

Service network value co-creation: Defining the roles of the generic actor



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ABSTRACT

The traditional goods dominant logic lexicon assumes pre-specified and static roles of market participants. Fixed roles such as ‘supplier’ and ‘customer’ imply that value creation occurs between two parties (the dyad) and occurs in a specified direction (i.e., from a supplier to a customer). In contrast, service dominant logic suggests that markets are comprised of generic actors engaged in bilateral actor-to-actor exchanges. However, the generic actor concept is not well developed in existing literature. We contribute to the literature by providing a typology of generic actor roles and identifying multiple types of value that may be co-created in a network. To empirically ground the concepts and generate propositions, we follow the development and deployment of a self-service technology, the Green Fingerprint, in the Swedish commercial real estate industry. Within a service network we find that generic actors assume several roles simultaneously, and may perceive multiple forms of co-created value. Theoretically, this paper offers a basis for further study of the generic actor and types of value, as well as an understanding of how network value co-creation emerges and evolves. Managerially, it offers insights into the existing value and co-creation potential of all actors, even those who are currently passive or reject a value proposition.

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1. Introduction

Service dominant (S-D) logic (Lusch & Vargo, 2012, 2014; Vargo & Lusch, 2004) conceptualizes all market participants as generic actors involved in actor-to-actor (A2A) exchanges: “It is important to think about and refer to economic (and social) actors as just that, generic ‘actors’ without introducing (referential) confusion” (Lusch & Vargo, 2014, page 10). Vargo and Lusch (2011) stress that all social and economic actors (e.g., firms, organizations and consumers) are engaged in value-providing and value co-creating exchanges. S-D logic also recognizes that value generation occurs beyond the dyad – i.e., amongst a network of actors (Gummesson, 2002; Sheth, Sharma, & Iyer, 2009), in ‘service systems’ (Maglio & Spohrer, 2013; Ng, Maull, & Yip, 2009), ‘service delivery networks’ (Tax, McCutcheon, & Wilkinson, 2013), ‘service ecosystems’ (Lusch & Vargo, 2014), ‘many-to-many networks’ (Gummesson, 2004), and ‘value constellations’ (Corsaro, Ramos, Henneberg, & Naudé, 2012; Holmström, Brax, & Ala-Risku, 2010; Normann & Ramírez, 1993). Indeed, Achrol and Kotler (1999) predicted that such networks would be the standard in the ‘network economy’ where multiple companies co-develop their offerings.

However, much of the service-oriented research still utilizes the goods dominant (G-D) logic lexicon where one firm is a ‘supplier’ of

a service and value is subsequently co-created with the ‘customer’ (e.g. Gustafsson, Kristensson, & Witell, 2012, Payne, Storbacka, & Frow, 2008, Vargo & Lusch, 2004), or where the customer is the de facto value creator (Grönroos, 2011; Grönroos & Voima, 2013). Thus, marketing research still implies that value creation (1) involves participants in static roles, (2) moves in a fixed direction (from a supplier to a customer), and (3) is limited to the actor or dyad level.

Lusch and Vargo describe S-D logic as a ‘meta-idea’ that further developed can “serve as a foundation for a general theory, initially for markets and marketing and, later, more generally for social and economic value co-creation” (Lusch & Vargo, 2014, page 211). The S-D logic currently has ten fundamental premises (FPs) developed by its founders. Despite their attempt to break free from a G-D lexicon (cf. Vargo & Lusch, 2011), three premises (FP6–8) implicitly allow for the former dyadic, directional, supplier-customer thinking of G-D logic: FP6 “The customer is always a co-creator of value” and FP8 “A service-centered view is customer oriented and relational” include references to “customers”, and FP7 “The enterprise can only make value propositions” suggests a direction of activity. Fortunately, FP9 “All economic and social actors are resource integrators” and FP10 “Value is always uniquely and phenomenologically determined by the beneficiary” offer an internally consistent way of approaching value co-creation in A2A exchange with all involved actors exhibiting multiple behaviors that previously were associated with specific roles.

We suggest, in line with Vargo and Lusch (2011), that the proper way to define the generic actor is as one that fluidly assumes multiple

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roles and exhibits various behaviors in complex exchange settings, rather than as one that exhibits a constrained set of behaviors due to the assumption of a specific role vis-à-vis another actor. Herein, we consider the generic actor to be any entity that engages in value propositions and value co-creation; therefore, it might be comprised of an individual, a group of individuals or a set of firms all engaging in common behaviors or assuming certain roles. This broad conceptualization is one aspect that makes it truly “generic.”

The primary goals of this paper align with the further development of S-D logic sought by Lusch and Vargo (2014) by (1) contributing to S-D logic and A2A exchange theory by refining the conceptualization of the generic actor, and (2) expanding the understanding of value co-creation in service delivery networks to include multiple types of value.

Through a case study and the process of systemic combining we develop a typology of the roles that generic actors may take in networked A2A exchanges, thereby empirically grounding the generic actor concept, and moving it closer to mid-range theory than the current ‘meta-idea’. This refinement of the generic actor concept dissolves the rigidity of the from-supplier-to-customer perspective. With a more robust generic actor conceptualization we can better understand how value is co-created in networks through the multiple roles that actors can assume. As we broaden the perspective beyond the dyad, we identify three types of value that may be co-created within the network and between networks: economic value, sustainability (or societal) value, and brand value.

The paper follows Yin’s (2014) ‘suspense structure’, where we first present the logic of our contribution and then refine and explore the generic actor roles and network value co-creation by developing related propositions throughout the paper. The remainder of this paper is organized as follows. In Section 2 we discuss related literature and in Section 3 we describe our study design and case method. Section 4 provides the results of the study and in Section 5 we discuss those results including managerial implications and directions for future research.

2. Generic actor roles in service networks

Service marketing scholars have emphasized the interactive nature of business practice (Brown, Fisk, & Bitner, 1994) and S-D logic builds on that relational foundation where the involved parties need to engage in dialogue (Ballantyne, 2004), conversations (Salomonson, Åberg, & Allwood, 2012), encounter processes (Payne et al., 2008), interaction (Ballantyne & Varey, 2006), and interactive value creation (Ford & Mouzas, 2013). Importantly, these relations extend beyond the dyad. Jaakkola and Alexander (2014) show that actors not only try to affect the actor that offers a service – they may also try to influence other actors in the network.

In A2A exchange a single generic actor may be described as the initiator and provider of a service (Grönroos & Voima, 2013), but we recognize that it may also be a beneficiary of that same service. Online communities such as ‘wikis’ are a good example; all actors provide to, and may benefit from, the service. This duality is currently not fully developed in the S-D logic lexicon. FP7, “The enterprise can only make value propositions”, connotes a provider-centric (thus directional) view of value proposal. However, Ramírez (1999) notes that economic actors might assume supplier, customer, competitor, and partner roles simultaneously. And Edvardsson, Tronvoll, and Gruber (2011) note that the involved actors’ roles are dynamic and can change over time. Truong, Simmons, and Palmer (2012) avoid this problem by addressing several actors’ joint development of a value proposition as “reciprocal value propositions”. We believe it is necessary to go further. We suggest that a value proposition may be preceded by an *invitation to co-create*, rather than the delivery of a fixed offer. As such, after a generic actor presents an initial invitation, multiple generic actors then engage in a variety of behaviors as they assume multiple co-creation roles in the

process of defining a value proposition. Of course, even with a fully conceptualized generic actor, we recognize that there must be an initial direction of invitation. Following FP7 “The enterprise can only make value propositions” we assume that one actor is the initiator of such invitations. For example, an initiator can be a company that pursues new service development as a means to co-create value with its customers that could be its joint beneficiaries (FP10).

In response to these insights, the provider-centric perspective that has dominated prior marketing literature needs to be extended so that actors’ roles can be characterized as “open-ended, discovery oriented and inherently relational” (Truong et al., 2012, p. 199). We can assume that an actor that pursues a new service (Edvardsson, 1997; Edvardsson, Meiren, Schäfer, & Witell, 2013; Syson & Perks, 2004) assumes the role of initiator where the aim is to deliver a value proposition (invitation) that becomes accepted by a specific (type of) actor (Tax et al., 2013). However, what is accepted is not ‘service’ or ‘value’ but the invitation to co-create. Once the service is developed and operational, it is possible that both the initiator and the other actor(s) may be both providers and beneficiaries of value as a result of service delivery. The idea that both parties of a market exchange must benefit from it has been stated in the ‘law of exchange’ that specifies a “win-win” situation where both partners are better off after the exchange (Alderson, 1965; Bagozzi, 1974).

Thus, we believe that it is necessary to formally recognize that generic actors in A2A exchange may assume both provider and beneficiary roles (see Fig. 1). The situation becomes even more complex when services are developed and applied in networks where the generated value needs to be assessed in the wider network (Corsaro et al., 2012), as different actors might be more or less engaged and sometimes not even aware of their participation (Chandler & Lusch, 2015). That is, they may be active or passive. Thus, we suggest that in the process of service provision, actors can assume provider and beneficiary roles simultaneously, both in a specific relationship and in the wider network, and may be active and/or passive with respect to their participation. Finally we can expect to find inactive actors in a wider service network, i.e. actors that decline or ignore the invitation to cocreate and hence choose not to participate. Fig. 2 portrays a snapshot of the range of possible roles that generic actors may assume in a hypothetical service system. The solid lines indicate dyadic A2A exchange and the dotted lines represent potential A2A exchange. However, any one of the generic actors may change its role(s) and/or assume additional roles simultaneously with respect to other actors or the overall network.

As co-created value is emergent (Corsaro, 2014), it affects the involved actors differently over time which in turn influences the roles they assume. Over time actors involved with a service may discover new ways to utilize the service and thereby perceive new forms of value, may be content with the current perceived level of value, or even perceive declining value if the original service does not correspond

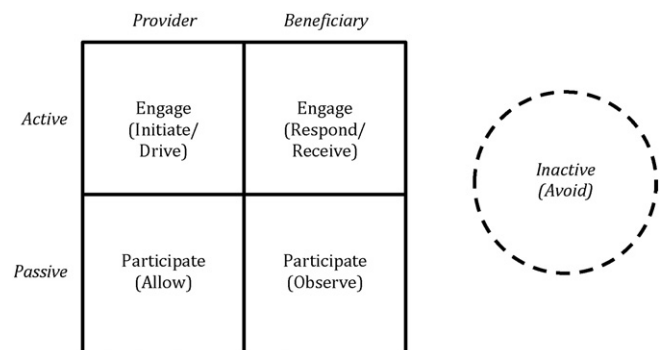


Fig. 1. A typology of generic actor roles.

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