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# Services procurement: A systematic literature review of practices and challenges

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## Abstract

Organizations are paying greater attention to the potential advantages that can be achieved by adopting a more strategic approach to the procurement of services. Despite services being very different from physical items in many respects, and despite their outsourcing having achieved limited gains, the procurement of services remains under-researched. To address this challenge and develop a strategic platform for new directions in future research in the area, this paper undertakes a systematic literature review of 51 articles published in 21 peer-reviewed academic journals. It reviews the applicability of supply theories to services sourcing, and compares and demonstrates the distinctiveness of services purchasing through problematizing the literature reviewed. A descriptive and thematic analysis concluded that services procurement can be classified into seven research domains: ‘service production’, ‘governance’, ‘purchasing approach’, ‘supplier selection’, ‘performance management’, ‘the service triad’ and ‘specification of requirements’. We offer a comparative framework of the services procurement process and emphasize different supply practices. The provided research directions assist scholars in identifying avenues for integrating and expanding existing knowledge.

## INTRODUCTION

The importance of service procurement has increased and it now represents a significant proportion of most organizations’ external expenses, in many cases surpassing the share spent on materials (Pemer et al., 2014; van Weele, 2010). Indeed, services constitute 69% of the global value-added share of gross domestic product (GDP) (The World Bank, 2017). There are several reasons for this growth in outsourcing services: growing competition led firms to increase their efficiency by focusing their investment on

core activities while purchasing the remaining processes externally (McIvor, 2009; Spring et al., 2014). At the same time, the number of manufacturers aiming to differentiate themselves by extending their business model to offer services to increase customer satisfaction is growing (Luotola et al., 2017; Story et al., 2017). However, they often lack the necessary capabilities and as a result, this servitization of business (Spring, 2014; Vandermerwe & Rada, 1988) causes them to outsource the delivery of services (Saccani et al., 2014) and this shift towards a service economy (Smeltzer & Ogden, 2002) enhances the significance of services procurement. Within this paper we aim to explore how these elements are presented and to problematize the literature

[Correction added on 12 November 2021, after first online publication: The copyright line was changed.]

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(Breslin & Gatrell, 2020), going beyond description to critically examine the literature, challenging set assumptions and providing alternative ways to consider aspects of services procurement.

The sourcing of services is generally acknowledged to be more intricate than the purchasing of goods (Ellram et al., 2007; van der Valk & Rozemeijer, 2009), and is connected to substantial challenges, which include a high risk of failure (van der Valk & Wynstra, 2012). In this respect, Ellram et al. (2008) highlighted that companies have to be alert to the significant potential for overpayment and underservicing. The literature indicates that over half the outsourcing relationships are abandoned prematurely (Li & Choi, 2009). Dealing with the perceived inefficiency related to service procurement and evaluating the reasons that generate it, is a challenge not only for practitioners but also for scholars.

Researchers from different disciplinary backgrounds have contributed to the development of a significant body of knowledge. Specifically, the concept of service implementation considering the value co-creation (VCC) process as an important differentiator of services (Aarikka-Stenroos & Jaakkola, 2012; Vargo et al., 2008) that leads to mutually beneficial outputs has been investigated. Key activities are recognized to act as precursors for a successful co-creation process, including communication that generates relationship-specific knowledge (Payne et al., 2008); engagement that leads to dialogue, information sharing and transparency (Pralhad & Ramaswamy, 2004); and the ability to create satisfactory customer experiences (Aarikka-Stenroos & Jaakkola, 2012). Some authors have studied service procurement using the term 'servitization' (Vandermerwe & Rada 1988) to explore a whole array of services ranging from base to advanced services (e.g. Baines & Lightfoot, 2014), solutions (e.g. Song et al., 2016) and complex performance (e.g. Caldwell & Howard, 2011). Others have focused on the purchasing process, excluding the make-buy decision (e.g. Presutti, 2003; Selviaridis et al., 2011) while incorporating post-outsourcing supplier management (MacKerron et al., 2015). The collaboration between buyer and provider (e.g. Aarikka-Stenroos and Jaakkola 2012; Kellogg & Nie, 1995; Vargo & Lusch, 2006) and its impact upon the success of procurement service implementation (Ellram et al., 2004; van der Valk & Wynstra, 2012) has also attracted the attention of scholars. Although there has been a long-running debate regarding service production, a preliminary review of the relevant literature concluded that services have long been neglected in research and are still overshadowed by the manufacturing sector (Anderson et al., 1989; Ellram et al., 2004; Spring, 2014). This also pertains to the subcategory of service procurement, which, as noted by Kleemann and Essig (2013) and Molin and Åge (2017), remains significantly under-researched.

Therefore, conducting an updated literature review related to service procurement is considered necessary to provide a systematic analysis and enrich the currently fragmented and quite diverse research in this specific area. Nicholson et al. (2018) explained that a systematic review belongs to a consolidated category of contributions wherein articles aim to advance the knowledge of a specific subject. Such articles are often referred to as state-of-the-art and require great objectivity because their findings can be generalized and replicated (Nicholson et al., 2018). Denyer and Neely (2004) highlighted the increasing attention that systematic literature reviews (SLRs) have attracted in business research.

In analysing systematically and developing a thematic coding of the content of previous studies across the services procurement field, our SLR delivers a threefold conceptual contribution to the literature. First, to our knowledge, this is the first SLR related to services procurement that critically evaluates, conceptualizes and problematizes existing knowledge by analysing the selected articles descriptively and thematically. The aim of this approach is to identify a tension or opposition and as a result generate new ways of understanding within a given area of concern (Breslin & Gatrell, 2020). The analysis was conducted by adopting Denyer and Tranfield's (2009) SLR approach. Second, this study reviews the supply literature to discern the validity of supply concepts for purchasing services. A juxtaposition between more recent literature in services procurement and historic supply theories has demonstrated the distinctiveness of services purchasing. A comparative framework was developed (see Figure 3 later), which represents an elaboration of the knowledge in services procurement and provides a perspective towards advancing future research in the area. Third, this study reinforces the recognition of the triadic structure of service relationships, a concept that is almost absent in classic supply theories. Li and Choi (2009) highlighted that the lack of understanding of the dynamic nature of these triadic relationships has been the reason for some failures in service outsourcing. Therefore, it is important to explore whether and how services procurement research has addressed the inter-relation between services buyer, provider and client.

The paper is structured as follows. The next section outlines our methodological approach. Then a section theorizing the services procurement literature is presented, to provide information about the selected articles and insight into existing services procurement knowledge through problematizing the literature. We present a comparative framework (Figure 3) and then the SLR findings are critically examined by comparing practices and challenges for services procurement. Finally, a research agenda is developed and key areas for future research are identified.

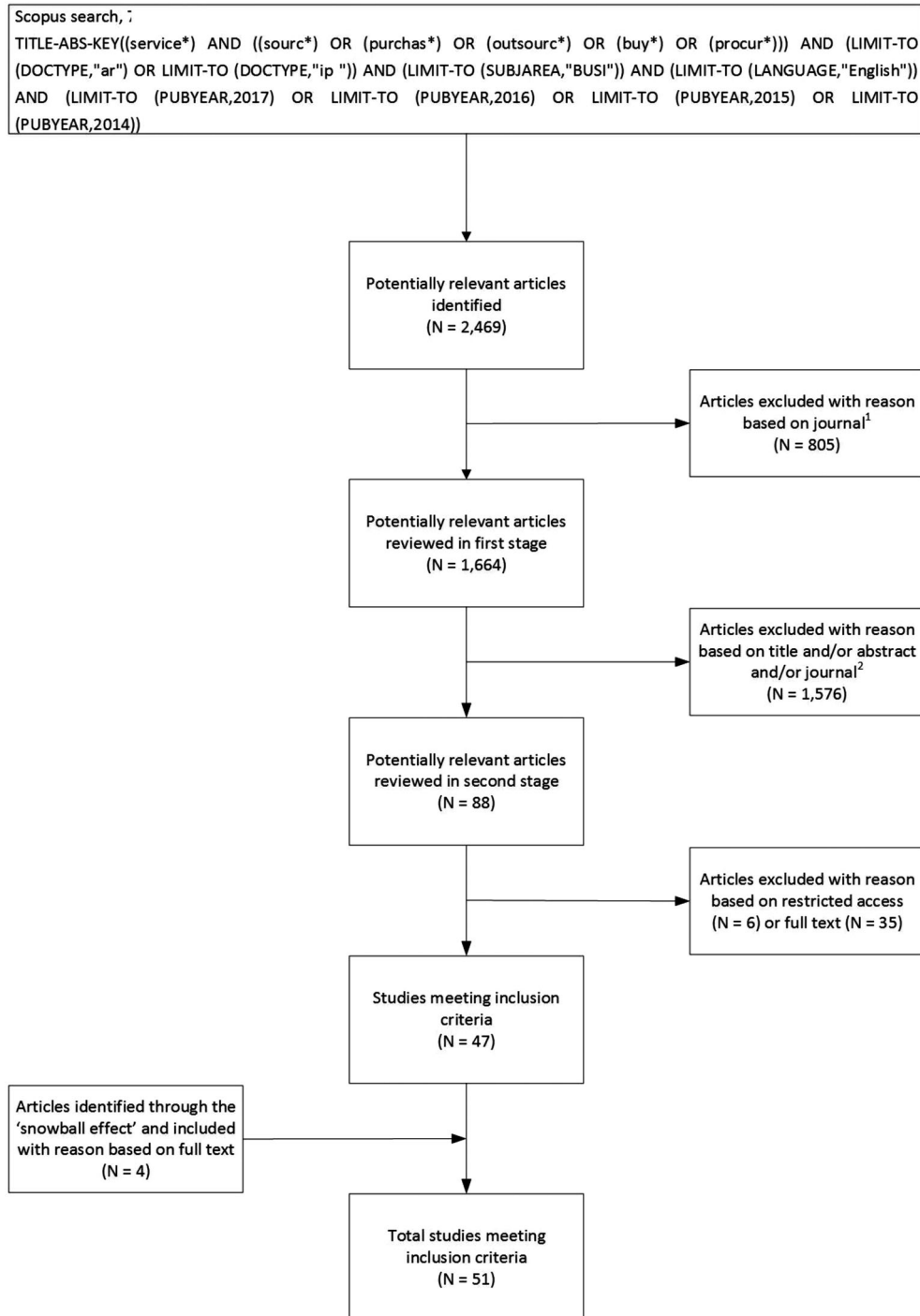
## DETECTING THE LITERATURE ON SERVICES PROCUREMENT

To conduct the SLR, we adopted a structured process following the guidelines provided by Denyer and Tranfield (2009). This includes the following five refinement stages, which are represented in Figure 1:

- *Stage 1: Question Formulation.* The focus of this study was established in the form of a core research question: What is the state of the services procurement literature in terms of general themes and challenges?
- *Stage 2: Locating Studies.* Aiming for a comprehensive, unbiased search (Tranfield et al., 2003), the inclusive search keywords string {(service\*) AND [(sourc\*) OR (purchas\*) OR (outsourc\*) OR (buy\*) OR (procur\*)]} was used on Scopus, which has the largest database of abstracts of peer-reviewed scientific literature (Valenzuela et al., 2017). Following Kohtamäki and Rajala's (2016) approach, who also conducted an SLR on Scopus, we used predefined inclusion and exclusion criteria. Our study included only scientific/peer-reviewed articles in the English language. Although this restriction might have prevented us from collecting all the relevant information, it still enabled us to gather the main scientific knowledge represented by the selected journals (e.g. Kauppi et al., 2018). During the first review round, the titles and/or abstracts and/or a brief review of the full text were evaluated according to the set inclusion and exclusion criteria (Appendix A), and all articles deemed potentially relevant were compared with the CABS Guide 2015. These data reduction procedures were reasonable considering the high proportion of articles that proved to be irrelevant based on title and/or abstract (Fayezi et al., 2017). At this stage, our search was quite broad and it related to the subject area of *business, management and accounting*, which aimed preliminarily at excluding a large share of irrelevant studies. Considering the goal of focusing on the most recent findings while still gathering substantive evidence, only articles published since 2014 were included. The article search yielded 2469 potentially relevant articles. The reason for adopting this specific timeframe, namely, from 2014 onwards, is that according to the relevant literature, there have been significant changes in procurement management since 2014. In particular, Obwegeser and Müller (2018) conducted a systematic literature review on innovative procurement and compared their SLR outputs with what they called the 'traditional procurement' practices, identified in their review as being grounded in institutional theory (Edquist & Hommen, 2000; Rolfstam, 2012; Rolfstam et al., 2011; Scott, 2013). One of

their main findings is that there is little research investigating suppliers' and buyers' perspectives on procurement management before 2014. Most importantly, they mentioned that they identified few articles focusing on the role of these parties in the procurement process and that the earliest publication was in 2014. Similarly, de Araújo et al. (2017) adopted an SLR approach to evaluate the supplier's contribution in procurement management. They reviewed articles published from 1973 to 2015 and found that the relationship between buyer, client and supplier, which plays a significant role in successful procurement processes, is an unexplored research area. 2014 is also the year wherein (government) regulations started highlighting the term 'efficiency in procurement', which led to high quality of services by obtaining desired goods or services at the lowest price (European Commission, 2015; Torvatn & de Boer, 2017). A survey on public procurement conducted by the Organisation for Economic Co-operation and Development (OECD) in 2014 revealed that procurement management started to be used as a set of secondary policy objectives (e.g. green and sustainable procurement, the development of small and medium-sized enterprises, innovative procurement) to be supported (OECD, 2015).

- *Stage 3: Study Selection and Evaluation.* Following requests for transparency (Denyer & Tranfield, 2009) and replicability (Tranfield et al., 2003), the selection process of the studies is depicted in Figure 1 and elucidated subsequently. Initially, we attempted to exclude journals not included in the CABS Guide 2015. However, after establishing that there were over 18 000 journals on Scopus alone (Valenzuela et al., 2017), this exclusion had to be abandoned for practical reasons. We decided to exclude all unranked journals that had published less than 10 potentially relevant articles using the aforementioned extension of the search string. Thus, 805 articles could be excluded. The second round of the process included 88 articles. The authors reviewed the full text of these articles and used colour coding in order to categorize the articles into three categories: 'accepted', 'possibly accepted' and 'rejected' (e.g. Kauppi et al., 2013). Adopting this approach enabled the authors to identify the articles to be included in the SLR. Finally, our thematic literature review included 51 articles, which the authors reread in order to conduct the literature analysis. Specifically, 41 (including six possibly germane studies) identified articles had to be excluded because their full text was unavailable (D'Antone & Santos, 2016). However, four articles suggested by the publishers' websites fulfilled all the inclusion criteria and, therefore, were additionally incorporated (i.e. 'the snowball effect').



1-journals that had published less than 10 relevant articles were excluded through an extension of the search string

2-articles that were judged as potentially relevant based on title and/or abstract, were checked for source quality based on the CABS Journal guide 2015 (this was necessary as it proved to be difficult to exclude all

**FIGURE 1** SLR process

Source: Adapted from Bakker (2010), cited in Kauppi et al. (2013, p. 1375).



- *Stage 4: Analysis and Synthesis* (the fourth step of the Denyer & Tranfield, 2009 approach adopted in order to conduct the SLR). A 'data extraction form' resulting in an extensive 'summary representation of the field of study' was created as a foundation for the analysis and synthesis (Denyer & Tranfield, 2009; Tranfield et al., 2003). The analysis itself was subdivided into a descriptive analysis and a thematic one (Tranfield et al., 2003). This allowed for a hybrid approach with 'a priori' codes derived from the literature, which were adapted and complemented based on the knowledge developed from the texts so that all relevant information could be coded (King, 2004). The descriptive analysis sought to review the selected articles to provide information about the sample (e.g. journal articles sourced from, year of publication, focused domain). The thematic analysis examined the articles and identified themes that the structure of the inquiry was based upon; the themes were independently reviewed by academic colleagues. Our SLR considers as themes the focused domain of the selected articles, aiming to identify key areas for future research.
- *Stage 5: Reporting and Using the Results.* In line with Denyer and Tranfield's (2009) recommendation, the results of the SLR will be presented in the findings, discussion and conclusions sections. The findings from the SLR, which has two key objectives, are reported. Initially, the SLR reports the main outcomes obtained from the descriptive analysis to provide information about the selected articles (Seuring & Gold, 2011). Second, the SLR was conducted to provide comprehensive insight into services procurement research, uncovering 'what is and is not known' (Denyer & Tranfield, 2009, p. 671), and to identify key areas for future research.

The 51 reviewed articles were published in 21 different journals. Specifically, as noted in Table 1, there are three main journal categories wherein articles related to services procurement have been published: 'Marketing Journals' ( $n = 18$ , 35%), 'Operations and SCM Journals' ( $n = 24$ , 47%) and 'Service Journals' ( $n = 2$ , 4%); a few articles included in the study could not be categorized ( $n = 7$ , 13%). Most of the articles reviewed belong to the 'Operations and SCM Journals' ( $n = 24$ , 47%) subject category; however, 'Industrial Marketing Management' is a marketing journal, and it has published the highest number of relevant articles ( $n = 10$ , 19%).

We realized that most articles were published in 2016 ( $n = 19$ , 37%). We also examined the articles' domain (as per Tranfield et al., 2003) and conceptually, the domains of services procurement have been constructed from the concepts presented in the reviewed literature (cf. Fayezi et al., 2017). The analysis reveals that most of the articles

focused on 'Service Production' ( $n = 14$ , 27%); 12 of the reviewed articles concentrated on 'Governance' (23%), 9 studied 'Purchasing Approach' (17%), 7 focused on 'Supplier Selection' (13%) and 'Performance Management' was the research area of 5 articles (9.8%). It is worth reporting that only two articles contributed to the 'Service Triad' (4%) and two studied 'Specification of Requirements' (4%).

## THEORIZING THE SERVICES PROCUREMENT LITERATURE

In this section, we begin to interpret and analyse the literature, presenting an in-depth critical examination of the extent knowledge base. We position the theoretical basis for the identified research domains using what Sanderson et al. (2015) proposed as the three typical phases of procurement: pre-contract or demand management; selection and contracting; and post-contract (relationship management and operational delivery) within supply chain management. In the following, we discuss each of these and conclude the subsections by problematizing the research explored in the discussion section.

### Pre-contract

Our proposal is that this first phase discusses organizational purchasing behaviour and relates to what the supply chain literature theorizes as organizational decision-making, such as role theory and behaviour choice theory. *Service production* and *specification of requirements* were identified from the SLR as the two domains related to this phase. It is argued that role theory explains which organizational functions should be involved in purchasing decisions and what specific roles they should play for this purchasing to occur (Sanderson et al., 2015). Literature considering aspects of *service production*, including Chowdhury et al. (2016), indicated that role conflicts, ambiguity, weak-form opportunism and power play can have adversely affected VCC, resulting in job stress, lack of transparency, or even a negative impact on the buyer-supplier relationship. In addition to this, but from a slightly different perspective, behaviour choice theory explores how the various actors in organizational decision-making behave to undertake the purchasing process (Sanderson et al., 2015). The literature has also focused on the procurement of knowledge-intensive business services solutions and we suggest that regarding *specification of requirements*, a thorough understanding of the precise needs is a prerequisite for the subsequent 'value (co)-creation' (Brandl, 2017; Petri & Jacob, 2016)—it is the buying party's responsibility, highlighting the thereby created 'indirect value'.

TABLE 1 Breakdown of publishing journals

#	Journal category and title	No. relevant articles	%
Marketing Journals			
1	<i>Industrial Marketing Management</i>	10	19
2	<i>Journal of Business and Industrial Marketing</i>	6	12
3	Other Marketing Journals	2	4
Operations and SCM Journals			
4	<i>International Journal of Production Economics</i>	6	12
5	<i>Journal of Purchasing and Supply Chain Management</i>	6	12
6	<i>International Journal of Operations and Production Management</i>	2	4
7	<i>International Journal of Physical Distribution and Logistics Management</i>	2	4
8	<i>Production Planning and Control</i>	2	4
9	<i>Supply Chain Management: An International Journal</i>	2	4
10	<i>Business Process Management Journal</i>	1	2
11	<i>International Journal of Quality and Service Science</i>	1	2
12	<i>Journal of Operations Management</i>	1	2
13	<i>Journal of Supply Chain Management</i>	1	2
Service Journals			
14	<i>Service Studies</i>	2	4
Journals from Other Categories			
15	<i>European Management Journal</i>	1	2
16	<i>Group and Organization Management</i>	1	2
17	<i>Industrial Management and Data Systems</i>	1	2
18	<i>International Journal of Public Administration</i>	1	2
19	<i>International Small Business Journal</i>	1	2
20	<i>Journal of Business Research</i>	1	2
21	<i>Personnel Review</i>	1	2
<b>Total</b>	<b>51</b>	<b>100</b>	

Notwithstanding this perspective, other authors such as Hawkins et al. (2015) have identified that some requirements need to be defined in sufficient detail to avoid negatively impacting future 'service quality'. By problematizing the current theorization of this pre-contract domain, we identify the apparent challenge of providing services for customers, especially with regard to aspects of co-creation; furthermore, there appear to be many apparent issues in specifying and defining what is actually needed from the service, and then designing appropriate performance measurement systems.

## Selection and contracting

The literature on services procurement also identifies with the economics of contracting associated with two research domains highlighted from the SLR, namely, the *purchas-*

*ing approach* and *supplier selection*, based on agency theory and transaction cost economics. Within this second phase, authors suggest that agency theory is about delegating the responsibilities of one actor (i.e. principal) to the other to execute valued tasks or activities by serving the interests of the principal rather than the interests of the agent (Chick-sand et al., 2012). Our review indicated that with regard to *supplier selection*, the greater focus on 'soft skills' highlighted that organizations should choose their provider for professional ICT services based on competencies and best quality, with a broader range of characteristics also apparently valued by advertisers (Gelderman et al., 2015; Turnbull & Wheeler, 2016). It has also been widely recognized that transaction cost economics proposes that 'transaction' characteristics, such as uncertainty encountered by purchasers and frequency of transactions, define transaction costs and subsequently the optimum purchaser-supplier governance structure (Wynstra et al., 2018).

In addition to this, the literature covers aspects of the *purchasing approach*, standards and written guidelines, suggesting that they favourably affect purchasing efficacy and reduce both ex-ante and ex-post direct transaction costs, whereas preferred supplier agreements intensify undesired intimate relationships with providers (Pemer et al., 2014). Interestingly, there were also warnings of deterioration in value and of management consultants denying their services in response to a purchasing-driven sourcing process focusing principally on price (Skjølsvik, 2016). Overall, the literature suggests a valuable involvement of purchasing distinguishing itself through buyers being knowledgeable about the specific services, factoring in value for money instead of simply lowest cost (Lonsdale et al., 2017), as well as the willingness to adopt a more supportive role to deliver what the budget owner needs (Ellram & Tate, 2015).

Regarding *supplier selection*, the literature positions aspects of document accuracy, problem-solving capability and continuous cost reduction as the most critical determinants for integrated circuit manufacturers when selecting a 3PL provider (Hwang et al., 2016). Furthermore, some authors suggest that a focus on monetary terms was also encouraged by considering capability and price when choosing an IT outsourcing partner (MacKerron et al., 2015). Several authors have proposed that cultures with higher uncertainty avoidance rely more on formal, non-relational criteria (Pemer et al., 2014) and providers' reputation, which results in purchasing managers emphasizing functional aspects more (Aarikka-Stenroos & Makkonen, 2014; Gomes et al., 2016). Two elements of problematization are suggested here: the first relates to the apparent challenges inherent in identifying and evaluating potential suppliers; the second relates to what should be the more pragmatic purchase element—or more specifically, how companies contract with others to obtain their services.

## Post-contract

The first part of this final phase elaborates networks and inter-organizational relationships relying on transaction cost economics, social exchange theory and resource dependence theory. From the review of the literature, the research domains of *governance* and the *service triad* emerged under the *relationship management* theme, but we will start here with social exchange theory, which according to the literature explores how purchaser–supplier relationships work and develop over time, utilizing concepts such as trust, cooperation, communication, expectations and conflict (Sanderson et al., 2015).

Our review sample shows that several premises for VCC have been identified, especially for buyers who are able to increase value by clearly setting up their goals, proactively sharing information and knowledge, increasing commitment from senior management and affected employees, administering trust in the provider (Petri & Jacob, 2016) and being innovative regarding, for example, the arrangement of contracts (Story et al., 2017). Several authors have proposed that regarding *governance*, especially for complex services, contracts might remain incomplete, and trusting relationships that facilitate necessary ex-post adjustments have to be established (Gelderman et al., 2015; Roehrich & Lewis, 2014). Other contributions suggested that besides mitigating the consequences of information asymmetry, relational governance also decreased opportunism by aligning mutual interests, improving communication and promoting coordination (Huo et al., 2015, 2016). The literature also advocated aspects of additionality, mastering an outsourcing organization's dependence on its contractor by contributing to cooperative relationships (Huo et al., 2015). Furthermore, according to the literature, supplier-led innovation required both a contractual basis and trust between the parties (van der Valk et al., 2016).

Several of the articles in our review commented on resource dependence theory, emphasizing the point that organizations rely on external resources such as services to survive and succeed (Håkansson & Ford 2002; Kalaitzi et al., 2019). A related aspect emerged from the literature with regards to the actors–resources–activities framework (Håkansson & Snehota, 1995), which has been recognized as a significant model in business network relationships by drawing on the resource dependence theory and the social exchange theory (Sanderson et al., 2015). In our study, the triadic structure of service relationships (buyer–supplier–client) and the themes being investigated are illustrated in Figure 2. From our review of the literature and the interpretation presented, service triads are composed in one of two ways. The first is the buying organization, its final customers/partner firms and the service provider, and the second is the procurement department, its internal clients and the service provider. Only choosing a customer-focused supplier does not ensure good quality service, as the provider's ability to perform depends on the characteristics of the client, the client–provider tie and the end customers (Wuyts et al., 2015). Our review of the literature demonstrated the effect of social capital on dyadic actor bonds in triads, revealing that higher levels of cognitive capital between buyer and provider, as well as relational and structural capital between provider and partner firms, adversely affect the level of structural capital between buyer and partner firms (Hartmann & Herb,



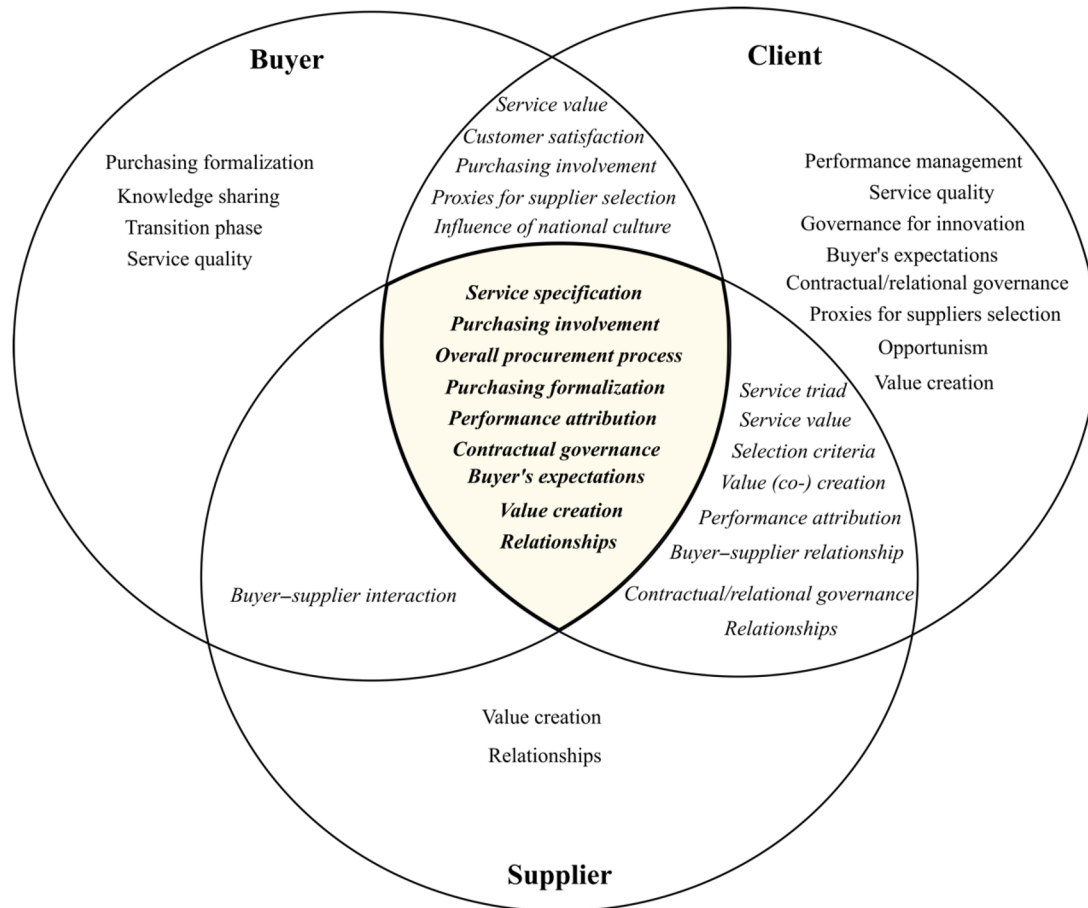


FIGURE 2 The triadic structure of service relationships [Colour figure can be viewed at [wileyonlinelibrary.com](http://wileyonlinelibrary.com)]

2015). Studies within the supply chain management literature highlight the importance of acknowledging the internal buyer and client in service outsourcing; for in-house use, the service triad should be placed at the core of any knowledge-intensive business services purchasing aiming to generate innovation outputs (D'Antone & Santos, 2016).

The systematic literature review clearly identified the *performance management* research domain as an important aspect of delivery of service operations. This area is both relevant and important, as control theory or cybernetics explains how behaviour can be shaped through feedback and it indicates how performers self-adjust through self-regulating behaviour in relation to standards (Buchner, 2007). Furthermore, authors have identified that systems theory can explain inter- and intra-organizational processes by viewing the supply network as a whole (Sanderson et al., 2015). With regards to *performance management*, several studies have emphasized the benefits of highly specified contracts in providing a clear understanding of what is demanded (Abdi et al., 2014; Selviaridis, 2016a), and they assist in addressing difficulties in performance attribution by defining the inputs required by each party, arguing that formal contractual provisions are

understated. Additionally, the literature posits that when the contractor is in direct contact with the buyer's customers, detailed contracts augment important exploitative and exploratory knowledge sharing (de Vries et al., 2014).

It is widely recognized in the literature that performance-based contracting (PBC) has been demonstrated to entail difficulties, such as the necessity to specify performance outcomes in advance, which limits valuable buyer-supplier interaction, and low outcome attributability owing to both non-controllable aspects and buyer involvement, which decreases providers' inputs and effort (Gelderman et al., 2015; Nullmeier et al., 2016). According to MacKerron et al. (2015), performance management comprises all facets of the relationship; however, different tools are recommended in the literature for the actual performance assessment. For example, while Siew-Chen and Vinayan (2016) described a daily hiring target for the HR outsourcing provider, Sarapaivanich and Patterson (2014) found that buyers' limited functional knowledge for auditing services leads to the service supplier's communication being taken as a proxy for the value delivered. Interestingly, a number of authors have suggested a middle ground, with the use of a balanced

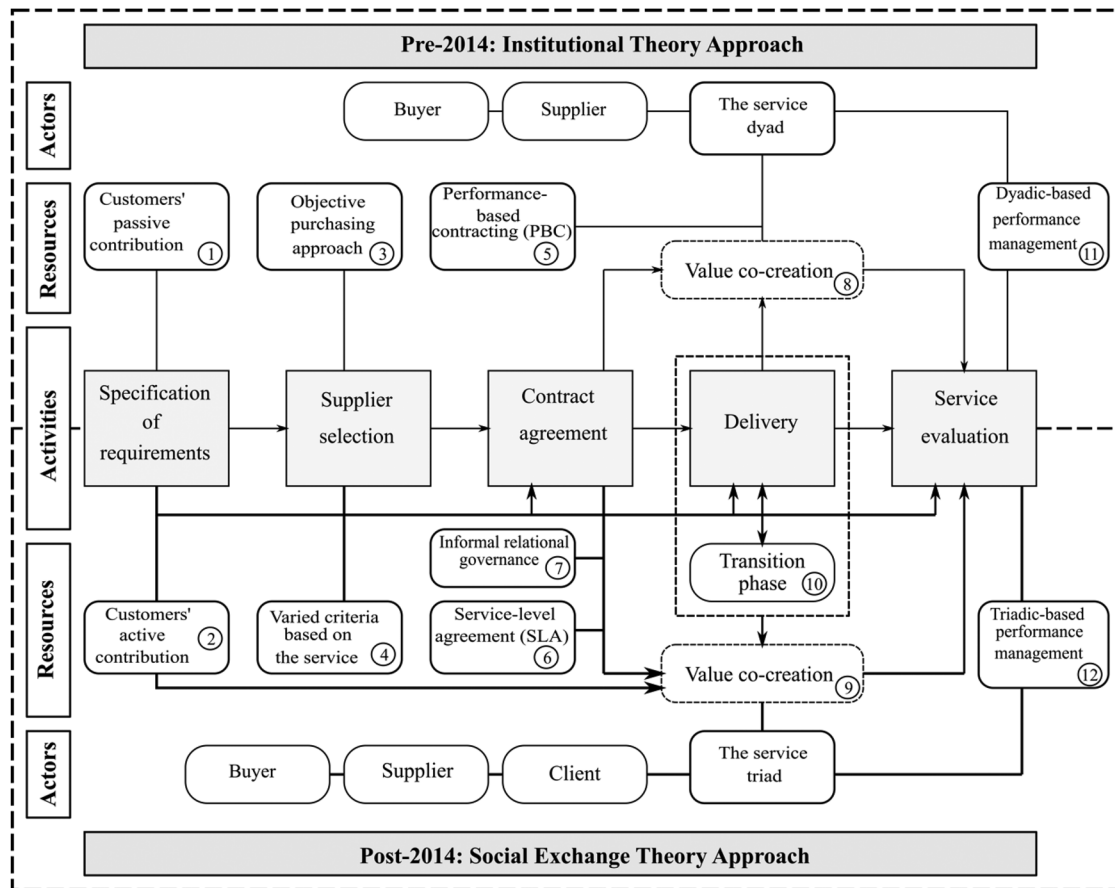


FIGURE 3 Comparative actors-resources-activities framework of service procurement process (pre- and post-2014)

scorecard with its dimensions adapted to the particular project (MacKerron et al., 2015; Nudurupati et al., 2015).

Finally, regarding performance improvement, various practices are presented within our review sample. Some of these are more technical in nature, such as monthly governance meetings, a bonus payment for effective performance, or a service credit system penalizing the provider financially for poor performance (MacKerron et al., 2015; Siew-Chen & Vinayan, 2016). Through beginning to critically investigate the extant knowledge base, we further problematize the emergent themes. Governance appears to be a most challenging area. At face value, having a system for directing both behaviour and the decisions of procurement, perhaps via service-level agreements (SLAs), should be straightforward. But the varying degrees of received 'legislation' do appear to moderate responsiveness and innovation. Additionally, from a procurement perspective there seem to be three key players: the buyer, the supplier and the customer. Not nearly enough is known about the key facets and subtle leverage points for this tripartite, the so-called service triads. Furthermore, despite a great deal of interest and research in aspects of measurement, analysis and management of supplier companies, most of the literature examines and appears to be preoccupied with 'what' good

practice is, not necessarily on the depth of detail required to showcase 'how' to performance manage services procurement. Table 2 provides a collation of the above perspectives and links them to relevant example articles.

Figure 3 presents a comparative framework of the services procurement process and emphasizes the different supply practices described before and after 2014. The figure and text have been clearly coded/signposted to indicate the different elements of the presented framework (as per Niesten & Jolink, 2020). The post-2014 supply literature (which we report as having a social exchange theory approach) highlights the importance of cooperation between all actors in the service procurement process, which is described as a co-creation process. It demonstrates the significance of the service triad in the services purchasing and management process because the relationship between all actors in a procurement process affects the quality of the service provided. It also supports that the collaboration between the service providers is critical and contributes to the specification of the requirements of a procurement process, which is a continuous process that extends until the implementation stage. This could be characterized as a more complicated process, and this is the reason why current literature highlights the need for

TABLE 2 Seven identified research domains, definitions and representative articles

Identified domain	Description/problemization	Example articles
Service production	Providing a service for customers (value co-creation)	14 articles/Komulainen (2014), Petri and Jacob (2016), Story et al. (2017)
Specification of requirements	To define what is needed and then measure performance against that	2 articles/Gelderman et al. (2015), Hawkins et al. (2015)
Purchasing approach	How a company contracts with others to obtain services (purchasing guidelines and policies)	9 articles/Ellram and Tate (2015), Luzzini et al. (2014), Perner and Skjølsvik (2016)
Supplier selection	Identifying, evaluating and contracting with supplier companies	7 articles/Saccani et al. (2014), van der Valk and Wynstra (2014)
Governance	System for directing the behaviour and decisions of procurement in an organization (service-level agreements, contracts)	12 articles/Huo et al. (2015), Selviaridis (2016a)
The service triad	Relationship between buyer, supplier and customer	2 articles/Hartmann and Herb (2015), Wuyts et al. (2015)
Performance management	Measurement, analysis and management of supplier companies	5 articles/Macdonald et al. (2016), Nudurupati et al. (2015), Sarapaivanich and Patterson (2014)

guidelines to provide a more standardized purchasing process, avoiding any risk of failure.

In contrast, the pre-2014 supply literature (which we report as having an institutional theory approach) describes the service procurement process as a straightforward process, counting on open communication and transparency. It suggests that the specification of requirements be completed in the initial stage of the procurement process. It focuses on the importance of the purchasing process being aligned with the corporate strategy, without considering the client–supplier relationship.

The primary focus of the current supply literature is VCC, which is considered a key element in the production of services, increasing the quality of the provided services. In addition, emphasis is also put on communication between all the actors in the process, information and knowledge sharing, consideration of differing specifications throughout the service process and the development of performance improvement through cooperation.

## SERVICES PROCUREMENT PRACTICES AND CHALLENGES

This section provides an overview of the practices and challenges of services procurement. It compares the findings of the SLR by reflecting on the comparative actors–resources–activities framework of the service procurement process (Figure 3) and the identified domains.

### Service production

Regarding the actual service production, Brandl (2017) elucidated different phases of VCC for knowledge-intensive business services and concluded that although customer participation carries greater weight in the early stages, communication between parties is required throughout the process. Additionally, a high degree of co-production prevailed for sophisticated services, systemic offerings and knowledge-centric services, wherein perceived technical value increases with increasing customer involvement (Brandl, 2017; Hallikas et al., 2014; Song et al., 2016). Conversely, customer input can be substantial for allegedly simple services, such as cleaning; by specifying safety standards, arranging for the objects to be cleaned and issuing regulations concerning the timing, the purchasing organization makes coordination between its own operations and the contractor’s operations an absolute necessity (Nullmeier et al., 2016).

The importance of customer involvement and VCC is equally emphasized in both the pre- and post-2014 services procurement literature (e.g. Brandl, 2017; Hallikas

et al., 2014; Song et al., 2016). Pre-2014 supply research depicts the collaboration as rather straightforward, counting on open communication and transparency; in this collaboration, providers build on their specialist skills while customers share relevant knowledge and express their needs (e.g. Aarikka-Stenroos & Jaakkola, 2012; Ballantyne & Varey, 2006; Prahalad & Ramaswamy, 2004). The outcomes of the SLR and post-2014 literature do not contradict these propositions, but they represent a more nuanced picture of the co-creation process. Initially, they highlight many additional premises for successful service production, such as a customer's active contribution, including information sharing, innovation and learning, and mutual target achievement (Kohtamäki & Partanen, 2016; Komulainen, 2014; Murthy et al., 2016; Petri & Jacob, 2016; Story et al., 2017). Second, the SLR has also identified potential pitfalls, which could lead to negative outcomes affecting individuals, the scope of the project and the future relationship between the parties (Chowdhury et al., 2016). These complexities are entirely missing in the pre-2014 literature, which might be criticized for representing service production as too simplistic and harmonious (see Figure 1 and 2).

Another insight that has emerged from the SLR is that client involvement and co-production hinder VCC by constraining the supplier in performing its job (Nullmeier et al., 2016). Although the variability of service quality arising from customer participation has been emphasized as challenging for vendors (Sampson & Froehle, 2006), buyer regulations also exacerbate the process (Nullmeier et al., 2016). Lastly, the transition phase, a pivotal part of services outsourcing (Taponen & Kauppi, 2016), is missing in the pre-2014 services procurement research (see Figure 3 [10]). Overall, the service production phase is inadequately represented in the pre-2014 literature and is under development in current research; few studies cover potential conflicts during VCC.

## Governance

Contrary to pre-2014 supply literature (Axelsson & Wynstra, 2002; Cousins et al., 2008), more recent research has not addressed SLAs as a necessary addition to the service contract. Nonetheless, considering that articles emphasize the importance of detailed specifications (e.g. Abdi et al., 2014; Huo et al., 2015; Selviaridis, 2016b), it may be valid to assume that SLAs recording the stipulated service levels (Axelsson & Wynstra, 2002) are regarded as a relevant but natural element and, therefore, are not discussed explicitly (see Figure 3 [6]).

PBC, as a contracting strategy, has been identified in the pre-2014 literature as an increasingly popular tool that spares the buyer the often intricate process of accurately

defining the service constituents (Hypko et al., 2010; Klee-mann & Essig, 2013). However, findings from the SLR reflect a more guarded picture that regards the constraints of PBC to be an inherent limitation of the buyer-supplier exchange by requiring service outcomes to be defined beforehand, necessitating outcome ascription (Gelderman et al., 2015; Nullmeier et al., 2016) (see Figure 3 [5]). This latter point has been shown to reduce supplier endeavour; this is a far-reaching issue not considered by the pre-2014 body of literature. A further aspect considered more subtly by contemporary research is the choice of post-contractual governance. In contrast to pre-2014 concepts, formal contractual and informal relational governance are pointed out as complementary, with the contract forming the basis for the exchange and the relational aspects providing a stable and positive relationship (e.g. Huo et al., 2016; Roehrich & Lewis, 2014) (see Figure 3 [7]). The foundation of this system has been argued to be instituted by the outsourcing management process (OMP) (Zhu et al., 2017). Moreover, the consideration of the service's final usage has been emphasized as a relevant reference point regarding the configuration of governance (van der Valk & Wynstra, 2014). In addition, the function of contracts has been extended to include aspects such as encouraging the sharing of knowledge and undertaking relationship learning (de Vries et al., 2014; Selviaridis, 2016a), while it had initially been limited to controlling the exchange and safeguarding the buyer from opportunism (Williamson, 1979). As traditionally recognized, relational governance needs time to develop (Pilbeam et al., 2012; Roehrich & Lewis, 2014). Nevertheless, given its benefits, recent literature does not merely describe it as a consequence of long-term relationships, but as a goal that should actively be pursued, especially for the provision of more sophisticated services (e.g. Huo et al., 2015; Roehrich & Lewis, 2014; Saccani et al., 2014; van der Valk et al., 2016). In conclusion, the SLR outputs have refined the perspective on services outsourcing governance by taking a more critical approach to commended governance instruments and deviating from the traditional view regarding contractual and relational post-contractual governance.

## Purchasing approach

Studies from 2014 to mid-2017 have illustrated the contentious role of the procurement department in the purchasing of services (e.g. Ellram & Tate, 2015; Lonsdale et al., 2017; Perner & Skjølvik, 2016). While a number of scholars have claimed that professional buyers could increase the obtained value on all accounts (D'Antone & Santos, 2016; Tate et al., 2017), others have underlined the relevance of the client-supplier relationship (Skjølvik, 2016)



and the differences in meaningful involvement, depending on the cultural context, type of service, stage of the sourcing process and buyer's specific competencies (Ellram & Tate, 2015; Lonsdale et al., 2017; Luzzini et al., 2014; Perner et al., 2014). This friction is not reflected in the traditional literature, which assumes purchasing to be in control of all purchasing cases, and thus able to exploit corporate-wide linkages in sourcing and contribute to competitive advantage by actively aligning all activities with the corporate strategy (e.g. Cousins, 2005; Kraljic, 1983; Monczka & Petersen, 2012) (see Figure 3 [3]). This evolution has apparently not yet occurred in services procurement, wherein, judging from Reck and Long's (1988) model, the procurement department remains in the first stage of the strategic development process.

The pre-2014 literature also describes that, from a strategic supply management perspective, non-critical categories are taken care of in a decentralized fashion (Baily et al., 2005; Cousins, 2002; Kraljic, 1983). The SLR findings reveal the highest involvement of purchasing to be in services of low complexity, strategic importance and value (Ellram & Tate, 2015; Luzzini et al., 2014). This might be related to the fact that services are—although to varying degrees—co-produced (e.g. Sampson & Froehle, 2006), which entails a much more intense interaction between client and provider than the one foreseen by the traditional supply literature (Ellram et al., 2004). Moreover, as specifications for complex services tend to be developed jointly with suppliers (e.g. Gelderman et al., 2015), participating representatives of the buying company need to possess service-specific knowledge (Abdi et al., 2014; Siew-Chen & Vinayan, 2016), which may be lacking in centralized procurement departments supervising a wide range of purchases (Ellram & Tate, 2015; Lonsdale et al., 2017). This might also explain why recent literature in the domain mainly deals with professional services, such as management consulting (e.g. Lonsdale et al., 2017; Perner et al., 2014; Skjølsvik, 2016) (see Figure 3 [4]). In addition, the SLR findings suggest that the contribution of purchasing is particularly valid during the specification of requirements (Ellram & Tate, 2015; Lonsdale et al., 2017). As highlighted by D'Antone and Santos (2016) and Luzzini et al. (2014), it would therefore be desirable that services procurement studies shift their focus from the exclusive client–supplier relationship to the cooperation between the procurement department, the internal client and the provider.

Moreover, a deeper investigation of the application of purchasing guidelines and policies, as an alternative to direct buyer involvement, may be beneficial, as their positive effect has been demonstrated (Perner et al., 2014). Contradictorily, pre-2014 supply literature prescribes frameworks for approved suppliers (de Boer et al., 2001). Guidelines, which do not principally emphasize price, but

provide insights into a variety of attributes to be considered during the selection process, may also be more acceptable to suppliers wishing to avoid any risk of failure (Perner & Skjølsvik, 2016). According to this supply literature, the purchasing process needs to be designed considering the corporate strategy in order to achieve a competitive advantage. However, the SLR outputs reveal that more recently, cooperation between procurement departments, internal clients and providers, which facilitates the creation of higher quality service, has been emphasized.

## Supplier selection

Contemporary literature on supplier selection is fragmented, with studies either focusing on criteria and recommendations for particular services (e.g. Hwang et al., 2016; Jensen, 2015; MacKerron et al., 2015), or investigating the effect of factors such as national culture, behaviour at a sales meeting, reputation or supplier's experience on the decision to choose a supplier (e.g. Aarikka-Stenroos & Makkonen, 2014; Ho & Wei, 2016; Kaski et al., 2017; Perner et al., 2014). The first set of articles neither offer advice on how these specific criteria can be verified without previous supplier experience, nor consider the influence of more subjective attributes on the decision. Hence, the findings do not substantially add to the traditional supply literature, which also indicates a comparison of potential suppliers with pre-specified criteria (Cousins et al., 2008; Nair et al., 2015) while simultaneously admitting a difficulty in assessing service providers ex-ante because of the absence of search properties (Day & Barksdale, 1994; Mitchell, 1994). This output has led to the conclusion that a systematic, objective process, as presented in the standard literature, does not apply to services procurement. However, a difference in criteria pertaining to functionally distinctive items (Cousins et al., 2008) was observed for services with a differentiation between routine, product-centric services and knowledge-intensive business services (e.g. MacKerron et al., 2015; Turnbull & Wheeler, 2016).

Pre-2014 research offers a more general approach to supplier selection, with the portfolio sourcing strategy considering strategic importance and market complexity as the goods to be purchased (Kraljic, 1983). Such a framework does not exist for services sourcing, wherein more universally valid suggestions are limited to taking into account the service's final application (e.g. Saccani et al., 2014; van der Valk & Wynstra, 2014). While 'market complexity' might be omitted because of the closer relationship commonly sought, particularly for complex services (Murthy et al., 2016; Petri & Jacob, 2016), an additional inclusion of features such as the level of complexity, co-production or



the availability of search properties (e.g. Aarikka-Stenroos & Jaakkola, 2012; Hallikas et al., 2014; Mitchell, 1994) might be desirable. However, it could be argued that it was not the intention of these studies to create a supplier-selection scheme, which hence provides opportunities for future research.

## Performance management

The measurement of supplier performance has been highlighted as a vital part of the procurement process in both pre-2014 literature (e.g. Baily et al., 2005; Presutti, 2003) and post-2014 research (e.g. MacKerron et al., 2015) (see Figure 3 [11] and [12]). While the control of incoming goods is rather straightforward, scholars of both sets of articles have expressed difficulties in assessing services based on the absence of credence qualities, a time lag between service implementation and materialization of results, and the complexity surrounding performance attributability (Day & Barksdale, 1994; Nullmeier et al., 2016; Sarapaivanich & Patterson, 2014). Accordingly, the use of proxies for service quality observed in early literature (Day & Barksdale, 1994) has been confirmed by findings that are more recent (Sarapaivanich & Patterson, 2014).

However, Siew-Chen and Vinayan (2016) have observed a preference for tangible and objective criteria, an approach that might be inadvisable considering the expressed dissatisfaction by internal clients. The use of a balanced scorecard ensuring that provider assessment considers aspects concerning financial as well as quality-related targets (MacKerron et al., 2015; Nudurupati et al., 2015) may thus present a more promising path. Moreover, the contribution of the quality of buyer inputs to the quality of the final service noted by Sampson and Froehle (2006) has been reinforced and broadened by Macdonald et al. (2016), who highlighted the varying degrees of significance that diverse corporate roles ascribe to internal and external service inputs.

Regarding the management of performance improvement, the SLR outputs provide aspects that differ from the approaches described in the pre-2014 body of research. On the one hand, pre-2014 procurement literature supports that 'supplier development' improves performance by actively engaging in the vendor's operations (Barratt, 2004; Cousins et al., 2008; Hartley & Jones, 1997). On the other hand, the SLR found that the buyer company also pushes for improvement; however, it is unable to achieve any improvement through direct involvement and has to rely on incentivizing the service provider to ameliorate its performance, either financially or based on the common relationship (e.g. Hawkins et al., 2015; Huo et al., 2015;

MacKerron et al., 2015). As the success rate of these different techniques has not been evaluated yet, further research on the effectiveness of performance improvement methods for outsourced services is recommended.

## The service triad

Although constituting the core theme of only two articles identified through the SLR, the service triad has been addressed by other authors, which demonstrates its significance in the services purchasing and management process (e.g. Hartmann & Herb, 2015; Lonsdale et al., 2017; Wuyts et al., 2015). Regarding the buyer-external customer-supplier triad, the social relationships between the actors have been accentuated as affecting the quality of the service and the power of each of the parties (Hartmann & Herb, 2015; Wuyts et al., 2015). Concerning the triad composed of the purchasing department, the internal client and the service provider, research focusing on the initial purchasing stages suggests that the relationships between these actors are the main issue hindering the buying process (e.g. Lonsdale et al., 2017; Perner & Skjølvsvik, 2016; Tate et al., 2017).

Pre-2014 supply literature has also highlighted supply 'chains' as networks (Choi & Wu, 2009), with triadic relationship structures also existing for services (Li & Choi, 2009). Because of the significant role ascribed to the purchasing department in the pre-2014, material-based supply literature (Chen & Paulraj, 2004; Cousins et al., 2008; McGinnis & Vallorpa, 1999), the focus is almost exclusively on the dyadic buyer-supplier relationship within all steps of the procurement process (e.g. Axelsson & Wynstra, 2002; Cousins et al., 2008; Hartley & Jones, 1997). Consequently, the models of the procurement process lack an essential component for their applicability in services procurement. It could be argued that in purchasing situations for internal business services, wherein the buying department is not generally regarded as a participatory party (Ellram & Tate, 2015), focusing on supplier-client dyads might be adequate. However, this position is challenged by discussions around an increased involvement in purchasing (e.g. D'Antone & Santos, 2016; Lonsdale et al., 2017). It might thus be inferred that by neglecting the impact of all involved parties on process and outcome, dyadic supply literature risks restricting the validity and practical applicability of its findings. A dyadic point of view might even be more concerning when the triad includes external customers, as the focal company's customer relationships, an important part of its commercial basis, are directly impacted (Hartmann & Herb, 2015; Jensen, 2015; Wuyts et al., 2015). As a conclusion, services procurement research cannot merely draw on traditional supply

literature; it ought to investigate the validity of its concepts regarding the involvement of a third actor (see Figure 3 [8] and [9]).

## Specification of requirements

Most scholars focusing on the subject under investigation highlight the importance of collaboration between the service providers (e.g. Hawkins et al., 2015; Molin & Åge, 2017). This implies that the specifications are not finalized at the beginning of the procurement process, but that it is a continuous process that extends until the implementation stage (Gelderman et al., 2015; Roehrich & Lewis, 2014). These insights contrast sharply with the pre-2014 literature, which supports the specification of requirements being completed before the supplier is selected (e.g. Fitzsimmons et al., 1998; Presutti, 2003). Although Ellram et al. (2004) and Lindberg and Nordin (2008) suggested that the early specification of requirements enables buyers to take prudent decisions, protecting them from opportunistic vendor behaviour, this perspective might hinder the client from obtaining the most suitable service because the supplier perspective is not involved in the decision-making process. This has been pointed out as unfavourable for sophisticated services (Gelderman et al., 2015; Roehrich & Lewis, 2014) (see Figures 1 and 2).

Axelsson and Wynstra (2002) recommended four different approaches to defining requirements with input–outcome-oriented specification methods, which are appropriate for buyers who are uncertain about their exact needs and, therefore, prefer to prescribe their requirements in terms of a certain amount of time, skills or value. However, these alternatives do not consider how the purchasers may become more knowledgeable during the process and how they might adjust the scope of the services together with the provider. Hence, a dynamic view of specifications is lacking in pre-2014 supply literature, claiming that the uncertainty stemming from the incapability to define one's requirements should clearly lead to a decision to insource (Ellram et al., 2007; Grover & Malhotra, 2003).

In summary, the main challenges identified by the SLR are collated in Table 3.

## DISCUSSION AND DIRECTIONS FOR FUTURE RESEARCH DEVELOPMENT

Our findings revealed that most of the research in the reviewed body of knowledge focus on the service production process, with an emphasis on VCC. Considering the

less investigated topics in this snapshot of current literature, it may be inferred that scholars' focus on those stages is distinctly different from their focus on goods-based supply management—such as VCC compared to goods delivery; those steps are similar but differ greatly in practice because of the characteristics of services. However, as demonstrated, this is not indicative of challenges, which clearly exist for all stages (Table 3). Another factor that might partly explain the dispersion of topics is the fact that over one-third of the identified studies stem from marketing journals. Given the short period of analysis, a trend with regard to themes cannot be discerned.

As highlighted in the 'services procurement practices and challenges' section, the applicability of pre-2014 supply theories—such as the institutional theory approach to services procurement—is limited. Although sharing the same underlying concerns, concepts established upon the sourcing of materials assume different attributes and requirements, influencing the specification, provider selection and performance improvement phases. In areas in which pre-2014 literature comprises services-specific research, its applicability is naturally much higher. Nevertheless, recent findings have revealed additional complexities and they thereby add to the pre-2014 body of literature. Besides its material-based nature, the pre-2014 supply literature also expects the procurement department to be heavily involved in the purchasing process. This enables it to engage actively in strategic sourcing and category management, something that seems impossible for services. Finally, the triadic concept is entirely missing in concepts propagated by the pre-2014 supply literature, but it has been recognized in the novel services procurement literature.

Although only two articles from the SLR directly investigated the inter-relation between all three actors (Hartmann & Herb, 2015; Wuyts et al., 2015), the triadic concept has been recognized indirectly by a large number of studies canvassing actors from the buyer, supplier and client side to examine diverse sourcing topics. The buyer viewpoint is relatively under-represented, especially for those themes that are rather sparsely researched, such as performance management and service triads. Further investigation into the purchasing approach, taking into account the buyer point of view, and deeper investigation of the buyer–supplier perspective reaching beyond parties' direct interaction, are required and recommended.

Finally, by collating the research areas studied in the supply literature and the SLR results, further directions for future research are identified. Procurement of services requires further investigation; this finding is also supported by Kleemann and Essig (2013) and Molin and Åge (2017). Indeed, the SLR revealed a low proportion of

**TABLE 3** The main challenges identified by the SLR

SLR domains	Challenges
Service production	<ul style="list-style-type: none"> <li>• Range of requirements to realize VCC on both sides (e.g. Komulainen, 2014; Petri &amp; Jacob, 2016; Story et al., 2017)</li> <li>• Potential unwillingness of the customer to contribute (Jacob et al., 2014; Söderberg &amp; Romani, 2017)</li> <li>• Potentially negative outcomes from VCC resulting from role conflicts and ambiguity, opportunism and power plays (Chowdhury et al., 2016)</li> <li>• Impact of customer involvement on the ability of the provider to fulfil its tasks (Nullmeier et al., 2016)</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Right application of the contract, recognizing its various functions (e.g. Huo et al., 2015; Selviaridis, 2016a)</li> <li>• Establishment of a balance between contractual and relational governance (e.g. de Vries et al., 2014; Huo et al., 2016; Roehrich &amp; Lewis, 2014; van der Valk et al., 2016)</li> <li>• Shortfalls of PBC (Gelderman et al., 2015; Nullmeier et al., 2016)</li> </ul>
Purchasing approach	<ul style="list-style-type: none"> <li>• Controversial degree and occasions of professional buyer involvement (e.g. Ellram &amp; Tate, 2015; Lonsdale et al., 2017; Luzzini et al., 2014; Perner &amp; Skjølvik, 2016)</li> <li>• Appropriate degree of purchasing formalization (Perner et al., 2014)</li> </ul>
Supplier selection	<ul style="list-style-type: none"> <li>• Identify the criteria required during the supplier selection process based on the type of service provided, that is, considering the type of service or its intended usage (e.g. Hwang et al., 2016; MacKerron et al., 2015; Saccani et al., 2014; van der Valk &amp; Wynstra, 2014)</li> <li>• How to extrapolate future performance using proxies (Aarikka-Stenroos &amp; Makkonen, 2014; Gomes et al., 2016)</li> </ul>
Performance management	<ul style="list-style-type: none"> <li>• Development of methods to measure largely intangible outcomes (e.g. Nudurupati et al., 2015; Sarapaivanich &amp; Patterson, 2014)</li> <li>• Quality of the customer inputs directly influences service value in use (Macdonald et al., 2016)</li> <li>• Incentivizing the provider for performance improvement (e.g. Huo et al., 2015; MacKerron et al., 2015)</li> </ul>
The service triad	<ul style="list-style-type: none"> <li>• Effects of the inter-relation between the parties on relationships, services production processes and outcomes within the triad (Hartmann &amp; Herb, 2015; Wuyts et al., 2015)</li> </ul>
Specification of requirements	<ul style="list-style-type: none"> <li>• Co-definition with the service provider (e.g. Gelderman et al., 2015; Hawkins et al., 2015)</li> <li>• Alternate phases of stabilization and destabilization of the specification throughout the procurement process (Gelderman et al., 2015; Roehrich &amp; Lewis, 2014)</li> </ul>

relevant articles compared to the total number of identified articles and the fragmented nature of the literature, with a lack of studies focusing on each specific topic. Some sub-areas and viewpoints seem particularly neglected (e.g. an investigation of the identified research areas according to the buyer's and the buyer-supplier perspectives). In addition, considering that almost half of the articles addressing 'governance' focused on logistics outsourcing, a proliferation in the choice of investigated services may be beneficial. Moreover, given the high proportion of service outsourcing failures (Li & Choi, 2009; McIvor, 2010), longitudinal studies assessing the effectiveness of the presented concepts beyond their short-term impact would be desirable. In light of the claimed importance of purchasing integration, it might also be valuable to extend the studies'

scope from a pure procurement focus to the interplay with other functions. For example, engaging a third party for after-sales services might influence marketing and CRM activities.

Although the intentions of the pre-2014 procurement literature advocating an ex-ante definition of needs are well meaning, the SLR has shown that the practical applicability and meaningfulness wane with increasing service complexity. In the future, it may be desirable if the general supply literature were to abandon its perspective of initial buyer knowledge being definitive for the entire process (Axelsson & Wynstra, 2002) and instead assign greater significance to the provider's competencies and their interplay with the buyer for a progressive specification of the requirements process.

## CONCLUSION

This study provided a comprehensive insight into recent services procurement research by conducting an SLR; 51 articles published in 21 high-rated journals from 2014 to mid-2017 were identified and analysed. A descriptive and thematic analysis of the selected articles was conducted, and we sought to go beyond description to critically examine the literature problematization (Breslin & Gatrell, 2020). This allowed us to critically evaluate the level of knowledge on services procurement and to sow the seeds for new approaches and future research opportunities.

We specifically took the problematization view on the services procurement literature and identified seven research domains within the reviewed body of literature, theorizing the literature by using the pre-contract, selection and contracting, and post-contract spectrum. The paper then exposed the identified contradictions within the literature, pre- and post-2014, and proposed a comparative outline based on the actors–resources–activities framework to better understand this evolution (Figure 3). We positioned the pre-2014 literature around an institutional theory approach, while the post-2014 literature mainly revolved around social exchange theory, based upon our review.

As an initial contribution, this study offers a clear picture of the current state of services procurement research by classifying the identified articles according to the subject of the journal (Table 1), the year of publication and the focused domain. Furthermore, main trends, themes and challenges related to services procurement research were identified and presented. The identified seven main research domains that the reviewed articles contributed to are ‘service production’, ‘governance’, ‘purchasing approach’, ‘supplier selection’, ‘performance management’, ‘the service triad’ and ‘specification of requirements’.


In conclusion, we acknowledge that our study has a number of limitations: (i) the investigation of a myriad of service types may have led to some generalized statements not applying to all services; (ii) as we considered only the articles that satisfied quality (e.g. published in CABS-ranked journals) and content criteria (e.g. services procurement focus), valuable findings may have been excluded. In addition, the search term may not have identified all articles of relevance, despite the attempt to redeem this by considering ‘snowball’ studies. We also need to accept any existence of biases in the coding, conclusions and created frameworks as they are based on our interpretation (D’Antone & Santos, 2016). Finally, we recognize that SLR approaches cannot always be very creative and innovative (Danese et al., 2017). However, we believe that our research

agenda facilitates future research on services procurement and, in a practical sense, advises organizations to develop purchasing guidelines to create better, organization-wide prerequisites for a successful services sourcing process.

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## APPENDIX A

### INCLUSION AND EXCLUSION CRITERIA

Inclusion criteria	Rationale
- The medium exchanged is a service in a broader sense.	Considers the growing trend of 'servitization' (Vandermerwe & Rada, 1988).
- The direct contractor of the service provider is an organization while the recipient can be either an internal client, the buying firm's end-customers (e.g. subcontracted maintenance) or partner firms (e.g. 3PL service).	The focus of this study is on business services procurement.
- Predominant focus on or exemplification of an aspect of the services procurement process.	Enables a golden thread in accord with the focus of the research, allows the exclusion of studies dedicated to the organization's internal operations not connected to the actual procurement process.
Exclusion criteria	Rationale
- The medium exchanged is a pure good.	This study focuses on business services procurement.
- The buyer of the service is a private household/individual.	This study focuses on business services procurement.
- The focus is not on the exchange of services but on generic interfirm issues (e.g. supplier relationships in general).	This study focuses on business services procurement.
- The study is a simulation (e.g. logistics systems modelling, supplier capacity allocation, multi-criteria decision-making models).	It is outside of the scope of this study to compare and contrast mathematical models and their appropriateness.
- Focus on the make-buy decision and antecedents of services outsourcing.	This study focuses on the actual procurement process as per Presutti (2003) and Selviaridis et al. (2011).
- Predominant focus is on an area other than the services procurement process, such as for example:	This study focuses on business services procurement.
○ Service provider's internal operations	
○ Service provider's marketing and/or pricing strategies	
○ Pros and cons of servitization	
○ Wider effects of outsourcing on world economy and labour market	
○ Cultural aspects of offshoring	
○ Employee relationships (e.g. before and after outsourcing)	
○ Political aspects of outsourcing or related to public procurement	
○ Sustainability through services sourcing.	