

## SERVICES IN SOCIETY AND ACADEMIC THOUGHT: AN HISTORICAL ANALYSIS

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### ABSTRACT

The conventional paradigm from which we currently perceive economic activity is a goods-centered model in which tangible, manufactured products have intrinsic value and are exchanged for other tangible assets. Recently, marketing academics have turned their attention toward the role of services in economic exchange. Much of this attention has resulted from the perception of a structural shift that is occurring in advanced (especially Western) economies, away from production-dominant and toward services-dominant economic activity.

This "advanced" stage of economic activity been variously labeled a "post-industrial society", or a "services economy" to distinguish it from the agricultural and manufacturing stages that are presumed to sequentially precede it. However, the good-centered paradigm and manufacturing orientation have been retained. Consequently, services are often viewed as an additional type of good, usually defined residually. That is, services are defined as what tangible products and agricultural commodities are not.

It is the position of this paper that this residual construal of services is inappropriate and constraining. Services are not what goods are not. Services are *activities that provide desired transformations*. Some of these transformations involve matter and are employed in exchanges that result in change of ownership--i.e. *they produce goods*. Services are not kinds of goods: goods are artifacts of services.

This paper suggests that the goods verses services question, as well as the notion of economic developmental sequentiality are more paradigmatically artifactual than empirically or rationally generated. The generalized functions have only recently become the nucleus of this "new" area of academic concern, i.e. services, have always been the essential ingredients of the economic interdependence that we call civilization. Consequently, the more important question is not why services are just now becoming increasingly important, but how they have come to be viewed as occupying such a relatively subservient role in economic development for so long?

In an attempt to provide a partial answer to this question, this paper provides an historical analysis intended to (1) indicate the essential role of services in societal development, (2) trace the inextricably intertwined philosophical, socio-political, and scientific developments that have resulted in the static, goods-driven economic model from which services have inherited their subservient role, and (3) suggest a reformulation that may be necessary before their role can be appropriately advanced.

Of particular relevance to contemporary views concerning services is the convergence of scholarly, scientific, and socio-political thought that gave rise to classical economics during the "Industrial Revolution". At the time that Smith wrote *The Wealth of Nations*, the Newtonian paradigm of mechanical equilibrium, based on deterministic relationships between physical objects, was well embedded in the "world view"; Natural Law and rationalism formed the foundation for scholarly advancement; and economic thought was grounded in moral philosophy, with as much of a normative concern for what was good for society (export of tangible commodities), as a positive concern for how economic activity functioned. Within this context, classical economics emerged and moved toward a "scientifically legitimate" equilibrium theory of its own, based on notions of a rational "economic man" motivated by profit maximization. The icons of this new science were mass-produced, tangible goods. It was this economic science that provided the underpinnings of marketing thought.

A number of the political and classical economists attempted to acknowledge the fundamental role of services in exchange, but succumbed to the "received view" of national wealth creation by physical production. Even as marketing was establishing itself as a discipline, the deterministic models of Newtonian mechanics were being displaced by more dynamic paradigms. Marketing, however, not only adopted the deterministic goods-based orientation, but has retained it even as it has attempted to understand services. A shift to a more services-based view of exchange relationships would not only further the understanding of services, but also further the understanding of the derivative role of goods in the exchange processes.