
Relative Value and Principles of Servicity

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Paper aims at defining the value, taking conceptual ideas from the service economy, and at designing main conceptual criteria for correcting of routine approach in economics. It is built as a theoretical questioning and debate, starting with reminding certain issues from the Mercantilist and Physiocrat economic thought. The servicity view is thus reasoned, i.e. the respect to the actual service brought to the whole socio-economic and natural environment, being a part of a larger research. The actual context of the debate is given by the knowledge society in the post-industrial era. The results indicate theoretical clarifying, bringing a renovating interpretative view of value, particularly concerning the Physiocrat roots of value and productivity, as well as new questions to be answered, in a heterodox approach, containing the reserve of new horizons to be developed and applied in concrete circumstances.

Keywords: value; productivity

Prolegomena

Today's debts crisis compels economics to basic rethinking of its own foundations: for a better understanding of real life; because, it is very likely that such tremendous crisis may have come from such routine economic thinking as well.

Present research starts a debate on value as a basic concept for economics; economic growth, probably the most frequently mentioned concept at such crisis times, ensues than simply as a corollary of such debate.

The first meaning of value explained by Stanciulescu A. (2005), p. 1446, says: 'In an abstract sense, a characteristic of something that is good, desirable and important...; in a concrete way, the things themselves that are good, desirable and important (truth, good, beauty)'.

Naturally, all of the above are relative: truth varies with how much we know; good and beauty vary with the assessor's personal tastes and criterions considered. Nevertheless, human values exist indeed, tending towards the general, i.e. universal, holding actually for us all, especially as when the temporal dimension is also concerned, i.e. the well is not only for now or for a passing fashion, but also for the future generations, for the humanity. We deem humanity to be above all things humane, which is what made us what we are, different from animals. Assessment of value should then be made based on humaneness as a criterion. Among such human values we would quote goodness, the propensity for harmony and mutual understanding, mercy and helpfulness to thy neighbor, volunteerism and selflessness as working for a societal ideal, creativity in arts and science, intelligence, wisdom, rectitude, thoroughness.

The second meaning of value which quoted dictionary mentions, already takes us to 'efficacy, power' (idem, p. 1446), wherefrom the connection with a series of economic concepts. A series of meanings ascribable to trade and finance follow next.

In the same ranking order, in Geddes & Grosset (2006), p. 359, the first meaning of value is 'worth, merit, importance', later on following the sense '(pi) moral principles'?

The dimensions of the paper does not allow us to develop the issue, but we must say that the reason of the reference to the issue of moral values is the need for widening the horizons of perceiving the world and the life: it seems like that common economic approaches brought us rather quantitative analyses and arrived by often overlooking the most important components of our lives (and of the economy here included; moreover, all life components have impact on the economic activities, processes and behaviors). Such limited approach -combined with the importance of the economy in our nowadays - tends to simplify our approaches and set of values, by transforming not only our lives, but mainly the common

understanding, in some much more simplistic than they actually are, generating non-profound views and, therefore, misunderstandings.

Our option is for not avoiding the main, philosophical, meaning of the concept of value, whether the issues are economic or not, but even for judging values (economic included) by or related to such supreme meaning criterion: such meaning is the most appropriate for any analysis concerning a human issue. Any relation made for the purpose of particularizing the general meaning of the word value and any other meanings or interpretations of it, may come only after and, if not contradicting the main meaning above. This is the human meaning in which we 'acknowledge some feature of things as a value [that] is to take it into account in decision-making, or in other words to be inclined to advance it as a consideration in influencing choice and guiding oneself and others' (quotation from Blackburn, 1996, p. 390).

As developed in Section 2, today the concept of value is of no concern for the economic thought as indeed it used to be up to the Neoclassic. In today's acceptance, value is almost exclusively seen empirically, as express quantification, especially for individual, particular, cases, even though economic growth itself depends on it.

We live conceptually reductionist times, where the effort for punctual substantiation and for the instant practical applicability has grown to impair the concepts themselves: as if fundamental research were decreed worthless if not there and then explicitly shown application thereof, preferably the short time run product, instant if possible; or else, as if what cannot be spoken in numbers would not be worth being spoken at all, because of the concrete type of thought many display, or possibly lack of abstraction and generalization. Over strictness in practical application, of principles just per se, leads to supreme inaccuracy: close to Roman times *Summunjus, summa injuria*; which is a statement for the market myopia, business optics - yet a major fallacy in economics research.

Our approach is not developed mathematically: our approach remains purely conceptual, attempting to set service economics and the approach of economics in the light of service, at the core of economic value assessment. Moreover, we dare keep in mind the humane and ethical approach of value as the main criterion, even more important than any

technical approach - economic and market approach included. Because of such view, our approach may be interpreted as normative. We accept such view: our normative approach is not political, but humanistic, moral included; we also add, as an argument for our view, what M. Allais says in his rigorous and profound analysis: 'Il faut reconnaitre cependant que, si regrettables qu'elles aient pu être de part et d'autre, les motivations normatives ont suscité des discussions fructueuses entre des esprits dont les conceptions politiques étaient radicalement opposées, et que finalement elles ont contribué à faire progresser la science.' (Allais, 1989, p. 306). Another position argumentative for our approach is that which Sedlacek develops on ethics in economics in his exceptional book (Sedlacek, 2012; for this issue, see mainly Chapter 10, p. 417).

Present research differs from the common trend of the latest scores of years; our approach is theoretical: just a debate on major (defining) ideas and concepts. Our research also is not made in the approach of management or marketing; we believe such business approach like solving medium and short term run problems to the enterprise level, but not the productivity problem in its essence (we will develop this idea during the sections of the paper. In this context, the paper has also the role of making better known the approach of servicity (see *infra*, section 4), by several developments.

It is our belief that such an approach (theoretical and focused on defining concepts and principles) is needed in the circumstances of today's knowledge society under crisis; because economic problems are basic and conceptual, insolvable therefore by the current modeling patterns before they have been clarified as to their conceptual contents. And current concepts are debatable precisely in terms of the economic growth theory under today's debts' crisis coming from the routine perception of value. We believe that half-grasped aspects persist in such respect; to be revealed as hidden precisely below what routine says is well known. Based on the novelties come with the service economy theory, we think we can safely say that industrialization has set such routine that we need out of, as the only valid way out of the crisis. Insufficiently researched routine aspects need principle and conceptual clarification: thus only we can take our distances from the routine thought, the (common) production model and economic growth approach included.

The paper starts with searching certain approaches consistent with the value concept, in the genuine liberalism, presuming that the nowadays' liberalism lost the genuine foundations. Such searching is not a common literature review, because the paper has no interest in inventorying: such inventory is not a goal for present paper; but it aims only at finding the (lost) roots, from the initial (genuine) liberalism, of several elements concerning the original servicity approach (which is developed in section 4).

Economic thought roots to be considered

Physiocratic liberalism, of before the English Classicism and Adam Smith's thought, would be our main focus background: in our view, the economic common thought by-passes the impact of industrialization on such thought; thus we will try to connect the genuine liberalist production principle directly to nowadays service economy, such liberalism proving relevant for understanding the economic core of the human acts in the economy.

Value, as a concept, morphed continuously, some face or other thereof proving dominant over some economic times or other. Mentioning silver and gold-value, specific to Mercantilism, is useful, because such coin-value is connecting well to today's emphatic 'mercantilism', plus implying the some win, some lose concept, extremely materialistic (i.e. attached to silver and gold) and tending to be swept under the carpet of today's professed mutual advantage of any market exchange (win-win).

The Physiocrats, who actually fathered economic liberalism, thought silver and gold validity is revealed in the act of such metal morphing into goods of use. The material good-value approach draws value nearer to utility, not yet explicitly focusing on utility (especially not on any type utility, as it happens today), but on the material goods naturally and clearly begot (as a net plus) by human toil, of which wheat would be the standard, based on the vital importance wheat has for each individual and community, also based on the basic role accomplished of wheat in the human needs view. Some might smirk today at the Physiocrats' view of farming being the exclusive productive economic field; but such neat discrimination, of productive, vs. sterile human economic activity, makes clear the way the Physiocrats saw economic life, as necessarily creating net

plus value as against status prior to the economic activity: metal or wood turning into a metal or wood object is sterile value-wise; such change is sterile if compared with a wheat stalk (bearing many grains) grown out of a single grain, which - specifically for farming - is obviously creative, a palpable material testimony of plus-value added to the start material/object. Such is the genuine plus value producing: the production of a novel actual value, added to the pre-existent, net, clear, self-evident, beyond doubt.

From the Physiocrats, Adam Smith kept, the idea of transposing labor in material goods (under the form of his well-known labor-value theory), yet somewhere along the line dropping the original concept of net material creation (i.e. over what had existed before the respective production process), which had a bearing on the concepts of productivity and value; even if his approach is very complex (see *infra*, next quotations). In classicist economic thought, the term production is used with the same meaning for both (i) natural creation process (as it happens when many wheat grains arise out of just one, to stay with this farming icon) and (if) the activities of turning certain materials into other forms (e.g. in small or large scale manufacturing). This later transformation of materials gives new objects (objects having new utility), but the net plus production is turned into indefinite and difficult to compute or estimate plus of work... Consequently, when Smith gives agriculture the most productive role, he does it not for its quality of generating the net production (like the completely new wheat grains, for instance), but for 'employing the most labor': 'No equal capital puts into motion a greater quantity of productive labor than that of the farmer. Not only his laboring servants, but his laboring cattle, are productive laborers. In agriculture, too, nature labors along with man; and though her labor costs no expense, its produce has its value, as well as that of the most expensive workmen.' (Smith, 1993, p. 16).

We should note Smith's approach to the contribution of the Nature herself: it brings value by herself. Smith keeps a privileged place for agriculture, by compared to other economic activities, and trade comes only third, after the industry, probably function of the labor amount such activities take; but agriculture coming first is surely due to the bigger contribution of nature in such activities - a Physiocratic heritage. The same considerations hold true for the concept of product, as a result of respective activities. And we should

compare this view with the today's reality, when the contribution of nature is almost ignored: the wood is 'cheap' and labouring the land is badly paid, as also are the agricultural products; but trade negotiations bring much larger incomes (Ivan, 2011. p. 7). Does it mean that forests and food are worthless?

Considering economic actions in the context of human actions (see Smith, 1830, p. 132 and 156), we found appropriate also the next fragment in his *Theory of Moral Sentiments*; and we consider it possibly, the first approach of the value of a service that we found in Adam Smith (dating maybe even before his courses in Glasgow University): he distinguishes '*une sympathie directe pour les affections et les motifs qui l'ont determine a agir ; de meme le sentiment que nous avons du merite de son action, nait de ce que j'appelle une sympathie indirecte pour la reconnaissance de la personne sur laquelle influe cette action. ... le sentiment que nous avons du merite d'une action, est un sentiment compose ... : une sympathie directe pour les sentiments de la personne qui agit, et une sympathie indirecte pour la gratitude de la personne que faction de l'autre oblige.*' (Smith, 1830, p. 130, 131).

Such definition comes after Smith mentions the '*gratitude of a man to his benefactor*', with the opportunity of analyzing the sentiment of Merit and of Demerit of human actions. We would add here that, in our approach, the merit is the contribution of the economic actor, his effort, and not only the effect, i.e. the man's gratitude of his benefactor.

Smith does not approach the relations among the economic agents in terms of conflict (Smith, 1830, p. 160), but of harmony and of the interest of the individual for the society he lives in (we emphasize that society is the environment of humans; but environment can be also seen as wider than society). In Smith's vision, the individual feels his own interest to be '*lie a la prosperite de la societe*', and not against the society, not at the stake of his environment. Moreover the individual depends on the environment, on preserving societal welfare (idem, p. 162).

As against market simplistic assessment, e.g. rewards and hierarchies made by the market, which work on recorded effects, the complexity of Smith's approach also requires that each action be assessed considering, besides quoted effects, intent as well (firstly) and external

effects (externalities, appeared as a consequence of the action concerned); to such issue see Smith (1830), p. 168 and the next: 'Ces consequences, dependent presque toujours de la fortune, et non de la personne qui agit... Les seules consequences ... qui peuvent lui faire meriter la louage ou le blame, sont celles qui etaient dans son intention, et dans son voeu; celle enfin qui resultent evidement de quelque qualite bienfaisante ou mauvaise de son coeur.'

Yet Smith admits, already at this point in time, that such principles are not always what their applying mechanisms - contradictory at times - are based on: see, to such effect, *op.cit.*, p. 170 and next.

The correction later made by David Ricardo to the concept of labor-value, i.e. embodied labor-value, and proved an extremely materialistic dead-end alley. Such new vision of value - actually a rigorous enlightenment, at his time - which later generated Marx's (political) economic theory, may hold true for material goods exclusively: embodying into merchandize is possible into material objects only. It is impossible into actions, i.e. activities (services) highly immaterial, not expressed as newly-manufactured products. Immaterial goods have not a palpable physical body (defined by physical indicators) in which human effort to be embodied.

That is why services seem 'non-productive' to many economists. Marxism accepts 'indirect productivity' to a series of services (named industrial works) i.e. to the services acting on material goods, on palpable objects, services that are found in visible changes of such palpable goods. On this issue, we think that the difference between the activity branches absorbing human effort cannot by itself discriminate into productive and non-productive effort, a proletarian's labor for the capitalist enterpriser is actually a service: it is work performance, or labor service performed.

The classicism expressed such 'embodying' as costs, while for Marx everything (material) boiled down to labor (here we have the extreme of the classic value-labor theory). Marx's plus-value theory, highly controversial (as his theory of exploitation), questions the enterprising owner's right to endorse such plus-value (as the organizer of production and employer of the proletarian worker), his alternative advanced being workers endorsing it.

The 'miraculous' apparition of a value supplementary to the pre-existent is, indeed, fascinating: because it actually justifies human effort; yet,

considered for any production process, such apparition of a supplementary value generates problems at the point where it steps out of crystal clear absolute (material) plus-grains grown out of just one, worked upon and presided over by Mother Nature, as the Physiocrats saw the economic phenomenon of value creation in the original liberalism. What is such plus and the whereabouts thereof were constant issues with the theorists of economics, at least up to Maurice Allais and his surplus theory. If we stop debating such issue, pure market speculation is free to push the world into economic and financial crisis.

At economic classicism's time, Frederic Bastiat fills a special front-stage position, by introducing his service-value concept. Except that economic thought was not yet ready for the leap: services were even seen as non-productive {e.g. Smith associated them especially with the butler's duty) and, for a long time to come, services continued to be deemed marginal (as they are, indeed, for some, even today): economic thought drifted with the materialist routine as overwhelmingly impacted by industrialization.

Neoclassicism stretched economic perception beyond matter strictly (i.e. utility-value), at the price of even more ambiguity than what Classicism already presented us with related to the production of value; neoclassicism view of value drifted even farther away from the original Physiocrats'. The shift of focus from the production to the market (focusing economic analysis on the market, instead of on the production) occurred with no adequate changes of terminology; which explains why we can assess the productivity of economic agents who do not run production processes: an economic agent may issue (i.e. offer to sell) a certain output, yet he does not necessarily produce it himself (as his own product); but may have got it, normally by trading, or else as a gift, or from theft, begging or other stances, understudied by economics. Consequently, today's productivity" is not only the farmer's and the industrialist's, but also the merchant's, the hair stylists, the physician's and others'. So we leave alone the stretching of the original terms so they may cover the contents of the whole economic reality; however, serious attention is due to one of the issues mentioned, i.e. the source of value.

The neo-classicist approach, i.e. exclusively by the market angle, settles both value amount and value distribution (generically; i.e. not discriminated into pre-existent value and newly-created value). Namely, value distribution is based on the presumption that the economic entity cashing in revenue thanks to the market mechanisms is the producing entity as well, such cash coming to the concerned economic agent as a counter-value of certain activities of his/her. So is the problem of the source of value solved in the neo-classical approach.

Solved in italics, as in fact the issue is not really solved, the neoclassical thought actually by-passing it, believing it solved: causal approaches, creation issue, are out of the question with them, while such approaches were central, rather than just present, prior to neo-classicism, in both Physiocrats' and classics' (including Marx's) views. The source of value does not really matter anymore in economic analysis, being automatically ascribed to the economic entity that cashes in values, regardless of where such value may proceed from. And the value produced is assumed as automatically and in an indubitable manner equivalent to the cashed in. Starting with neoclassicism, value - which the classics (Marx included) saw as conceptually distinct from price - almost vanishes as an issue of economic debate, i.e. is no longer a factor to debate, but is simply given by the market. Which is a rather simplistic view, we think, as logical scientific analysis would, among other things, look for the factors, causes or sources (of value). Or, presuming value to be created by an endorser of such value's market counter value (as negotiated and under the accruing circumstantial background) would be, to say the least, shallow. Smith says that the market brings not an 'accurate measure', but an adjustment however, 'according to that sort of rough equality which, though not exact, is sufficient for carrying on the business of common life' (Smith, 1993, p. 15). Let us dare say that the science analyzing the economic life (economics) should prove more accuracy than what is sufficient for carrying on the business. Science is called to more than just take snap-shots in the landscape. Science needs to understand and explain the facts of life, dig out the causes thereof, and interpret the resulted complex effects, laws, automatisms, co-relations as the case may be.

This is no criticism of the market life: business is run based on the market. Our criticism is only directed against acceptance, by economics (economic theory), of such result as infallible, precisely because of the facts' market self-evidence. The market is today the new God (Jivan, 2011) and science is uncalled for to be a judge of it. Romanians have a proverb thief not caught is earnest merchant; which may hold for the market, yet economic theory (i.e. analytical economics) ought to rise above current practice fact, to the level where interpreting and explaining such facts makes for profoundly and more accurately understanding them. We can say that value surfaced because of the market but is generated by laboring creation and intrinsic productivity. In addition, value can or cannot, be recognized by market mechanisms; moreover, commercial value does not necessarily need true intrinsic value. Real life gives us every day new such instances.

Taking the market view even further, Neoliberalism comes at a time when natural economy has almost vanished, replaced most everywhere by the exchange economy: we live at a time of the generalized market. Under such type society, practically no one fills his own needs himself, acting instead a personal societal role, i.e. filling his needs in exchange actions only, i.e. by means of the monetary system, also generalized itself. Such generalization has made possible a unique model for all the economic activities - see infra, the developments in the next Section 3.

Empiricism in economics decreed that value has what sells well by the market mechanics and almost nothing but, the more the money pocketed the higher the value. Such reductionism abusively ousted unmeasured or unquantifiable values, the supreme included, indeed all that fell out of the money economy; but a series of non-values were introduced, based on the "actuality of the cash in: since the money came from no genuine creative action, the empiricists decreed productive any money gain... and here we had our thief not caught theorized into 'earning merchant, above-board in terms of not only legality, but also common logic, which proves degrading for both ethics and human intrinsic quality.

The generalized market and the pressure promotion overflowing every mass media channel made for the ubiquity of the trading off formulas and criterions, till by and by the market got the better of the human spirit. Not the serving of the client, not quality above all, but market

competitiveness has grown to be every economic actor's goal. We may have kept our heads above the routine clichés fed us from every direction if we realized that the winner takes it all is a concept begetting losers: he who climbs to the top enjoys the stance in his own benefit, i.e. he touches at the comfortable indices market area, with top favorable public image, access to finance and negotiation power share. Under the circumstances of scarce resources and limited outlets, economic actor A threshing competition means gaining (for A) part of the resources that normally other economic actors could have used, and shares of the market thereof.

Veblen brought correction to the routine market approach. Reminding the role of culture, in a possible connection with the concern of Smith for the intent in the topic of merit (see the previous quotations from Smith, 1830), Veblen said that: 'The habit of distinguishing and classifying the various purposes and directions of activity prevails of necessity always and everywhere; for it is indispensable in reaching a working theory or scheme of life. The particular point of view, or the particular characteristic that is pitched upon as definitive in the classification of the acts of life, depends upon the interest from which a discrimination of the facts is sought. The grounds of discrimination, and the norm of procedure in classifying the facts, therefore, progressively change as the growth of culture proceeds for the end for which the facts of life are apprehended changes, and the point of view consequently changes also. So that what are recognized as the salient and decisive features of a class of activities or of a social class at one stage of culture will not retain the same relative importance for the purposes of classification at any stage.' (Veblen, 1953, p. 25-26).

Such distinction - quoted from Veblen - allows a better understanding of the principle of the invisible hand. In fact, Smith was talking about 'franche concurrence', already in his first great book (Smith, 1830, p. 151); without such distinction, the invisible hand could be misinterpreted, as in fact was (and is) interpreted (assumed) precisely by the subjects targeted by original liberalism principles.

There is, however, no reason for us to presume idealistically - and economic life (at least Romania's, today) prove our reticence right - that the winner is the better of any loser (better mainly by what he intents/manifests

useful for human society; and also by his common market features): a market hit does not necessarily imply quality and value (quality and service can be used for gaining competitiveness; unfortunately, quality and service are not the only ways to competitiveness), as Thorsten Veblen showed at his time; also he proved that, even if 'the immediate effect of ... [the] pecuniary struggle ... would be to make men industrious and frugal', it does not always happen so, the process being 'disturbed by other economic forces or other features of the emulative process...' (Veblen, 1953, p. 41). His opinion is that the reality follows the 'traditional meritoriousness of wealth' (idem, p. 89), 'in some measure so far as regards the lower class, whose ordinary means for acquiring goods is productive labor. This is especially true of the laboring classes in a sedentary community which is at an agricultural stage of industry, ... and whose laws and customs secure to these classes a more or less definite share of the product of their industry' (idem, page 41).

The quotations above show, once again, the distance between today's economy and that of the Physiocrats'... In fact it so happens that at times the economic entity focused on provided quality is beaten in advance by the more 'competitive' adverse entities, who prove a bigger, more affluent, or larger buyer of sales/distribution networks, a stronger negotiator, a better informed actor ready to use the soft spots in the partners' files, or even blackmail the beneficiaries, the providers and the competitors. The usual marketing politics of enterprisers aim at differentiating them on the market, not to create value which can be useful to their environment. Many marketing studies show the importance of the relation between the seller and the buyer, but product quality and delivery performance can bring only a moderate potential in gaining and maintaining 'key supplier status' (see, for instance, Ulaga & Eggert, 2006): the true creation efforts are not actually rewarded by the market mechanisms. In competitiveness terms, on the vine or fruit market, for instance, he who cares for the genuine natural character of grapes or apples, rather than on such merchandise's looks, is beaten in advance, in confrontation with the other arguments of competitiveness: this is how the market law crushed a good share of the Romanian big and small-scale production, when, post 1989, in competition with the much larger western

companies, the vernacular economic entities went down to survival threshold, and lower.

Thorstein Veblen distinguishes between exploit and labour. For labour (as opposed to exploit) he also writes industry or drudgery, the latter for pre-ancient times.

See Veblen (1953) to such topic, especially pages 25, 26, 27 and others. For instance, on page 26 he says: 'A distinction is still habitually made between industrial and non-industrial occupations; and this modern distinction is a transmuted form of the barbarian distinction between exploit and drudgery. Such employments as warfare, politics, public worship and public merrymaking, are felt, in the popular apprehension, to differ intrinsically from the labor that has to do with elaborating the material means of life. The precise line of demarcation is not the same as it was in the early barbarian scheme, but the broad distinction has not fallen into disuse.'

I believe the same distinction should be kept in the inside of any activity: as inside a 'productive' firm, i.e. between labor on one hand, and 'warfare and politics' at the firm's level (made by marketing tactics and strategies and other alike) on the other hand. Such distinction sees noun exploit as bold achievement, yet, as a verb, meaning to utilise, to develop, but also to take unfair advantage of, esp. for financial gain, a synonym to 'to befool', or 'to milk", as per Geddes&Grosset (2006), p. 116 and 486. Telling is also the fact that, the most often, the laurels go to those who exploit (as the recent financial crisis showed); those who labor have not time enough to take advantage of circumstances or of their environment, but gain results only on their own effort, on which also the laurelled thrive for their exploits. The word exploit looks ironical. The distinction made by Veblen is very telling.)'.

Causal principle of value and servicity approach

Our few references to several key moments from the history of economic thought had the only purpose of grounding our approach and finding certain roots of it in the genuine liberalism (our research has no intention to survey the catalogue of the elder or current economic theoretical literature:

it is not a goal of this paper); just/only the essentials of the servicity approach were searched in the origins of liberalism.

The modern service literature is not references, since the paper tries to reconsider a part of the history of classical liberal economic thought that is ignored in the nowadays common approach.

Dissatisfied with the neoclassic solution to the issue of value, which did not clarify the concept (but which is still dominant in economic thought) as well as with the industrialist fallacious approach, we propose to question the source of value.

We consider acting a role in the social system benefit as central (see the emphasis placed on it by Giarini, 2008; interesting developments connected to such issue were made also in Giarini&Stahel, 1993, for instance). Also, we consider aim and conception naturally followed by the actual achievement, regardless of the (im) materiality of such act, or of its components (developing this issue is proposed for another future paper). Economic action embodied into objects and materials, as a specific limited case, led to Ricardo's and Marx's formula, later mitigated but never really solved by the neoclassicism, in its causality and role terms; the starting point should be the more general case of the societal function to fulfill, a case not always ending in new material goods. For such latter case, Ricardo's materialization (embodiment) does not apply: human effort (plus Mother Nature's, could be added in a Physiocratic horizon), go directly to the effect as a specific utility expressed as well by materials and object as by direct/indirect human action or other such like. What is of interest here is causality and effects, contribution and merit for which the market solution is debatable, to say the least.

The commonest of the equations for productivity, i.e. product divided by the considered factor (presumed causal for respective product, *caeteris paribus*) only induced a sort of a mystifying routine: a perception so deeply rooted, of the collective mind, that even the questioning thereof is out of the question. The goods which are put on the market by an enterpriser (becoming his output) are not actually and indubitably produced by him or by the concerned factors he owns, as already said: the causes are much more complex; as well as the effects of an enterpriser's activity are much more complex to be limited to an individual person or moment in

time (see our further comments in the paper). Suppose part of our readers may think it difficult to follow the reasoning and the debate we open, such ideas sounding idle (or even imperceptible) to their ears: such very difficult or misunderstanding proves us all the righter, showing (1) how deep wrong ideas can dig; and (2) how severe the alterations are, which the switch from the original (pre-classical) concepts led to. The current terminology seems cut for expressing almost nothing but the installed routine ideas, dominant in economic thought.

We are interested in (a) the causality and the generation of the effects. Such interest does not necessarily develop from reasons of value distribution: we will not (and have no intention to) debate in radical or Marxist terms. Our interest is purely scientific, in a quest for a conceptual clarification and a clearer mapping of outlines, in terms of principles. Such an approach is mostly needed in our times, when, despite of the registered economic values and productivity growth (or exactly because of it!), the economy entered the deepest crisis we ever knew: it shows that the very way we understand value (and all values) is wrong and even dangerous. And we are interested in (b) the effects themselves (meaning true value): nature thereof firstly, not only sizing, which would come next; quantitative aspects are secondary to the conceptual-qualitative. These are the dimensions of genuine value. The strictly mercantile is under question. In analyses, all effects should be taken into account, in an approach wider than the common approach.

We thus tend to think (a) creation, and (b) contribution to be the most important (valuable) aspects of human action to be analyzed. Consequently we get to treat the very logical right of an economic entity to endorse revenues where the output was not created by respective entity itself. The value of the production of an economic entity is commonly by its income (assumed as being the "counter-value" of the concerned output). We have in mind the economic agent who is recording an income (a 'production'), even if he may not have run any material production process, i.e. did not produce any wheat grains, any object out of the metal or the wood he started from. The contribution of the client to the growth of the performer's income is given by the prices paid, as well as by his coproduction (well known in the service field; such an approach is implicit

for the servicity concept). When speaking about logical right to income, we do not mean, here, the market law (following the market logic), which is entitled to its own rulings and mechanisms; but in the purposes of scientific analyses, we invoke a superior, basic, logic: the logic of the source, of the cause and of the merit, which, let us remember, was present in the original liberalism of the Physiocrats as well. Such a stance (i.e. supplying the value creation, the output, of societal actors other than yourself) is of not only the merchant's, the thief's, the heir's... but also of the vendor's of taken over things, like from Nature, or, on a broader time horizon, from the next generations. The debate of the consistency of such two logics (i.e. the philosophy's and the markets) is saved for a later date. (Here the quotations may be reminded, that we gave infra, Section 1, from Smith, 1830, p. 168-170 and others, concerning the merit, the results, the chance, the externalities etc.).

Our perception on genuine value creation is not a common market one: By the market criterion, services are approached rather from the angle of the role in creating jobs (as they were seen from Daniell Bell approaches, when speaking about the coming of post-industrial society, already in 1973), mainly when such topic is more interesting: like, for instance, in periods of crisis, when bring the hope (and the chance) of some jobs, often being the basis of employment policies. But such services (that are developing in such crisis periods) are not the core of the value creation: they are only some crisis solutions for better surviving to some difficult periods. Such solutions can be superficial, and not profound value creation, they can be good management approaches (of business), but not fundamental for the meaning of value in a theoretical approach (of economics). The argument for it is exactly the fact that, in such periods, the focus of employment policies are rather on some low-knowledge services (including household services, cleaning, person care, barbering, shoes cleaning, couriering etc.). Creating jobs does not mean creating value (only in a business approach).

The value creation can best be defined by the approach of servicity: it has three main grounds: the Physiocratic heritage on value creation, the Service economy theory and the Knowledge society principles.

If, in terms of formal organization, a series of immaterial activities belong to other enterprises (possibly of material production, industrial or

agricultural) or they are detached, on the market, from the economic entities where they were organized at start, and performed, such entities must be judged from the angle of the societal role they fulfill (approach in accordance with Giarini & Stahel developments, already quoted). Any useful activity is valuable or productive, i.e. creative, apt to bring plus of utility. But when saying 'useful', utility must not be seen unilaterally, exclusively for an individual entity or for a particular moment only: a much wider horizon of approach and analysis should be considered.

Production computed in physical units of diverse individuals and economic entities may be the same; but computation as a result of the market negotiations and trade powers may give very diverse computed amounts of incomes, letting the factors from the outside of intrinsic production process intervene and give distorted results. Such market value does not show the true productivity of the concerned economic actor, it does not represent the quality or capacity of producing; but only shows the power of buying and selling, and, generally, of using, and of imposing an own interest (against, and in the detriment of the environment) in the whole economy; i.e. not by creating or generating value, but by negotiating. The value given by the market mechanisms is neither the only, nor the supreme value (as shown at the start of this paper). Scientific analyses must not consider a single dimension of the value, i.e. the mercantile one.

A good qualitative assessment of an economic activity is not given mainly by how much the actor can buy, but by how much such activity invents, how much science it makes, how good management it applies, how much it innovates, how much new technology creates and such other contributions. High-level services (the most intellect-intensive services or those which give the ideas conceiving the better, the superior) are not only transforming and manipulating the existing matter and energy, like the material activities, but they are creating something, inventing/producing the New, the knowledge itself, besides the already existing world: matter, energy, non-entropy, knowledge, etc. The new constructive ideas are the only human acts giving the (material or immaterial) surplus.

Even if the so-called Service-Dominant Logic works in the direction of improving management (by setting free from the material industry inheritance), it is my opinion that valences of Service economics are not

enough utilized in the development of orthodox general economics; mainly the service approach can be better turned into good account. The information and communication technological developments are the most recent variant of the services economy. Such technologies have appeared and develop on the field of the services economy, which thus has been technologically enriched, joining together information technologies' principles with the principles of the service economy and of the knowledge economy, in full consistency of the former with the latter, providing the core role of intellect-intensive activities, resources and approaches in our world.

Such view contradicts the strictly market computed value principle and productivity that is attributed by market mechanisms to actually productive or unproductive (profiting, exploiting") actors. Making no effort to build a forest, but only to cut it down, means no creation {i.e. it is no value creating, by the Physiocratic meaning of production): but it means appropriating values from the natural environment. Be they from suppliers, from buyers (customers) or from competitors, large incomes got by sophisticated and cunning negotiation and by other marketing policies means no value creating, no genuine production, but value caught (appropriated) from the economic and social environment.

In the case of the forest, this creation (production) is not made by an economic entity in humans' society, but by Mother Nature. Nature's contribution and loss for mankind are ignored by market and by common economic analysis. The cutting is actually rather destructive, as an effect: landslides may follow, as well as detrimental air composition, desertification, loss of fauna and flora to respective habitat and more such like. The entire costs should be more thoroughly considered by economics.

When debating productivity and value created by work, we should always explain precisely whose work we are discussing or referring to. And cutting forests, as well as all economic actions have effects that need to be judged upon as complex, not just the enterpriser's. This is how the need is proven for passing from productivity to servicity, as shown below.

Certain economic agents may thrive without bringing supplementary contributions of their own, to society and to their environment, or having any special merit: the intellectual/conceptual plus is what we call merit, and the good done to others, not the negotiation power

of spellbinding clients into buying hot and suppliers into selling cheap, which would be rather sneakiness, i.e. a non-quality in terms of human ethics. Trading may work on its own terms, i.e. not humane and not social, but our debate looks beyond the shoulder of the businessman, demanding a horizon for science (economics included) broader than the economic actors' driven by their interests' reasons, and not in the least by the logic of philosophy. Economic science should answer to higher requirements and principles than business.

Value is relative: it is related to something; (i) firstly to the entity that produces it; (if) but it is also correlated with the entity which possesses it (and then can dispose), which profits (benefits) of it, may consume or use it, and correlated with an owner or beneficiary. The owner may not be the producer itself; every value can have different beneficiaries - quite like the value produced in the Physiocratic agriculture, but used by the whole human society: the beneficiary may be a customer or other entities, as well as the producer itself.

The routine separation of producer theory and consumer theory fallaciously divides the analysis into two 'different' parts. In fact, every economic entity is a producer and a consumer, and it does not follow two different theories; every economic entity can generate values - using values at the same time - but value can be used by different entities. The relating link point is capital, i.e. the manner of conceiving the value creation and use.

Such original view, with unusual bench marks of mentioned relativity, yields servicity approach, respectively the distinction between the common indicator of productivity and what this indicator does not cover. The difference among the various types of approaching and analysing the relative value generates the different prices, as the value perceptions of the value creator (i) and of the user (if) confront one another, most often antagonistically, imposing each as much as possible, as far as specific interest go, especially as much as affordable, in terms of own power, opportunity, circumstances, own ethics and education generally speaking". Value also depends on (i.e. relates to) a certain concept, a specific culture, i.e. on a system of criteria and principles - economic as well as cultural, humanistic etc. It so was, preponderantly, initially, i.e. historically, as mankind evolved. Claiming a general validity in (strictly) money terms is

relatively recent; pertaining to the civilization dominated by material consumption and by the money profit urged by the specific culture of the consumption society and after the exchange economy became generalized. It is important not to generalize a concept dominant over a certain lapse of time, as being unique, permanent and forever. Such narrow perception has its limits, being culture specific too.

Affiliation of the concept of servicity to the approach of the Physiocrats and the issue of founding servicity concept, on roots of the beginning liberalist economic thought comes as a development of what can be found in Jivan (1995), p. 75, and is based on the idea that gaining from trade and other business is effected implicitly on others than respective doer; which happens implacably, i.e. regardless anyone's intent, due to the market mechanisms (such intent may be 'exploiting' the environment, or, contrarily, very protective); and which also happens regardless whether human law can, or not, record the gain based on negotiation as productivity. In our perception of the economic life, this Physiocratic view became the essence of distinctly evidencing servicity, in the purpose of completing the indicator of productivity, even opposing it as commonly perceived and used: the genuine (intrinsic) productivity (what we called servicity) means generating results per se (on own merits and contributions), the results not being appropriated from others (as when obtaining a 'better price' by negotiations or by certain market opportunities), from the environment (not by using or exploiting others' merits or contributions in one's own profit), but constituting a personal contribution; our approach clearly discriminates between 'redistribution' of values and taking advantage of the environment for yourself, on the one hand, and production (creation of a net plus, non-destructive, based on one's own work, effort and creation), using Nature's laws, on the other hand. Such is the Physiocratic concept for value production: net creation, i.e. not relative, but net, indubitable plus (value here as absolute, non-related to specific criterions, as detailed above: such as absolute is the generation of many grains out of just one); and truly personal, not appropriated from the environment.

Such is the reason why intellectual services are the essence of the value creative work and of productivity (see *infra*, Section 3), as the only which, by growing, do not drain dry resources (as any other resource

consumer activity does), but, indeed, enhance such resources. Such resources are, of course, immaterial and intellectual, 'usage in production' thereof meaning, in fact, exerting respective faculties, implicitly developing and increasing them, in the meaning of perfecting, and not exhausting consumption. Such features of the intellectual services (value creative and essence of value), are like the natural germination (implicit in the Physiocratic approach): non- destructive, non-consuming, but creative, the way one grain germinates into the full plant, creating the whole new grains in the wheat ear.

From the egoistic point of view of the enterpriser, results are assumed as 'produced' by him and market 'rewarded' to him. The effects for the environment of the analyzed economic entity are called, from this egocentric point of view, 'externalities'. Such external effects mean the limited meaning of servicity: including the external quantifiable and qualitative (unquantifiable) effects. Servicity concept aims to a wider approach even than the concept of 'augmented product' brought (see, for instance, Lindgreen & Wynstra, 2005): servicity approach is complex as well, but in a general theoretical (economics) view, focused on creation, and not from the angle of marketing.

The English word serviceabilityTM₁ tells a lot about the meaning of the approach of servicity. For the purposes of our approach, we chose the word servicity instead of productivity, by switching the term product with the term service. Qualities of service must be understood with respect to the (beneficial, useful etc.) effects, for the economic actor concerned, as well as for his environment (suppliers, customers, partners, human society, natural environment), as already said at Section 3. This is the wide (extended) meaning of servicity, the whole service realized being approached.

Such approach means to delimit value production from value appropriation and also to emphasize the societal roles rather than the personal goals of the economic entity.

The commonly recorded productivity has an effect of self-stimulation, for the enterpriser, in the market war; but servicity involves also social, human and environmental responsibilities, approaching the environment in space and also in time.

Such approach should have as a main criterion the role of diverse factors involved in generating value, i.e. in generating utility for mankind, not only market value, as already said. Competitiveness and performance of an economic activity should be thoroughly considered in terms of client satisfaction, generally, in terms of the societal function accomplished, implying sine-qua-non societal responsibility of the economic agents. Such aspects considered at societal level are, in our view, not marginal relatively to the company's position on the market, financial independence and power thereof, prestige and such like individual aspects. Moreover, quoted environmental role, functions and attitudes should not be simply secondary results of from the effects pursued by the enterprising economic entity for its own; but even if (from the view-point of the individual actor) they are (marginal, resulted and not of an explicit interest; or even avoided), it is imperative that economics place them as central in its theoretical concerns and empirical analyses, if such analyses are to be scientific and useful as correctly and thoroughly grasping the truths of the economy. Presuming the invisible hand's validity does not mean looking away from the global impact, considering such impact a non-debatable result of phenomena analyzable at the individual level of the enterpriser exclusively. Focusing on the global results is not a simple extension of the analysis, but should be the standard approach; our results should be better studied on both lines: in space and in time.

Besides our conclusions to the studied economic thought (see Section 2) and the teaching of Service economics, one more background for our approach is the actual context of the debate, which is the concept of knowledge society (against the background of the global changes and crises); and it has a number of requirements, like the special inclusion, the care for societal problems, the respect for the natural habitat, developed by training, research, innovation. All the elements defining the concept of knowledge society become requirements for the life of humans; they demand a new approach of economic life, to any individual entity and to the society as a whole. As a consequence, economic analysis should appropriate the servicity approach.

Conclusive and final comments

Paper had no purpose to develop new business understanding of the concept of value in services, but we presume that exactly the value as it was conceived in the spirit of the initial liberalism is the genuine one. The problem is that commonly the value is not anymore properly understood, because of approaching it usually (even exclusively) from the angle of the market and management (including those of marketing). The profound, general and long nowadays crisis showed us that we need such reconsiderations of value. The almost exclusive focus on the goals (and not on the causes), that is usual in economic dominating thinking, proved damaging. The concern for the causes of facts and their study was (and remains) the start to the development of thought - in despite of the possible subjective groundings. Analysis should be better extended on the shadow side of evidences, believing in science rather than in superficial side evidences.

We define value, in present study, as relative to the economic factor concerned, i.e. as being function of each factor's contribution, and being factor of the effects on each factor.

Apart from the individual economic actor's role, the whole human societies and Nature's respective roles are invoked in our debate, for most of the economic productions and acts.

We also defined value as relative to the actors concerned, as consistent with everyone's interest: value is not the same for the performer, for the beneficiary, and it may be different to present or future generations (see the cut forests illustration *infra* in Section 4). Such a wide approach is different from the individual business view, yet consistent with the original liberalist thought. We advance such view, as heritage from Physiocrats' approach on production and growth.

Value can also be defined as relative to the degree of intellect-intensity, as an index of the creative quality and of the merit of the performer (see *infra* Section 3).

As a result, the output can be ranked as either created or caught (taken): it can be generated by the very efforts and merits of the economic entity {i.e. created by itself, as in the Physiocrat approach's requirement to

an actor that aims to be declared as 'productive'), or only got, by the economic entity, from its environment.

As promoting such an approach, the criterions of ethics and responsibility appear as central in all economic activity, in opposition to their not being respected in the dominant positive economics. It is our belief that the scientific approach should not only see (and present) the narrow, strictly economic, features of the facts, but also understand them in all their complexity; including cultural, social, environmental determinants and goals. In such a complex - and also inter-disciplinary - approach, defining human features is an imperative must: ethics is a defining human feature of any behavior; responsibility also is a defining criterion of assessing contributions, merits and all the aims and effects of individual entities' acts, in human society, economy included. As already Adam Smith emphasized (see *infra* Section 2).

In the approach of economic science, defining value cannot be reduced to recording values resulted from the market mechanisms, as it is at economic entity level: such procedure is superficial and deceptive rather than rigorous. In such view, the philosophic defining features of value themselves can be evoked. The science of the economy is of the society (of humans; not of strictly physical phenomena), not of Nature, unlike physics, despite the desperate efforts of a number of economists to prove it a very exact science. The criterion of merit should also be promoted, with a meaning different from the Orthodox, imposed under the pressure of the industrialization; with a meaning as revealed when invoking the genuine liberalist view; i.e. merit is not definitely consistent with market and pecuniary values, as the dominant economic thought assumes, but often rather opposed to it, which is obvious if examining life today: see, for instance, Romania's latest decades economic evolutions.

Generally speaking, human value is not consistent with economic value or with other forms of material power. In the spirit of Aristotle's view on humans' activities (see his *Chrematistica* too), we dare consider the former more important for humanity (and for economic activities too), than the latter. (The economy should remain a part of human society and must not rule it: but humans are the rulers of the economy. And they must be responsible; as well as the science analysing their economic actions. We see

such approach as relevant, if compared with the dominant economic thought.

Let our stance be crystal clear: in our servicity approach, we do not say that only agriculture can yield value, based on the biological laws of natural germination, as the Physiocrats did; we only reveal the need, in economics, to understand the Physiocrats' productivity principle, at the very foundation and basis of their *laissez-faire* which, constantly invoked as it is, should keep same constancy of presence of a productivity concept consistent with it, or, at least, a close variant thereof, developed on same conceptual basis. Unfortunately facts prove that:

- net plus value made by an agent's own effort is rather replaced by profit made from market power negotiation; any use can be a value, but it is not always a creation of value or worth;
- consensus with the laws of natural life has been long ago replaced by destruction of nature;
- the redistribution among the society members of the created value is rather questionable (such topic falls beyond the scope of present study, therefore being disregarded);
- general value validity - as with the Physiocrats' agricultural production useful to all - is much too often replaced by near-sighted individual utilities, self-centred and short lived, at a cost to others or to the environment.

The role valuable farming production has at societal level - the capital reason for the Physiocrats productivity to exist only in agriculture - requires (demands) perception of value as a generally valid utility: not exclusively for an individual entity. By economic exchange, respective utility can reach numerous other entities. In other words, value as strictly private utility is not valid unless it can be of general utility (for all). If deforesting some wood reports profit, to the cutter, such action means not a value to society in case environmental damage thereby amounts to more than respective private profit. And the general (universal) nature (attribute) of the value plus must be assessed in time as well, not only in space, i.e. relative to the whole of the society and planet and to future generations too.

Unfortunately, by discarding the original value principles, the Physiocrats' liberalism productivity concept vanishes as well, as obvious in today's economic lifex; therefore also vanishing the logical basis of laissez-faire, which, moreover, not only no longer produces effects as foreseen by the Physiocrats, but perverted effects, as obvious with the new long crisis.

The Physiocrats saw the economic mechanism of laissez faire (le monde va de lui meme) in the circumstances of the existence of a system of labour-based agricultural communities (see Veblen's distinction exploit vs. labour mentioned below). Or, today, exploit is dominant (but not labour) preached and aimed, as effective economic action and also as commercialist propaganda image of the new economic religion. Even Smith based his invisible hand principle on moral principles, i.e. considering the intent, not thriving at the expense of others (not exploit, but labour), action concerned being part of the system of Mother Nature's laws, as stated by the Physiocrats. Conclusion: similarly to the anti-trust regulations, anti-exploit regulations should be set, and anti-quack-productivity and pro true productivity regulations too.

The knowledge society and mainly the specific policies of European Union, endeavour to counteract diversions from the original liberalism, as above described: by eco-protective and sustainable development approaches, by considering social and inclusion aspects, by promoting equitable trade and by other such like concerns. The knowledge society provides a background favouring such debate. The knowledge society principles and requirements we spoke about, also confer the possibility of better informed practical choices. The main unsolved issue stays today's productivity concept and the system of economic indicators in current use.

As developing the servicity approach, we evoke important valences of the service economy today, as we think them important for surpassing the industrialist routine and for breaking new horizons, for a more advanced scientific knowledge, economics included.. The concept of servicity and value seen in its approach can be considered as contributing to conceptual clarifying in economic theory. Development on the topics is proposed in the future. Such issues are adequate for an analysis of crises.

Replacing industrial and quantitative routine by a servicity new approach could contribute to avoid crisis and to sustainable development of

humanity; analyses focused on the performed or induced service seem more adequate to describe today's economic facts, and to paying a bigger attention to each individual entity's responsibility and to long and very long run terms interests, rather than to the short and very short: such interests differ with the time horizon (Jivan, 2011, p. 14).

Our results are also a resource for novel research (and applications) to be developed. A limit of present research and, in the same time, a possibility for future opened studies, is the necessity of building novel, better indicators, adequate for reassessing productivity, performance, sustainable development and growth. The opening of such a pertinent perspective (by the servicity approach) can be considered a merit of the paper. This is a main direction to follow, an open problem to solve.

Notes

- I. Most of present paper was held at RESER 2012 Conference (September 20-22, 2012, The Academy of Economic Studies, Bucharest, in an adequate format). It is partly a synthesis rather than an analysis; certain of the approaches in present paper and connected to ideas thereof can be found - developed in various formats - in several of the author's studies.
- II. In the industrialization approach, economic thought imposed an improper industrialist terminology on services, on immaterial activities in general (such issue will not be looked into in detail though, as such debate would be outside the scope of present study); but it is useful to remind the efforts of the French economists to increase the rigor of the terminology (see, for instance, the Pierre Eiglier's and Eric Langeard's 'servuction', in Eiglier & Langeard, 1988), as an attempt to replace the term production, for the particular case of services; the Anglo-Saxon thought generally was not enough open to such approach; in fact, their proposal can be criticized as not enough rigorous (Jivan, 1998, p. 49).

- III. By comparison, let us note here that, at his time, even John Stuart Mill, speaking about the utilitarianism, pain and pleasure, insisted on the 'quality of pleasure - its nature [which] also influences its pleasurable-ness, and, hence its value' (as opposed to 'Bentham and others [who] suggested that the value of pleasure depends mainly on its intensity and its duration' (apud Craig, 2005, p. 1035).
- IV. Like the wine bottle and label, package in general, promotion, endorsement of the vending networks, or of the buyers by promised prizes, promising prints like Novel!, like 10% for free and such like. v Francois Quesnay (in Maxime/Adages) speaks about the 'unfair enterprises of the private interests' (quoted by Gide & Rist, 1926, p. 57). vi See infra (Section 2) our previous references to Veblen. vii People may know that they can profit by cheating, boasting and stealing or they could get at success and power at the stake their environment. But not all people have recourse to such actions, if contrary to their education and principles, which they deem higher than just gaining or winning. viii Of the synonyms of the word serviceable (cf Geddes&Grosset, (2006), p. 669), we choose: beneficial, helpful, profitable, and useful. ix Aristotle (1977) xxiv (p. 522), for instance. x See any dictionary debate essence vs. denomination, or type, in our terms.

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