The Antecedents of the Value Co-Destruction – A Holistic Perspective

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ABSTRACT

There is a burgeoning field of value co-creation (VCC) research in the past decades. However, the complexity and heterogeneity of multi-actors tear the harmoniousness of VCC apart. Hence, value can be co-destroyed in a multi-actor involvement setting. Prior research on value co-destruction (VCD) focuses on the process and outcomes, with limited attention on the VCD antecedents. Our study sheds the lights on exploring the VCD antecedents in the B2C context. Further, instead of examining the VCD antecedents from blunt and simplistic view, We adopt a holistic view. It incorporates the lens of employee, company and customer to explore the antecedents. We used semi-structured interview to obtain VCD incident data. We propose a model of two constructs that are less participation and low engagement as antecedents and these constructs are formulated from the holistic – both dyadic and triadic perspective. Finally, this study contributes to the deeper understanding of VCD domain.

Keywords: *Value co-destruction, Holistic View, B2C Context*

Track: *Service Marketing*

1. Introduction

There is abundant number of VCC research in the past decades (Lenka, Parida, and Wincent, 2017). VCC has been defined as a process that companies configurate resources with various actors and realize benefits for the business actors (Vargo, Maglio, and Akaka, 2008). However, in a multi-actor involvement setting, factors like conflicts of interests and communication friction tear the harmoniousness of VCC apart and increase the likelihood of co-destroying value. This phenomenon is called value co-destruction (VCD). Past research on VCD mainly focuses on the examination of its process (Makkonen & Olkkonen, 2017) and the consequences (Heidenreich, Wittkowski, Handrich, and Falk, 2015). There is a paucity of exploration of VCD antecedents. Few papers have investigated the co-destroy of value in B2B (Chowdhury, Gruber, and Zolkiewski, 2016) and B2C (Vafeas, Hughes and Hilton, 2016) context. However, these studies only focus on dyadic perspective, namely customer and company, without the examination of an interactive and holistic lens among employees, companies and customers.

In this paper we aim to explore the antecedents of VCD in the B2C context. We adopt a holistic perspective to investigate the antecedents. Through the exploratory study, we explored the interactive, complex, and dynamic relationship among company, employee and customers in B2C VCD context. Our study contributes to the understanding of antecedents of value co-destruction from a holistic perspective. We adopt a multi-actor perspective, including customers, employees and company to investigate the interconnected and dynamic triggers. Our results reveal that co-destruction of value can be caused by dyadic and triadic relations.

The paper starts with a review of VCD and its antecedents, followed by a description of research design, data collection and analysis. Findings and discussion are also provided. Finally, the theoretical contributions, managerial implications and limitations are presented.

2. Literature Review

2.1 Value co-destruction

Value co-creation is associated with the joint actions and behaviors to create value between company and customers (Etgar, 2008). In B2C context, VCC is vital both for companies and

customers, because co-creation of value can increase customer happiness and satisfaction (Hsieh, Chiu, Tang, and Lin, 2018), and provides competitiveness for company ongoing survival (Cossío-Silva, Revilla-Camacho, Vega-Vázquez, and Palacios-Florencio, 2016). However, recent research suggest that value can be co-destroyed due to the complexity of multi actor involvement.

Value co-destruction is defined as "an interactional process between service systems that results in a decline in at least one of the systems' well-being." (Plé & Chumpitaz Cáceres, 2010, p.431). This means that value can be co-destroyed by any combination of actors participated. Prior research regarding on VCD mainly focuses on the examination of process (Makkonen & Olkkonen, 2017) and consequence (Chowdhury et al., 2016; Sugathan, Ranjan, and Mulky, 2017). For example, a study from Heidenreich et al. (2015) show that compared to low level co-creation service, high level co-creation service in the failure case would generate a greater negative disconfirmation with the expected service outcome.

2.2 Antecedents of value co-destruction

Prior research on VCD is limited, and Chowdhury et al. (2016)'s study embarks on the importance of this issue and call for more research on this topic. Vafeas et al. (2016) publish an article that analyze the antecedents of VCD from the resource perspective in the B2B context. In addition, Järvi, Kähkönen, and Torvinen (2018) investigate the VCD antecedents based relational lens, including B2C interactions, B2B interactions, and public actor interactions. However, existing research on VCD antecedents is simplistic (Smith, 2013) and dyadic. This means that they only focusing on the exploration of relation between customer and organization (Vafeas et al., 2016), with little attention on employee level. Consequently, this study examines the VCD antecedents in B2C context from a holistic perspective, including employee, company and customers.

3. Methodology

3.1 Data collection

Data was collected by conducting semi-structured interview. We adopt snowball sampling

technique as this is useful when the target population is difficult to locate (Rubin & Babble, 2006). Specifically, we interviewed a few participants who have VCD experiences and then, they brought other people who have this kind of experiences to come. There are 32 interviewees in the study, including customers, companies and employees. We suggest that president, vice president, and director of companies are identified as company level and other employees are deemed as employee perspectives. This is because employees can directly interact with customers while the president should not. Each interview lasts around 50 minutes.

3.2 Data analysis

Follow by Gioia, Corley, and Hamilton (2013), the transcripts are coded. We organize the data into first-order concepts, and then search of similarities and differences of first-order concepts in order to categories them into second-order concepts. Third, we need to ensure the emerging themes can represent the observed phenomena. Last, the aggregate dimensions can be generated. The coding process across the whole data can be seen in figure 1.
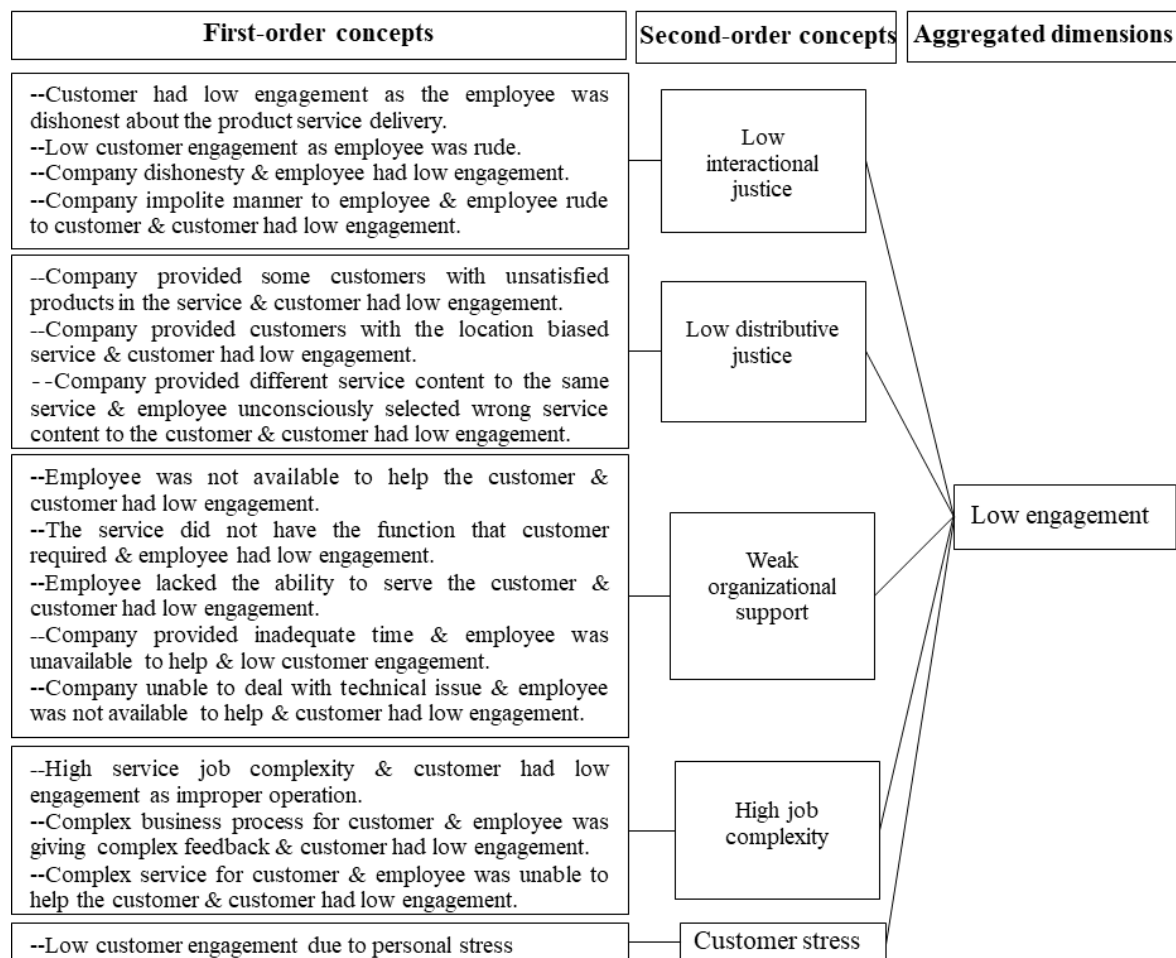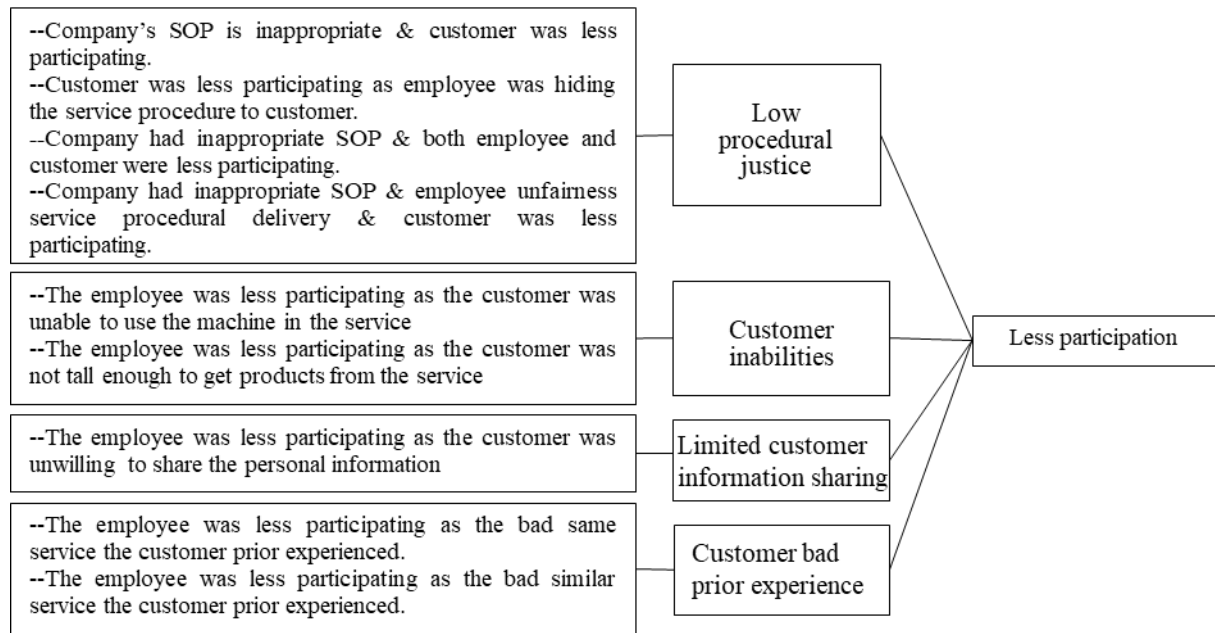
Figure 1: Data analysis framework

4. Findings and Discussion

The results show that there are two antecedents: *low engagement* and *less participation*. Participation implies a level of involvement alone whereas the engagement suggests a more empowered role (Lukensmeyer & Torres, 2006). The difference between these two constructs is that *Less participation* refers to actor who is not willing to join into the co-created service or who is not holding the stay intention in the service, whereas *low* engagement refers to low interactional tendency in the co-created service.

The results demonstrate that VCD can be provoked by three dyadic and one triadic relation. Figure 2 shows our framework which incorporates dyadic and triadic relationships among employees, firm and customers. The main antecedents are demonstrated in the figure as well. In addition, based on the second order factor and aggregated dimensions in figure 1, figure 3 shows the antecedents of VCD in four relationship contexts.
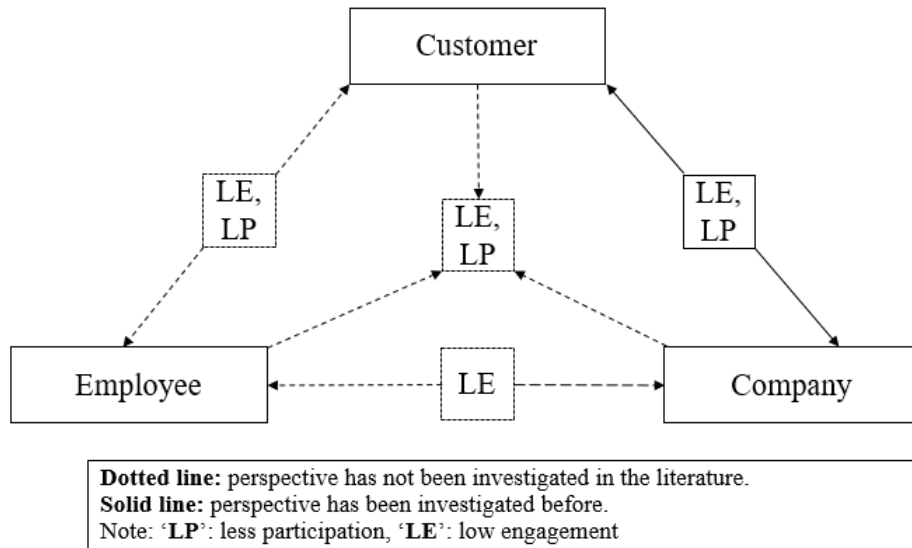
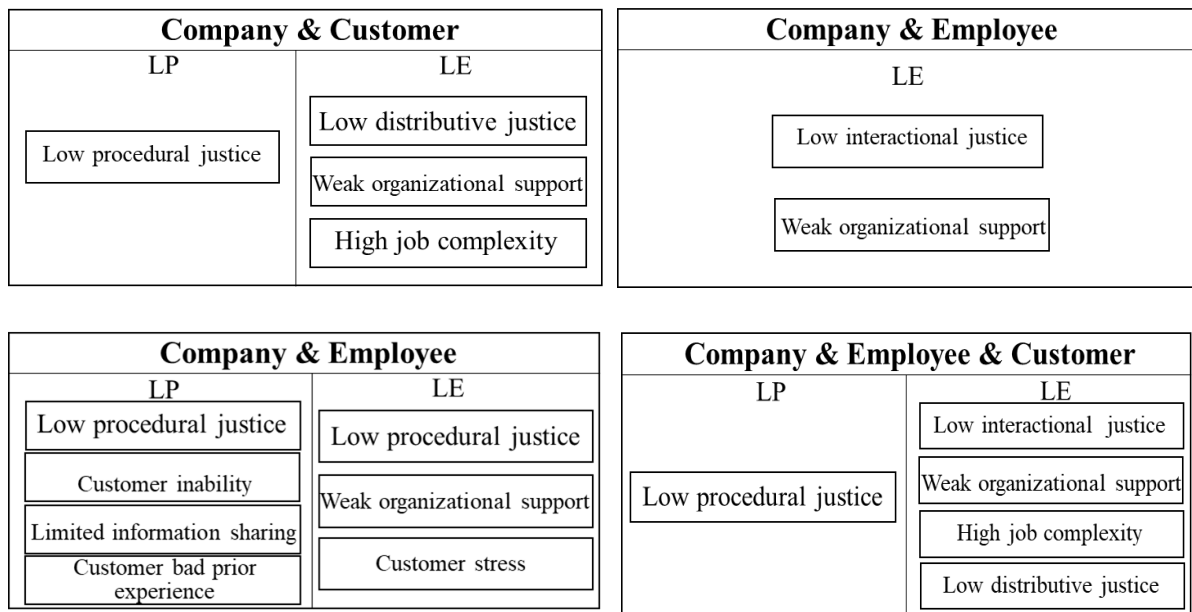Figure 2: A holistic view of value co-destruction antecedents

Figure 3: Antecedents of value co-destruction in a multi-actor setting

In figure 3, we show antecedents from the company and customer lens, namely VCD is triggered by Low engagement and Low participation. This means that companies need to have a good design of service and this can diminish the likelihood of value destruction. An example of Low engagement is customer's perceived low distributive justice during the service process and this leads to unsatisfaction of customers and value diminishing. This is reflected by the following case:

"It is the company's unfair treatment. Actually, I prepared a lot of things in terms of this activity, but once I saw that I was being treated unfairly, the negative emotions immediately generated, and I was not that engaged anymore."

In figure 3, we also demonstrate VCD antecedents from customer and employee lens. The results show that VCD can be caused by Low participation and Low engagement as well. This means that companies can invest more efforts in employee training to provide better service. An example of VCD caused low participation is insufficient information sharing between customer and employee, which is demonstrated in this case:

A bank vice president reflected that "*As the customer told my colleague, he was not willing to share so much personal information to the STM (smart teller machine) ...the lobby manager directly brought this customer to the counter without any STM operation education.*"

We also provide VCD antecedents from company and employee relation. The result shows that VCD is triggered by Low engagement. This means that the top management team should design the service and procedure in a fair, supportive way. One of the examples is mentioned as "*As my boss (director) was cheating me, I did not want to serve the customer so nicely as I normally do.*"

Finally, our study describes VCD antecedents from a triadic perspective, that is employee, customer and firm. The antecedents in this case is Low participation and Low engagement. The result show that customers feel low level of procedural justice due to the company and employee's behaviors. For example, one of our cases talked about general manager's opinions of dyadic VCD.

"*Our standard operating procedures, at the moment, are lacking the step for telling the customer that they cannot eat the blueberry directly in the orchard before customer finished the payment. Usually, when the customer eating the blueberry in the orchard, our staff would critiqued them and not willing to serve them in the service and then the customer is not willing to participate in the service and he/she will process his payment immediately.*"

Besides, our finding suggests that a triadic VCD can be also caused by low engagement. Customers can have a low perception of interactive and distributive justice, as well as the high job complexity and weak firm support. An example comes from tea shop manager that the service process is designed in a complex way and employees are unavailable to serve the customers, thus customers have low engagement intention:

> "*I believe that we should bring clear instructions to customers about different types of tea leaves (service is complicated to the customer). The employee was unable to help due to too many customers, and then customers were not that engaging anymore which I can saw from their faces*"

In summary, the three dyadic relations and one triadic relation implies that value can be co-destroyed in different conditions. On the one hand, companies need to establish a well-developed management and accountability system and make greater efforts in employee training to strengthen the quality provided for customers. On the other hand, companies should be instilled with honesty and fairness to provide more value and satisfaction for customers.

5. Conclusion

5.1 Theoretical Contributions

First, this research contributes the understanding of the antecedents of VCD from a holistic view by incorporating the lens of employee, company and customer. Our findings show that value co-destruction can be caused by the dyadic and the triadic relations. Specifically, our result demonstrates that VCD can also be provoked by employee and company, without the participation of customer end. In addition, a triadic value destruction scenario is also suggested by our research, which means that the reasons of service failure can be attributed to three parties.

Second, this study focuses on the exploration of antecedents of value co-destruction in the B2C context. Previous research focuses more on the B2B context (Chowdhury et al., 2016; Vafeas et al., 2016). Hence, this paper extends previous research by showing the triggers of value co-destroy among customers and service providers.

5.2 Managerial Implications

Our results show that value co-destruction is frequently involved with customer end. Hence, it is significant that companies need to have a deep understanding of the client world. Customer may be personally distressed, lack of professional knowledge, or have high expectations. The product or service should be designed more customer oriented and employees are advised to take care of personal needs. In addition, the research findings suggest that some value is destroyed by employees and companies themselves, for example, the dishonest behaviors. This means that companies need to establish accountable system and make greater efforts in training to strengthen the quality. In addition, companies should be instilled with honesty and fairness to provide more value and satisfaction for customers.

6. Limitations and Future Study

First, given that this paper focuses on the development of a holistic framework, future study can examine the individual dyadic and triadic context in our model. This can facilitate the understanding of value co-destruction in a deeper way. Second, this study adopts qualitative method, with the aim to provide a deep insights of value co-destruction antecedents. It is suggested that future study can use quantitative approach to test the research framework to enhance the generalizability.

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