Every cloud has a silver lining — Exploring the dark side of value co-creation in B2B service networks

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A B S T R A C T

This research explores the dark side of value co-creation (VCC) in B2B service networks. Whilst VCC is attracting a great deal of academic attention and a number of studies have highlighted the benefits of VCC, researchers often fail to consider the potentially negative consequences of VCC, especially in the context of business networks. This study explores the negative aspects associated with VCC in advertising service networks and identifies role conflicts and ambiguity, opportunism and power plays on the dark side of VCC. Tensions created by role conflicts during VCC interactions are highlighted. Also sharing of responsibilities during VCC can result in managers having a lack of clarity about what is expected of them, leading to role ambiguity and misunderstandings between firms. Managers engaging in VCC display weak-form opportunistic behaviors. These softer forms of opportunism are found to be tolerated and almost expected within long-term relationships. This research suggests that the exertion of power often shapes VCC activities within the advertising service network. Power plays are used as a means to mobilize appropriate resources and to influence network actors to adhere to value co-creation objectives. The presence of role conflicts, role ambiguity, opportunistic behaviors and power plays indicate that there is indeed a dark side to VCC that is currently omitted from existing VCC frameworks. A further contribution of our study is to highlight that a bright-dark dichotomy does not fully describe the complexity of VCC in B2B service networks and we show how the dark side may lead to positive outcomes.

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1. Introduction

There is a burgeoning field of research that explores the concept of value co-creation (VCC) (Ford, 2011; Leroy, Cova, & Salle, 2013; Vargo & Lusch, 2004, 2008). In B2B contexts, co-creation of value is central to the ongoing survival of the businesses concerned (Ford, Gadde, Håkansson, & Snehota, 2003; Hutt & Speh, 2012) because value is co-created by multiple actors and involves complex interactions in business networks (Lindgreen, Hingley, Grant, & Morgan, 2012; Vargo & Lusch, 2011). There is, therefore, a need to focus on how actors can achieve co-creation of value (Ford & Mouzas, 2013; Möller, 2006).

VCC has been defined as a process of resource integration activities when firms interact with various actors in their business network as a result of which benefits are realized for the business actors involved (Ford, 2011; Grönroos & Voima, 2013; Jaakkola & Hakanen, 2013; Vargo, Maglio, & Akaka, 2008). However, a perception of harmonious co-creation of value can be considered as naive and simplistic and, especially in a B2B context, does not consider the complexity of inter-firm relationships (Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009; Lindgreen et al., 2012). In a network setting, mutual benefit from

VCC for all actors involved is unlikely as the various actors interact in many different ways increasing the chances of suboptimal outcomes for one or more of the parties.

In this paper we aim to explore the dark side of VCC in business service networks; the dark side of VCC refers to those aspects of VCC activities that are hidden and include potential risks during co-creation. Only a limited number of studies have touched upon the dark side of VCC (e.g. Echeverri & Skålén, 2011; Edvardsson, Tronvoll, & Gruber, 2011; Heidenreich, Wittkowski, Handrich, & Falk, 2014), but these take a B2C perspective and do not consider the complexity of business net-works. In an increasingly networked economy, one might be surprised by this apparent neglect of the role of multiple actors in determining value co-creation (Baron, Warnaby, & Hunter-Jones, 2013). Due to the lack of empirical research on the dark side of VCC in a B2B service network context, an exploratory study in the advertising industry was conducted to gain insight into what business actors perceive to be the dark side of VCC.

Our study reveals complex and nuanced interactions during VCC including role stressors, such as role conflicts and ambiguity, opportun-ism and power plays, reflecting a blurred interface between the dark and bright sides of VCC. It illustrates the importance of incorporating elements of relationship atmosphere into VCC frameworks in order to better understand and manage VCC in service networks. A link between

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role stressors and coopetitive tensions during VCC is identified, which leads to a lack of transparency and information asymmetry between the parties involved. In addition, how power is exerted, in terms of the communication style, determines whether there is a negative impact on VCC. We find that engaging in VCC may encourage weak-form opportunistic behaviors, which may need to be tolerated by managers in order to avoid a negative impact on their buyer/supplier relationships. Finally, our study illustrates that the dark side of VCC does not always lead to negative outcomes and can be important in achieving positive VCC outcomes. We critique the simplicity of the bright-dark dichotomy and underline how our findings offer a more nuanced view of VCC in B2B service networks.

The paper begins with a review of the literature on VCC and its dark side, with special emphasis on VCC in B2B settings. This is followed by a description of the research design, sampling, data collection and analysis techniques. The findings are then presented and discussed. Finally, the theoretical and managerial contributions and the limitations of this study are presented.

2. The bright and the dark sides of value co-creation

Ballantyne and Varey (2006) posit that VCC involves spontaneous, collaborative and dialogical interactions between parties while Prahalad and Ramaswamy (2004) suggest that dialog, access, understanding of risk-benefits, and transparency are the building blocks of VCC. Jaworski and Kohli (2006) assert that VCC activities result in the benefit that both buyers and suppliers end up knowing more about each other's needs and preferences. Payne, Storbacka, and Frow (2008) further comment on the benefits of VCC activities stating that VCC involves the supplier creating superior value propositions that are relevant to the supplier's target customers. This, in turn, results in further opportunities for VCC and leads to benefits or value being received by the supplier through revenues, profits and referrals (Payne et al., 2008). Jaakkola and Hakanen (2013) suggest that the primary benefit for network actors engaging in VCC is gaining access to complementary resources.

However, it is important to recognize that engaging in VCC may not always lead to desirable (Dong, Evans, & Zou, 2008; Echeverri & Skålén, 2011; Plé & Cáceres, 2010) nor symmetrical value outcomes (Edvardsson et al., 2011; Grönroos, 2011). For example, it has been theorized that during VCC employees may face role conflicts which can result in burnout (Edvardsson et al., 2011) or consumers may engage in opportunistic behavior such as activism against the firm which can negatively affect firm revenues (Ertimur & Venkatesh, 2010). These studies, however, are not empirically-based and also only focus on B2C settings.

Heidenreich et al. (2014) argue that research emphasizes the positive effects of VCC and that there is a lack of research examining the dark side. They illustrate the dark side of VCC by considering the potential risks of service failure in co-created Internet-based services. Plé and Cáceres (2010) and Lindgreen et al. (2012) concur that the service-dominant logic (SDL) perspective presents an inherently optimistic and favorable view of VCC. Vargo and Lusch (2004, 2008) argue that value is not created through exchange, but in co-creation through interlinked actors and resources. To complement this, Plé and Cáceres (2010) propose that the concept of value co-destruction should be introduced within SDL; theorizing that value can be co-destroyed when resources are accidentally or intentionally misused. The small number of studies that discuss negative outcomes of VCC only focuses on B2C settings. This suggests that greater attention needs to be given to exploring negative aspects associated with VCC activities, especially in B2B settings. This area is neglected in the mainstream discussion of VCC and is missing from the proposed frameworks for managing VCC (Grönroos & Voima, 2013; Payne et al., 2008; Ramaswamy & Gouillart, 2010).

In the VCC literature focusing on B2B settings, SDL frameworks have been used by Aarikka-Stenroos and Jaakkola (2012) to describe the

dyadic problem-solving process in knowledge-intensive services while Lambert and Enz (2012) describe VCC at a strategic level (involving joint crafting of value propositions, value actualization and value determination). Cova and Salle's (2008) work in the solutions industry uses SDL to understand, from a supplier's point of view, VCC between the supplier and the supplier's network and the customer and the customer's network. Cova and Salle (2008) highlight that in many of the proposed VCC frameworks (e.g. Payne et al., 2008), there is no consideration of VCC with either the supplier's or the customer's network.

A consideration of the influence of network actors is missing from current VCC frameworks. Only a handful of studies examine VCC in a network context (cf. Baron et al., 2013; Perks & Roberts, 2014). Jaakkola and Hakanen (2013) also investigate VCC in solution networks, but unlike Cova and Salle (2008), they incorporate the perspectives of network actors beyond the dyad. However, they mainly focus on the activities and resources involved in VCC between multiple network actors rather than investigating any negative aspects associated with VCC.

The lack of VCC studies that focus on negative aspects may be because, compared to the positive aspects of B2B relationships, the dark side of B2B relationships is relatively under-investigated (Mitręga & Zolkiewski, 2012; Villena, Revilla, & Choi, 2011). The literature on the dark side of B2B relationships has tended to investigate the relationship atmosphere (Håkansson, 1982) including conflict (e.g. Finch, Zhang, & Geiger, 2013), opportunism (e.g. Hawkins, Pohlen, & Prybutok, 2013) and power (Jain, Khalil, Johnston, & Cheng, 2014; Olsen, Prenkert, Hoholm, & Harrison, 2014). Håkansson (1982) posits that buyer–supplier interactions are shaped by an atmosphere which embodies elements such as power balance, expectations, degree of cooperation and conflict that buyers and suppliers both shape and react to. Problems concerning the atmospheric elements of power and conflict must be "handled" if the relationship between buyers and suppliers are to be maintained over the long-term (Krapfel, Salmond, & Spekman, 1991: p. 23). However, these darker atmospheric elements do not feature in any of the studies on VCC in the B2B literature and it is not clear how these atmospheric elements impact on VCC between multiple actors in a network.

It can be argued that research places too much emphasis on positive aspects of VCC. A more nuanced approach to understanding VCC is needed, which also explores potentially negative influences. Further, research has predominantly focused on emphasizing how VCC activities are organized from a provider perspective and studies that include data from more than one actor are few and far between (Yngfalk, 2013). Representation of the perspectives of the supplier, buyer and other network actors within the business network is needed in order to investigate the dark side of VCC. Hence, our research objective is to determine any negative and hidden aspects associated with VCC in business networks. Additionally, through the development of empirically-derived propositions, we aim to contribute to the refinement of existing frameworks for VCC (e.g. Payne et al., 2008), which do not take into account the complexity of B2B relationships and networks. As our literature review indicates, VCC can have both positive and negative outcomes, however, the focus of the majority of previous studies on VCC has been on positive outcomes. We view VCC as involving resource integration activities such as engaging in dialog, information sharing, joint innovation and joint problem-solving between actors that can have both positive and negative outcomes as shown in Fig. 1.

3. Research design

Due to the lack of empirical research on and limited understanding of the dark side of VCC, an exploratory, theory building approach was taken. We were primarily concerned with gaining a deeper understanding of the dark side of VCC from the point-of-view of participants and use the interaction and ARA (Actors–Resources–Activities) frameworks as a conceptual basis (Håkansson & Snehota, 1995).