need to tailor a standard product or process.
- The presence of some collaborative behaviour seems to create a greater team synergy between the provider and the recipient.
- Trust develops as performance criteria are met.
- There is mutual definition of contract around the desired outcome.

Specialized value exchange

- The origin may be somewhat loosely defined, such as a perceived need for a complementary relationship that can distinguish itself in the marketplace with an expectation of success through shared expertise, resources, or both.
- Specialized and differentiated characteristics describe an interdependence that, when directed productively, enables the design, development, and achievement of a previously unattainable outcome.
- The parties identify and leverage the joint capabilities to integrate each other's processes, customize them as needed, and then work to collaborate with this combined expertise.
- The arrangement is sometimes called a "virtual organization" where organizational boundaries become blurred and relevant information becomes freely shared.
- Value comes from optimization across organizations, not simply squeezing out the efficiencies of a single organization.
- Trust is based on demonstrated competence.

Unique value exchange

- Relationships are formed with the purpose of fundamentally altering the competitive capability of both firms through shared resources, risks, and benefits.
- The shared responsibility of the parties involved is the true differentiator of this type of value exchange.
- Unique value relationships are rare due to the risk associated with the upfront investments required and determination and distribution of the resulting profits or losses. This type of relationship requires resources for frequent interaction.
- Share innovation is clearly specified in the agreement.
- Trust goes deep into the basic character values of the participants, by being based on reputation, expertise, shared metrics, and common compensation."

The perspectives used in the report really only are applicable to "**Transactional"** and at best "**Value-Added"** commodity-based value exchanges. For example, takeaway coffees or rentals car services. The innovation-based exchanges do not fit well with the "production", "transaction", and "embodied" perspectives. Particularly if an outcome of this investigation is productivity improvement and growth for high value and exportable services such as professional and scientific services. For these services types the role of "knowledge, expertise and creativity" are likely to be significant as suggested by Bryson (2012).

THE RELATIONSHIP PORTFOLIO VALUE EXCHANGES

(Excerpt quoted from "Relationship Alignment – Reducing Friction – Realizing Value", IBM Corporation 2004)

"The commodity-based value exchanges

The **Transactional** and **Value-Added** segments of the Relationship Portfolio are commodity-based value exchanges. Both involve an exchange of goods or services for money, with the parties' involvement limited to what is required for simple transfers.

Transactional value exchange

A Transactional value exchange gives emphasis to the simple exchange of a commodity (a good or service) for money. In this transaction, the customer's priorities, predictably, are low price, accurate service, convenience and efficient interaction.

The terms and conditions of the value exchange can be specified and measured clearly. Interpersonal relationship behaviour is not a noteworthy attribute in the selection of a provider, as speed and convenience are often the result of automated processes. Several suppliers are available in the market to fulfil the commodity requirements, so price can be compared and judged as fair.

The commodity is sold as is. No modifications are made to customize the product for the customer. Providing or receiving a mass-produced product or service that is the same for each customer usually qualifies the exchange as a Transactional.

A simple Transactional value exchange can be described as "I'll give you some cash if you give me that newspaper, and we'll both be happy!"

Value-Added value exchange

In everyday life, common Value-Added relationships can include the services provided by a doctor, financial planner, childcare provider, or haircutter. These relationships differ from simple Transactional exchanges, such as those that take place at most grocery store check-out counters, because there is an expertise provided by the particular supplier that is greater than that required for trading money for a fixed product.

Trust begins to take on some intangible attributes because the product or service is not perceived as an easy-to-duplicate commodity. We expect these professionals to remember us, know our needs, and remember our preferences. We anticipate that they will meet or exceed our expectations and thus become recipients of our trust and return business.

Although a sense of loyalty is developed over time in this type of exchange, the supplier cannot neglect the basics. While it may be inconvenient to switch suppliers and seek out another expert to trust, the customer's investment is limited and can be left behind when basic expectations are not met. The provider would be wise to presume that the customer's perception of the good or service is mostly that of a commodity with some extra value added to the mix.

A customer is generally willing to pay a bit more for the added expertise inherent in the Value-Added exchange – perhaps a 5% to 15% premium. For example, we typically do not choose the surgeon whose services are the fastest and cheapest; we first look for expertise and capability to execute.

We will, however, shop around when the surgery is not an emergency and the prices appear overly inflated.

Because of the commodity foundation of this exchange, the supplier is unlikely to change processes to accommodate each customer. However, the supplier may be willing to tailor some standard product or service as long as it does not compromise providing the fundamental value created by leveraging economies of scale. This type of value exchange remains fundamentally about goods and services enhanced with required supplier expertise, which can be specified and exchanged for money.

The innovation-based value exchanges

The two remaining segments in the relationship portfolio mode, the Specialized value exchange and the Unique value exchange, are fundamentally different from the commodity-based relationships already discussed. These innovation-based exchanges required more extensive collaboration between the parties. The objectives of these initiatives expand beyond the efficiency and effectiveness goals of commodity-based exchanges. The innovation-based exchanges, by their nature, entail some degree of enterprise-level exploration, solution, and transformation.

As the supplier and customer become more involved in each other's activities, the complexity of the relationship tends to increase. The customer expects the supplier to be involved in the recognition, exploration, and definition of current and future initiatives. One of the mistakes often seen is the attempt to manage and measure these relationships as if they were all commodity exchanges.

Specialized value exchange

While a supplier maintains customized expertise for a client in a Value-Added relationship, in a Specialized value exchange the spirit of collaboration and innovation becomes much more noticeable. The supplier works to integrate processes with the client, and perhaps even with other suppliers subcontractors on the client's behalf (although each of these parties retains its own business identity).

Value is derived from optimization across organizations, and not within an individual organization or organizational function. This segment's value is based on a high degree of knowledge of the subject at hand, as well as considerable familiarity between the parties. Specialized value exchanges require a greater need for agreement and understanding.

Organizations enter into this type of value exchange for a variety of reasons, including extreme market shifts, intense customer pressure, or the complexity of the product or service being formed. In this segment, forming appropriate relationship governance is essential to developing satisfactory solutions.

The outsourcing relationship is outcome-oriented and, compared to a Transactional or Valued-Added exchange, requires robust relationship governance to implement and maintain. By establishing a context for those involved in these initiatives, the working relationship can effectively meet environmental turbulence head-on and leverage it to their shared advantage.

Identifying the appropriate situations to explore is important in the Specialized segment because these exchanges have comparatively higher risk and are more resource-intensive than the

Transactional and Value-Added exchanges. The attraction for this journey is the discovery of treasures hidden in the "unfamiliar waters" – exploring these opportunities can be simultaneously fabulous and frustrating.

In some instances it makes sense to invest money, time and attention into the mutual relationship and joint involvement along with paying for the product or service. This could involve spending money to integrate technology, or investing time and attention in developing cross-organizational business processes that involve many members of both organizations in order to draw from the different competencies and capabilities available to the alliance. The desired outcome must warrant this expenditure of resources and its associated risks.

The specific needs and means to achieve the desired outcome are usually somewhat ambiguous. Successful relationships require the involved parties to act in each other's interest, and, as a result, can be difficult to structure, measure, and manage. Qualitative and quantitative measures are available and required in such relationships.

These issues become the province of **relationship governance,** and appropriate governance arrangements thus become an important domain of mutual interest that require much more than the how-much-by-when measures of commodity exchanges.

Unique value exchange

In a Unique value exchange, two or more organizations collaborate with customized expertise and process integration. The shared competitive capability is clearly greater than each organization's individual abilities.

The focus of the shared activity is on the long-term outcome desired by both parties. The attitude of customer and supplier is non-existent in this value exchange; it is more in the spirit of partnership (and could potentially be formed as a legal partnership).

What differentiates the Unique from the Specialized value exchange is the degree to which the responsibility to achieve the desired outcome is shared by all parties that have committed resources. In fact, the litmus test for identifying a unique relationship is the presence of a shared-risk, shared-reward agreement. All work to achieve the goals together or together they all fail.

Organizations usually enter Unique value exchange arrangements in order to succeed in doing something they cannot accomplish without collaborating with that specific partner. Often, the result centres on developing an ability to deliver a unique capability. Integration between the two parties (firms) is seen as critical to achieving the market differentiation possible from this type of value exchange.

Examples of Unique exchanges are rare when compared to the frequency with which the other value exchanges are seen in organizations in general."