

**Title: Servitization of manufacturing: exploring financial performance**

Ruiz-Alba, Jose L. (University of Westminster)

Soares, Anabela (Plymouth University)

Izadi, Javad (University of West London)

**Topic:** Servitization

**(1) Research question**

This research aims at investigating the impact of servitization on firm financial performance of listed manufacturing companies.

**(2) Theoretical background**

Most of the existing research on industrial services and servitization provides limited operationalization and empirical tests of its performance implications. From the existing empirical research on the performance implications of servitization, studies have so far shown dissimilar results demanding further investigation. This is aggravated by the multidimensional nature of the constructs measured and the network of participants involved in delivering servitization and performance and, ultimately, customer value (Neely, 2008; Indounas, 2015; Partanen et al., 2017). Given the conflicting results, and the discussions over the so well-known “service paradox” (Gebauer, 2005), the present paper contributes with empirical evidences to the continuing debate regarding servitization performance, particularly in terms of financial outcomes.

**(3) Method & data used**

The data was selected from the Worldscope Database that provides financial and profile data from companies from over 70 countries. The data was classified based on the US-SIC codes relating to listed manufacturing firms, in terms of presence of servitization (pure

manufacturing vs manufacturing companies involved in servitization strategies). The final sample included manufacturing listed companies from USA, China and Europe and will be analysed with STATA using specific statistical analysis to understand the effects of servitization on financial performance.

#### **(4) Summary of findings**

This is part of an ongoing research project and results will be available by the time of the conference.

#### **(5) Key contributions**

Product and service innovation through industrial services and servitization and their impact on financial performance remains an unexplored area, particularly in terms of empirical evidence. Key contributions refer to the investigation of the impact of the adoption of new business models that include servitization on performance.

#### **References**

- Gebauer, H., Fleisch, E. & Friedli, T. (2005). "Overcoming the service paradox in manufacturing companies", *European Management Journal*, 23(1), 14-26.
- Indounas, K. (2015). "The adoption of strategic pricing by industrial service firms", *Journal of Business & Industrial Marketing*, 30(5), 521-535.
- Neely, A. (2008). "Exploring the financial consequences of the servitization of manufacturing", *Operations Management Research*, 1(2), 103-118.
- Partanen, J., Kohtamäki, M., Parida, V. and Wincent, J. (2017). "Developing and validating a multi-dimensional scale for operationalizing industrial service offering", *Journal of Business & Industrial Marketing*, 32(2), 1-34.