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# Identifying the Processes of Value Co-Creation

A thesis

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By

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## Abstract

This study aimed to address the issues pertaining practicalities of value co-creation from the perspective of Service-Dominant Logic (S-D) of Marketing. Using an interpretive strategy and case study method, this study responds to the call for empirical treatment of Service-Dominant Logic conceptualization. This is done by answering the question “*how does integrating resources co-create value?*”. A multiple-actor framework of value co-creation is derived from empirical material interpretation incorporating the nature of value realized by actors, resources and actor classifications, nature of interactions, and stages in value co-creation.

The outcome of this study suggests that value co-creation is a *system* where actors engage in dialogues with the aim of improving ‘personal situations’. This system is comprised of various processes at *four* stages. For instance, resources integration among actors happens at a *collaboration* stage that co-creates *consequences*. These consequences are experiences, service offerings, relationships and fluctuations in resources and skills. Resources integration is done through *reciprocal co-operative dialogue* among actors. These dialogues have four types: initiating, building, sharing and critiquing (*IBSC*). In the next stage, value is *realized* in the form of *inter-related* facets: knowledge, monetary, relationship, functional and experience value. All these value facets together increase or decrease the experience value. Once value is realized, the next stage is the *appraisal* of the overall experience in the form of positive word of mouth, willingness to participate in the future,

innovation, and premium valuation of the service offerings. Positive appraisal results in the *improved situations* of actors. Improved situations are: increase in resources, actors satisfaction, long-term and sustainable partnerships, and successful service delivery. A negative appraisal recognizes in the *co-destruction of value*.

This framework is significant because in addition to providing implications for marketing theory and future research, *4E's of value co-creation matrix (Engage, Event Space, Evaluation , Encourage)* which are focused on resource integrations and actors, are recommended for value co-creation practices. 4E's of value co-creation also question the efficacy of marketing mix in framing managerial decisions. 4E's of value co-creation presents a service dominant perspective on developing marketing strategies.

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# Chapter 1.0: Introduction

## 1.1 Background to the Study

The importance of value is well recognized in the marketing literature. The creation of value for customers has always been the main focus for marketers. Service-Dominant (SD) Logic of Marketing (Vargo & Lusch, 2004) presented an alternative view on the concept of value creation. SD logic suggests that value is co-created by actors. This challenges the traditional conception of marketing which is focused on goods and understanding of value creation by the firm. This shift in the focus from goods to service calls for a better understanding of the concept and practice of value co-creation.

Value co-creation is a fairly new area of increasing popularity in academic circles. The customer is no longer understood to be a passive recipient. It is argued that customer is the one who co-creates value for himself with the help of firm. Firm role is changed from value provider to facilitator and supporter. Similarly, customer is not only a value destroyer, but also a value user, value assessor and value co-creator. A significant amount of conceptual work has been published for a better understanding of value co-creation. A real life scenario where value is co-created among actors is required. Lack of empirical studies, and the fact that value co-creation and SD logic still lies at a conceptual level calls for a better understanding of value co-creation, *empirically*.

In addition to the above key observation from literature which was a motivation for this study, it was also observed that not only there are limited number of empirical studies, but a significant amount of those empirical studies reflect a single actor view. Literature review reveals that in those studies, empirical material was collected from managers and employees of the firms. Customers, who are believed to be the co-creators and assessors of value, have been neglected. In order to explore value co-creation, multiple actor view is required.

In essence, the main objective of this study was to observe a real life scenario where actors were involved in resource integration that resulted in the co-creation of value. Furthermore, a multiple-actor view was required to understand the multi-dimensional view of value co-creation. This study further aimed to address the practicalities of value co-creation by revealing resources, actors, processes, stages and outcomes of value co-creation. The research questions were developed from the review of the literature. The research questions of this study are:

***Main Question: How does integrating resources co- create value?***

***Sub-Question A:*** What are the natures of value realized by actors?

***Sub-Question B:*** What resources support value co-creation?

***Sub-Question C:*** What are the stages in value co-creation?

***Sub-Question D:*** What is the nature of interactions that are part of value co-creation?

## **1.2 Structure of the Thesis**

The structure of this document is as follows:

### **Chapter 2: Literature Review**

In this chapter, the foundation of this thesis is formulated. This chapter starts with the discussion on the transformation in the marketing literature. Marketing as a discipline, has evolved over time. These developments altered the way we conceptualize marketing concepts. A brief review is included to understand the roots of the marketing thought, and its journey to the new logic.

In 2004, Vargo & Lusch introduced a new dominant logic of marketing. This new logic attracted attention from marketing scholars all around the world. This chapter discusses the introduction of SD logic and its development. The evolution of new logic of marketing opens up an exciting debate on actual purpose and mechanism of marketing practices and principles. SD logic breaks away from the traditional manufacturing based marketing towards a more relational view. It has challenged the conventional marketing ideas where focus was only given to economic benefits during exchange. In order to develop a broader understanding of SD logic, the perspective of Nordic school is also discussed.

After developing an understanding of SD logic, the phenomenon of value co-creation is discussed. A comprehensive review is presented which includes the conceptualization of the concept value, value in exchange

and the creation of value. This traditional value literature is then developed into an understanding of value co-creation concept in light of SD logic.

As a conclusion, literature review provides a list of observations and the current knowledge gaps. These knowledge gaps are used as the motivation for this PhD project. Research questions are developed, and presented in the end of this chapter.

### **Chapter 3: Methodology**

Methodology refers to how research goes about finding out knowledge and carrying out the research project. Wainwright (1997) suggests that methodology is a strategic approach of inquiry, rather than design and techniques of collecting and interpreting empirical material. First step in discussing the methodology is the selection of appropriate philosophical paradigm. The selection of philosophical paradigm emerges from the understanding of ontology, epistemology and paradigm choices (Denzin, 1998).

This chapter discusses the ontological assumptions in order to develop a philosophical stance. 'Ontology' refers to the nature of reality. Ontology is usually classified as *realist* and *relativist*. This study assumes relativist ontology. *Relativist* ontology assumes that there exists multiple, socially constructed realities ungoverned by natural laws -- causal or otherwise (Guba & Lincoln, 2005). Ontological selections lead to the discussion and selection of epistemology.

Epistemology emphasis on the nature and origins of knowing and the construction of knowledge (Maykut, 1994). . Based on the ontological choices, subjective epistemology is selected. A rationale and discussion is provided in order to develop a strong case. The understanding and selection of ontology and epistemology lead to the discussion of philosophical paradigms.

A paradigm is understood as *“a basic set of beliefs that guide action”*. The primary objective of this study was to understand the process of value co-creation through the eyes of actors. By keeping the objective, ontology and epistemology in mind, Interpretivist stance is used as the suitable philosophical paradigm. In the end, this chapter also discusses the research logic in detail. Three research logics are discussed. Abduction is selected as an appropriate research logic. A detail is given on the abductive logic grounded in marketing literature.

#### **Chapter 4: Research Methods**

Selection of the appropriate methodology leads to the discussion on the selection of research methods. Methods are “techniques for gathering evidence” (Harding, 1986) or “procedures, tools and techniques” of research (Schwandt, 2001).

This chapter presents case study as the selected research method. A case for case study method is established by providing rationale. The context of case studies is also presented. A comprehensive discussion on the field protocols is discussed in the end.



## **Chapter 5: Case Study Protocols**

This chapter presents a step by step guide which was used for the execution of this study. This chapter aims to highlight the key procedures planned before carrying out the case study. It provides an overview of research questions, scope of research and the focus of this study. Furthermore, issues related empirical material collection and step by step process including preparation of empirical material collection and preparation of interview guide is discussed. The later part of chapter maps out and discusses the interpretation strategy used for the generation of results and findings.

## **Chapter 6,7,8: Case Studies Analysis**

Three chapters are dedicated to the discussion of the case studies interpretation and discussion. A comprehensive interpretation is discussed and presented in the form of concepts and categories. Chapter 6 discusses the first case study. The objective of the first case study was to gain experience and test the field protocols. Text interpretation was done on the empirical material. Chapter 7 and 8 presents an in-depth analysis of two case studies. A range of concepts and categories are discussed in both chapters. These categories and concepts emerged from the interpretation of the empirical material.

## **Chapter 9: Discussion of the Findings**

This chapter discusses the findings that emerged from the interpretation of case studies in the previous chapters. Four patterns are discussed in the

beginning of the chapter. These patterns emerged from cross analysis of case studies. These patterns are discussed as the building blocks of a value co-creation framework. Along with the framework, a definition of value co-creation is also presented. Furthermore, contributions of this study are presented and related back to the value facets and observations raised from literature review. Limitations of this study are discussed. Implications for theory, practice and future research are proposed in the end of the report.

# Chapter 2.0: Literature Review

## 2.1 Chapter Overview

This chapter starts with a review of the transformation in marketing literature from goods to service. Service Dominant (S-D) Logic of Marketing is discussed as a theoretical foundation of this study. S-D logic suggests 'service' as the basis of exchange and presents the concept of value co-creation. Value co-creation is discussed in depth by developing the understanding of what is value, how value creation evolved in the marketing literature and how S-D logic addresses the value co-creation concept. The in-depth review provides six facets of value co-creation which are reviewed in the literature. In addition to this, three observations are reported as current issues that need attention from marketing scholars. In the end, research questions are formulated to address these issues.

## 2.2 Transformation in Marketing Literature

The world economy has experienced a significant transformation in the last two centuries. It has moved from agricultural to industrial-based systems. In the last four decades, further transformation resulted in the evolution of *service* based economies. More developed economies around the world have evolved into service dominant economies. This change in the economies towards service mindset influenced the marketing literature also.

Marketing as a discipline is dealing with product exchange and profit generation for a long time. Traditional goods-based (G-D) marketing models focus on the product as the main mode of communication between the firm and customer (bearer of value). It does not provide marketer with means of entering the consumption process of customer in an interactive way (Grönroos, 2006a). Due to the absence of interaction between firm and customer, firm doesn't know what customer is doing with the product. The goods are delivered to customers by the firm, but the process of consuming those goods is not taken in consideration, and hence unknown.

The focus of marketing literature is now extended from financial benefits to non-financial benefits, which are also classified as immaterial benefits. Relationships and interactions are becoming important between firm and customers and are emphasized by marketers. Marketing is now viewed as an integrative activity involving different actors with emphasis on facilitating, building and maintaining relationship over time (Brodie, Coviello, Brookes, & Little, (1997). The process nature and the fact that customers consume services in production and are involved in the production process (Grönroos, 2006a)- opened new venues for innovation, relationship and learning for firms.

Moving forward in this stream of developments, a recent contribution within marketing literature has offered a service focused lens for marketing to view the process of exchange. Service Dominant (S-D) Logic of Marketing (Vargo & Lusch, 2004) presents an alternative to Goods

Dominant (G-D) logic. S-D logic focuses on “*service*” (*singular*) – a *process of doing something for another party*. The primary focus of exchange is on service, rather than goods or services as in G-D logic. Goods and services are treated as the appliances of service. In contrast to services, service is defined as the ‘application of knowledge and skills for the benefit of others’ (Vargo & Lusch, 2004). S-D logic provides a service-based foundation centered on service-driven principles. It is believed that the work of Vargo & Lusch (2004) has given a profound structure to service marketing literature spanning over 30 years (Grönroos & Ravald, 2009). S-D logic has gained significant attention from scholars internationally as it suggests that the basis of exchange is service, which is driven by the integration of resources and the collaborative co-creation of value (Akaka & Vargo, 2013).

### **2.3 Service-Dominant (S-D) Logic of Marketing**

Service-dominant (S-D) logic was first introduced by Vargo & Lusch (2004). The evolution of new logic of marketing opens up an exciting debate on actual purpose and mechanism of marketing practices and principles. S-D logic breaks away from the traditional manufacturing based marketing towards a more relational view. It has challenged the conventional marketing ideas where focus was only given to economic benefits during exchange.

S-D logic presents service as the reason of exchange between actors. It provides a theoretical understanding of how different actors including firms,

customers and networks create value in a collaborative way. S-D logic explains marketing as an ongoing activity which is used to better one's circumstances. The focus of this logic is however still given to value creation. Value is co-created among actors through their service interactions (Karpen, Bove, & Lukas, 2012). S-D logic has given a new dimension to the roles of customers and firms involved in an exchange. Firms are no longer core value deciders and provider, but more of *value creation facilitator*. Customers are value co-creator. S-D logic suggests that the capabilities that facilitate and enhance value co-creation processes are strategic resources central to a firm's competitive advantage (Karpen et al., 2012). G-D logic focuses on tangible resources (materials), value embedded and transactions (Vargo & Lusch, 2004). In contrast, S-D logic focuses on exchange of operant resources (intangible resources such as knowledge and skills), value-in-use and relationships (Vargo & Lusch, 2008b). S-D logic is claimed to solve the dichotomy between product and service where knowledge, instead of product, is at the core and value is realized by customers.

### **2.3.1 Foundational Premises of S-D Logic of Marketing**

The foundational premises (FP) of S-D logic were first presented in 2004 in an article by Vargo & Lusch. Since then, further refinements are reported in subsequent publications from original authors. There are 10 foundational premises of S-D logic which are mentioned below in table 2.1.

Table 2.1: Foundational Premises of S-D Logic

	<b>Fundamental Propositions</b>	<b>Explanation/ Justification</b>
<b>FP1:</b>	Service is the fundamental basis of exchange	The application of operant resources (knowledge and skills), service, is the basis for all exchange. Service is exchanged for service.
<b>FP2:</b>	Indirect exchange masks the fundamental basis of exchange	Goods, money, and institutions mask the service-for-service nature of exchange.
<b>FP3:</b>	Goods are distribution mechanisms for service provision	Goods (both durable and non-durable) derive their value through use – the service they provide.
<b>FP4:</b>	Operant resources are the fundamental source of competitive advantage	The comparative ability to cause desired change drives Competition.
<b>FP5:</b>	All economies are service economies	Service (singular) is only now becoming more apparent with increased specialization and outsourcing.
<b>FP6:</b>	The customer is always a co-creator of value	Implies that value creation is interactional
<b>FP7:</b>	The enterprise cannot deliver value, but only offers value propositions	The firm can offer its applied resources and collaboratively (interactively) create value following acceptance, but cannot create/deliver value alone.
<b>FP8:</b>	A service-centered view is inherently customer oriented and relational	Service is customer-determined and co-created; thus, it is inherently customer-oriented and relational
<b>FP9:</b>	All economic and social actors are resource integrators	Implies that the context of value creation is networks of networks (resource-integrators)
<b>FP10:</b>	Value is always uniquely determined by the beneficiary	Value is idiosyncratic, experiential, contextual, and meaning laden

Source: (Vargo, 2009, p.375)

### 2.3.2 Important Terms in S-D Logic

There are several important terms which are central to S-D logic and differentiate it from G-D logic. In light of foundational premises mentioned above, these terms are explained below to further understand the logic:

#### **Operand Resources:**

Operand resources are defined as resources on which an act is performed to produce an effect. Operand resources (raw material, production unit etc.) were considered primary in G-D logic and were the main focus of

transaction. In contrast, S-D logic puts emphasis on different kind of resources called 'Operant resources'.

### **Operant Resources:**

Operant resources (knowledge, skills etc.) are resources that produce effects. Operant resources are often invisible and intangible; often they are core competences or organizational processes. These are likely to be dynamic and infinite. Because operant resources produce effects, they enable humans to multiply the value of natural resources and create additional operant resources (Vargo & Lusch, 2004)

### **Actors:**

The distinction between provider and user is eliminated in S-D logic. It is suggested that all parties who are involved in an exchange, are doing activities. Hence these parties are called actors (Lusch, Vargo, & Tanniru, 2010). Not only the firm and the customer, but other network partners in the exchange process are also classified as actors.

### **Service vs. Services:**

One of the key developments in S-D logic is the distinction between 'service' and 'services'. Vargo & Lusch (2004) argue that services marketing discipline as a whole is based on the same goods and manufacturing based model. Services are viewed as a special kind of product (intangibles). To an extent, services are the output of an activity between customers and firms. This classification of services as unit of outputs is consistent with the G-D logic.



The use of the 'service' in S-D logic indicates 'a process of doing something either for or with someone'. Service includes the integration of resources among actors. S-D logic classifies service as the basis of exchange. Value is created within or as a result of service exchange.

### **Resource Integration:**

Resource integration is defined as the "application of resources for the benefit of another entity with the anticipation of reciprocity" (Grönroos, 2006b; Vargo, 2007). Furthermore, Akaka & Chandler (2011) suggests that resource integration is a mean by which actors create value for themselves and for others Value is co-created jointly and reciprocally in interactions among actors through integration of resources (Vargo, Maglio, & Akaka, 2008). S-D logic has changed the role of customers from users or destroyers of value, to the co-creators of value. S-D logic also suggests that this interdependence of actors on each other's resources is the basis of value co-creation (Vargo et al., 2008). The goal of value co-creation is to use the applied knowledge of others as resources to better one's circumstances. Value is, therefore determined through use or integration and application of operant (and sometimes operand) resources (Vargo & Lusch, 2011). Furthermore, S-D logic moves the orientation of marketing from a 'market to' philosophy in which customers are promoted, targeted, and captured to a 'market with' philosophy where customers are collaborators in the entire marketing process (Lusch & Vargo, 2006).

### **Service Appliance:**

Goods and services are believed to be the service appliances or transmitters of service (Vargo & Lusch, 2008b). G-D logic holds a view that value is embedded in goods and services, and customer gains value by owning the unit of output. S-D logic however argues that goods and services are only the transmitters, a mechanism of delivering potential value to the customer. Customer realizes the value through use of goods and services, rather than just owning. With this as one of the key concept of S-D logic, businesses should then focus on strategizing the service element of exchange, rather than only the unit of output (Karpen et al., 2012).

### **2.3.3 Theoretical Implications of S-D Logic**

S-D logic put emphasis on two main points, the explanation of service, and the mechanism for creation of value. The concept of value is central to marketing since its evolution. All marketing activities are aimed at creating, increasing and delivering the potential value. S-D logic presents a different view on value creation as compare to G-D logic. These key distinctions give rise to some important theoretical differences and implication of S-D logic on value in marketing theory. These are explained in four key points, which provide a strong base in using S-D logic as theoretical foundation for this thesis.

### **a) Focus of Understanding**

First implication of S-D logic is the shift in the focus of understanding. Products have always been the focus of discussion for marketing scholars and practitioners. S-D logic suggests that focus should now be on value creation or in fact value co-creation rather the product itself. If the focus is on value creation, it means that the operant resources are now more important and key to marketing activities rather than operand resources. The competitive advantage of a firm is always its knowledge and skills rather than material. Materials can be replaced, but the operant resources possessed by a firm are hard to match and these are the assets that can be enhanced (Grönroos, 2006a; Ulaga, 2003; Vargo, 2007). Focusing on value co-creation requires a major overhaul for firms in terms of their marketing strategy.

### **b) Value Determination**

S-D logic suggests that value is determined by the beneficiary. This means that the traditional understanding of value where value is assumed to be produced by the firm, embedded in the product and then sold to the customer is challenged. Value is not embedded, but created among different actors. Firm however can provide value propositions to the customers which can help customers to create value for themselves. With this implication, it can also be implied that the value is always created in a self context. If context changes, the value changes with it. Different context generate different types of value. Context is the situation of those who are involved in the value co-creation process. It is also suggested in the

foundational premises of S-D logic that customer co-creates value with the firm. It means that the customer co-creates value according to their own understanding of what value is. With this implication of S-D logic on marketing processes, focus now should be on how firms can facilitate customers to create value for themselves and support collaborative value creation activities.

### **c) Distinction of Firm and Customer**

The third implication of S-D logic is the elimination of distinction between the firm and customer. If value is co-created among all actors who are involved in the process of resource integration, then there shouldn't be a clear distinction between provider and user (Vargo & Lusch, 2011). Due to this fact, all parties who are involved in the process of value co-creation are called actors (Vargo & Lusch, 2011). Service interactions between these actors generate value which is realized through the use of transmitter.

### **d) Network Perspective**

Fourth critical implication of S-D logic is the move towards a network perspective of value co-creation. Value is co-created, which means there are different actors who are involved. Some of these actors are directly involved in one-to-one interactions. Other actors are involved in the backstage process of value co-creation. For example, a process of developing a holiday package involves more than two actors. Customers go through processes beyond exchange in order to create value for

themselves. It involves family, peers and opinion makers. Value co-creation is a process which extends beyond the encounter stage (Payne, Storbacka, & Frow, 2008).

#### **e) Measurement of Value:**

G-D logic suggests that the measurement of value is in the form of firm and customer wealth. If the economic wealth is increased, value is delivered. S-D logic challenges this view, and suggests that the purpose for creating value is to increase adaptability, survivability, and system wellbeing through service (applied knowledge and skills) of others (Williams, 2012). Value is measured on multiple dimensions. The overall outcome of the value co-creation should be the improvement of situations.

The discussion on S-D logic provides a new framework for understanding the guidelines of value co-creation for firm and customers. So far, literature provides a limited number of empirical studies discussing the practicalities of value co-creation. Value co-creation is discussed from the conceptual point of view, but very little is known empirically. How value is created through resource integration is still an important question which needs exploration. In order to understand the process of value co-creation, it is important to answer the basic questions such as what is value, and how value concept is understood in marketing literature so far.

### **2.3.4 Nordic View on S-D Logic**

The discussion on S-D logic gained popularity after it was introduced by Vargo & Lusch in 2004. However Gummesson & Gronroos (2012) argue that scholars belonging to Nordic School have been the strong advocates of the concept of 'service' for last four decades. Gummesson & Gronroos (2012) further critique that the developments in the marketing field is considered more universal and accepted if is originated from USA. Nordic school of thought conceptualizes S-D logic in somewhat different way.

Gronroos & Gummerus (2014) define S-D logic as 'metaphorical' rather than practical. They further argue that S-D logic reflect a goods-oriented understanding of business for the managers. In their view, S-D logic is based on ideas and concepts which cannot be fully applied or operationalized in the world of a manager. By having this view, Service Logic is presented in contrary to S-D logic, as a more 'manager friendly' logic of marketing.

The implications of Service Logic that originates from the research stream of Nordic authors (Gronroos, 2011; Gronroos and Ravald, 2011; Gronroos and Voima, 2013) present a conflicting view on the suggestions provided by S-D logic. The term 'Service' is defined by Gronroos & Gummerus (2014) as a multifaceted phenomenon. It is defined as "the support for an individual's or organization's everyday processes in a way that facilitates (or contributes to) this individual's or organization's value creation". These value creation processes include physical, mental, virtual and possession. Even though the definitions vary a little, but the conception of service in S-

D logic and Service logic is same in my view. Both schools of thoughts are presenting the concept of service as a process of doing something by using knowledge and skills for the betterment of the other party. The starting point for S-D logic and Service logic (SL) is customers or users (Gronroos & Gummerus, 2014). The conception of resources is also same in both SL and S-DL. Furthermore, Nordic scholars argue that service perspective advocated by SL has two major implications for marketing (Gronroos & Gummerus, 2014). Firstly, the service providers in some circumstances interact with users (customers). The purpose of the interaction is to co-create value. As the consequence of the first implication, service providers are not only restricted to offer value propositions, but can also influence customer's value fulfillment.

Gronroos & Gummerus (2014) further reflect on the logical fallacies of S-D logic and present a table which incorporates differences in between S-D logic and SL. Following table presents key differences.

Table 2.2: S-D Logic vs. Service Logic

<b>Differences</b>	<b>Service Logic</b>	<b>Service Dominant Logic</b>
Perspective	More Managerial Practical Clearly defined concepts for operationalization.	Metaphorical Abstract Theory Oriented
Basis	Value creation is the basis of service. Service functions as a facilitator where both users and providers capture value through service.	Service is exchanged for service
Value	In Usage	Contextual
Value Creation	Actions by all actors which leads to the value of the users (Customers).	Not explicitly defined
Nature of Value	Value in Use	Not Defined
Value Zones	Value creation in three spheres that are provider, user and joint.	Not Defined

Source: Synthesized from (Gronroos & Gummerus, 2014, p. 231)

## 2.4 What is Value?

S-D logic treats value as a yard stick for assessing the extent to which service has succeeded (Babin & James, 2010). The creation of customer value is recognized as the reason of firm's success, and its existence (Slater, 1997). With the increased importance of value concept, it has become a strategic imperative in developing and maintaining competitive advantage (Wang, 2009).

Traditional marketing literature has a strong influence from economics. The history of the value concept is reflected in the way value is conceptualized and constituted. Value has been seen in terms of value delivery in the production- oriented perspective. Value is also traditionally associated with financial gains. The purpose of value is believed to increase the wealth for the firm and customers. As the customer focus gained importance in the marketing literature in late 70's, value was also described as the quality of the product and satisfaction of the customer. Value is explicitly recognized in the current American Marketing Association (AMA) definition of marketing (Lotti & Lehmann, 2007);

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have *value* for customers, clients, partners, and society at large.

Despite of the importance, the concept of value has not been clearly defined in marketing literature. It is believed to be one of the most



overused and misused concepts in the social sciences in general, and in the management literature in particular (Sánchez-Fernández & Iniesta-Bonillo, 2007). In defining value, the literature poorly differentiate it from other related concepts such as *values*. Sánchez-Fernández & Iniesta-Bonillo (2007) suggest that there is a clear distinction between the concept of *value* and *values*. Few marketing academics however, confused both terms which creates more ambiguity in explaining the term value. *Value* is defined as the process of evaluative judgment (Holbrook, 1996; Sánchez-Fernández & Iniesta-Bonillo, 2007). Value also implies a 'trade-off' between benefits and sacrifices. The term *values* refer to the standards, rules, criteria, norms, goals, or ideals that serve as the basis for such an evaluative judgment (Holbrook, 1996; Sánchez-Fernández & Iniesta-Bonillo, 2007). Values are normally defined on a personal and individual level which includes the belief and goals of oneself. Values are thus a scale or criteria which are used by an individual to make a preferred judgment. Values are the antecedent of value, and hence the concept of value and values cannot be described as same (Sánchez-Fernández & Iniesta-Bonillo, 2007).

Literature review reveals several holistic conceptualizations of value on an individual level (Day & Montgomery, 1999; Holbrook, 1996, 2005; Woodall, 2003; Zeithaml, 1988). The lack of agreement among scholars with respect to the conceptualization and measurement of value is a consequence of its ambiguous nature. Value has been described as 'complex' (Lapierre, 2000), 'multifaceted' (Babin et al., 1994), 'dynamic'

(Parasuraman and Grewal, 2000; Woodruff and Gardial, 1996), and 'subjective' (Zeithaml, 1988).

For this study, given the complexity and lack of consensus in the area of value literature, it is vital to first understand what value is (Babin & James, 2010). An overview of the literature reveals two main approaches to the explanation of value concept. The first is a *uni-dimensional* approach. This approach suggests value as a single concept which is measured by a list of items that evaluates the overall perception of customer value (Sánchez-Fernández & Iniesta-Bonillo, 2007; Sweeney & Soutar, 2001). This approach also includes the possibilities that value have possible multiple antecedents such as quality, value etc. The second approach is *multi-dimensional*. This approach suggests that value is made up of different components such as quality, cost, benefits, values etc (Babin, Darden, & Griffin, 1994; Babin & James, 2010; Holbrook, 1996; Woodall, 2003).

The uni-dimensional approach of value reflects the earlier mindset which was influenced by neoclassical economic literature. Traditionally, marketers have believed that market choices and consumer preferences are driven by utilitarian value (Chiu, Hsieh, Li, & Lee, 2005). This view suggests that the customers are subjects who make choices based on the utility of a product (Sweeney & Soutar, 2001). The main constraint in making the decision is price and income. So in simple terms, lower prices will deliver more value and vice versa.

As opposed to uni-dimensional approach of value, recent research shows an increase in treating value as a multi-dimensional concept. Holbrook (1996) suggests that value is a more complex concept which includes multiple elements. Even though value is considered multi-dimensional in recent research, fewer studies have pursued a multi-dimensional approach (Sánchez-Fernández & Iniesta-Bonillo, 2007).

Holbrook (2005) defines value as an “*interactive, relativistic, preference and experience*” (p.46). According to this view, value implies an interaction between actors; it is comparative, personal, and specific to the context; and it embodies a preference judgment. Value in interactions is also supported by Grönroos & Voima (2013). Whereas Ramaswamy (2009) suggest that value is in the experiences. Furthermore, Holbrook (1996) proposes a ‘typology of consumer value’ based on three dichotomies.

- (i) *extrinsic* versus *intrinsic* (a product viewed instrumentally as a means to some end versus a consumption experience prized for its own sake as an end in itself);
- (ii) *self-oriented* versus *other-oriented* (something valued by virtue of the effect it has on oneself or for one’s own sake versus an aspect of consumption positively evaluated because of how others respond or for the sake of someone else);
- (iii) *active* versus *reactive* (involving the manipulation of some product by its user versus the appreciation of some consumption

experience wherein an object affects oneself rather than vice versa).

Subsequently, these three dichotomies further present eight types of values. Holbrook (1996) suggests that these types are interconnected. These types are listed in table 2.3 below. Holbrook believes that the excellence or quality type of the value cannot be separated from the beauty or aesthetic part of value. So in short, all types of value are interrelated. For example if the experience is convenience, that will bring fun part in the exchange and consumption.

Table 2.3: Typology of Actor Value

		<b>Extrinsic</b>	<b>Intrinsic</b>
<b>Self-Oriented</b>	Active	Efficiency (output/input, convenience)	Play (fun)
	Reactive	Excellence (quality)	Aesthetics (beauty)
<b>Other-oriented</b>	Active	Status (success, impression)	Ethics (virtue, justice, mortality)
	Reactive	Esteem (reputation, materialism, possessions)	Spirituality (faith, ecstasy)

Source: Adopted from (Holbrook, 1999, p. 12)

## 2.5 S-D Logic View on Value

S-D logic supports the multi-dimensional aspects of value. S-D logic understanding of value concept is closer to Holbrook's explanation of value. Moreover, Holbrook incorporates a wide range of facets which constitute value. I prefer Holbrook's definition of value which aligns with S-D Logic as it stresses that value is achieved through experience and made up of different interrelated factors.

Furthermore, Vargo and Lusch (2008a) present value as experience and a process. As FP10 of S-D logic suggests that value is always determined by the beneficiary. This means that value is a subjective construct. Customer's social and individual factors depend on the overall value creation. In other words, value is a worth which is personally judged by an individual in self-situation. With this view point of S-D logic, value is relative, depending on situational, personal, and comparative factors as suggested by (Holbrook, 1996, 1999, 2005). Rather than being a characteristic of objects, value emerges from the subject's interaction with the object. This implies that value is an evaluative judgment of the service output and experience. While all actors are engaged in the value creation process, the value is not determined by all actors in a same way due to different situations (Hilton, Hughes, & Chalcraft, 2012). Babin & James (2010) suggest that the emerging multi-dimensional value concept allows one to move beyond the G-D logic of marketing, to focus on actions and experiences rather than simply cost and benefit.

## 2.6 Value Creation

Grönroos & Voima (2013) suggest that value creation is a process to increase the well being of the actors. The gradual shift from products to service, where the focus is changed from transactions to relationships has challenged the constitution of value delivery. In early conceptions, the customer is seen as a cognitive information processing human being who perceives value which is embedded in goods and services. For customers and firms, the value was believed to be in exchange. S-D Logic however suggests a different understanding on value creation. It presents a resource-based value perspective, which emphasizes understanding the process-based nature of value creation. It is suggested that all actors including firm, network partners and customers co-create value through interactions. Whereas traditionally, it was believed that value is created by the firm, and then transferred or exchanged to the customer.

S-D logic suggests that firm cannot create value for the customer, but can only offer value propositions (FP7). Customers use resources provided by firms, and combine these with their own resources to generate value for them. However there are different sources of service value on which firm can focus. Smith and Colgate (2007) have identified four broad and well mapped out sources of service value: *information, product, interaction and environment*. These sources are considered as the antecedents to value. The information source relates to the information context of promotional activities and its impact on customer. Product is the second source of

value, centered on utility generated by the various attributes of the core product (goods or services) of the firm. Interaction focuses on the service-service collaboration between actors. Experience, as the fourth source of value, includes the physical environment such as atmospherics, social service space and the physical aspects of the consumption experience such as the building.

### **2.6.1 Value Creation: in Use or Exchange?**

Value is not in the exchange, but it's in use, where value emerges in the customer processes, rather than the product offered by firm (Grönroos, 2006a, 2008; Normann & Ramirez, 1993; Prahalad, 2004; Vargo & Lusch, 2004). A value-in-use view suggests that value is created in customer value-generating processes such as interactions, learning and relationship experience (Grönroos, 2008; Payne et al., 2008). Value propositions about potential value are made by firms, and customers use their value-generating resources in order to co-create value for themselves (Grönroos, 2006a; Gummesson, 2008). Customers are no longer seen as a passive recipient to firm's promotion. Value-in-exchange, on the other hand is often considered to be synonymous with price; a uni-dimensional view of value. Value-in-exchange is usually measured with market share by firms, whereas value-in-use is assessed by customer lifetime value (Rust et al., 2010) and long term relationships. Furthermore, Grönroos & Ravald (2009) suggest that value-in-exchange is a function of value-in-use and a lower order concept than the latter. Interaction is one of the sources of value, and during this interactive process, the customer is considered to assess

the value that is created or emerges (Grönroos & Ravald, 2009). Interaction as a main component of value creation is believed to be a joint participation where all actors participate and collaborate to achieve goals (Zainuddin, 2009). S-D logic emphasis on active collaborations among different actors and classified it as value co-creation.

## **2.7 Value Co-Creation**

Value co-creation is defined as the joint creation of value by multiple actors. Even though value co-creation as a subject is gaining attention from scholars, but it still lacks in terms of empirical evidence and clarity regarding the concise definition of the process. Further elaboration on the concept reveals that value co-creation entails the interactions and integrations of resources between actors. Prahalad and Ramaswamy (2004) suggest that value co-creation is mainly concerned with creating unique experiences among customers and firms. These interactions which create unique experiences encourage innovation (Hua, 2012).

A central concept of S-D logic is the co-creation of value through reciprocal service provision (Vargo & Lusch, 2008b). It extends the early work of Prahalad & Ramaswamy (2004) and suggests that value co-creation is a central concept in the marketing discipline. Furthermore S-D logic suggests that all social and economic actors are referred to as resource integrators (Lusch & Vargo, 2008). Firm can provide value propositions and suggestions to the customers (Vargo & Lusch, 2008b). It can also provide a platform of co-creation to the actors. By engaging itself



in customers' processes in a meaningful way, firm can assist customers in their creation of value-in-use (Grönroos, 2008). Furthermore, firm can support this value creation by facilitating the value creation process with appropriate resources, and through interactions with customers (Grönroos, 2012).

Literature review further reveals that actors integrate resources through dialogue, which results in the creation of value. The form of dialogue should be seen as an interactive process of thinking and learning together (Ballantyne & Varey, 2008). Value co-creation supports the argument of S-D logic that customers are not the passive audience of firm's promotion. In the old manufacturing-based model, value was seen to be created through products and then delivered to customer through a value chain (Porter & Linde, 1995). In the new service-based model, value is created by experiences of all actors involved in the interaction (Prahalad & Ramaswamy, 2004).

There are limited number of studies which provide empirical investigation of the value co-creation concept (Wang, Hsieh, & Yen, 2011; Warchal, 2012; Wise, Paton, & Gegenhuber, 2012; Woratschek & Durchholz, 2012; Yi & Gong, 2013; Yip, Phaal, & Probert, 2012; Ylikylä, 2012; Young-Tsung, 2012; Zainuddin, 2009). To date, Payne et al. (2008) provide a more simplistic and process based view of value co-creation. Payne et al. (2008) suggest three types of processes which are part of value co-creation. Three processes provided by Payne et al. (2008) are at the levels of

customer, firm and encounter in a B2B context. *Customer value creating processes* are the practices that customers use to manage their activities during a co-creation process. The customer value creation process includes a series of activities performed by the customer to achieve a particular goal. The effectiveness and efficiency of customer value creating process depends on the amount of information, knowledge, skills and other operant resources held by customers. *Firm value creating processes* are the processes, resources and practices that firm uses to manage relationships with its customers and other relevant stakeholders. If a firm wants to improve its competitiveness, it has to develop its capacity to either add to the customer's total pool of resources, in terms of competence and capabilities (relevant to the customer's mission and values), or to influence the customer's process in such a way that the customer is able to utilize available resources more efficiently and effectively (Payne et al. 2008). Lastly, *encounter level processes* highlights the interaction between customer and firm to create value. However, it doesn't mention how actors engage themselves in dialogue and do the valuation of resource integration.

In addition to this, the network component in value co-creation is also one of the foundational propositions of S-D logic (Polese, Carrubbo, & Russo, 2009). Value co-creation processes involve a number of stakeholders who operate in networks. Resources are integrated through interactions in these networks which result in the creation of outputs that are valued (Lusch, Vargo, & Tanniru, 2010; Macdonald, Wilson, Martinez, & Toossi,

2011; Mariussen & Ndlovu, 2012). Even though networks are considered to be an important part of co-creation processes, current research provides a limited exploration in this subject. There is a need to see how and to what extent networks play a role in the co-creation of value for actors.

### **2.7.1 Nordic View on Value Co-Creation**

S-D logic conception of value co-creation discusses the concept on a higher level of abstraction as compare to Service logic. Nordic school of service discusses value co-creation as a pure managerial tool (Gronroos & Gummerus, 2014). The focus is more on the operationalization of the concept, rather than the understanding at a more theoretical level.

In my view, the primary difference between Service Logic and S-D logic is the focus of discussion. S-D logic advocates are focusing on developing the theory of market with the help of empirical studies and previous theories. Whereas, Nordic school of service presents Service Logic and the concept of value co-creation from managerial perspective. They present definitions and clarity into the key terms associated with S-D logic. However I feel that they lack the clear connection between practice and theory. In order to develop a Service theory of marketing, a higher level of abstraction is required where practice is connected with the theory.

Key contributions from Nordic school of service are the concise definitions of terms relating to the S-D logic. For instance, value co-creation is defined as the process of creating something together through direct interactions. These interactions are collaborative and dialogical in nature. Furthermore

Gronroos & Gummerus (2014) provide the following terms associating with value co-creation.

#### *Value Co-Creation Spheres:*

Value is co-created in three spheres. First one is the provider sphere. In this sphere, provider arranges resources which need to be offered to the customer to facilitate their value creation process. Second sphere is understood as the joint sphere where provider and customers interact. Third sphere is the customer sphere where the customers create value themselves by interacting with other actors in their group.

#### *Value Co-Creation Platform*

It is defined as instances where two or more actors merge into an interactive process where each actor influences other processes of value creation. Gronroos & Gummerus (2014) suggest that only direct interactions are part of value co-creation platform.

#### *Value-in-use*

One of the main critiques of S-D logic is its lack of clear definitions of key concepts. Gronroos & Gummerus (2014) argue that in order to create the logical consistency, a definition of value is required. Nordic school of service presents the definition of value as value in use. Value-in-use is the value for customers, created by them during their usage of resources. Value is both created and determined by the customers.

For this particular study, developments and understanding from both schools of thoughts are used for assistance. I consider contributions from

Service Logic and S-D logic important and viable to develop the logic further, and prepare grounds to make it a theory.

### **2.7.2 Co-Creation and Co-Production**

The concept of co-production is usually confused with co-creation. The discussion on both concepts have been covered in academic literature (Etgar, 2008; Lehrer, Ordanini, DeFillippi, & Miozzo, 2012; Ordanini & Pasini, 2008). Bendapudi & Leone (2003) provide a good review of literature on co-production and co-creation. Co-production is usually associated with G-D logic, where there is a distinction between firm and customer. Current understanding of co-production tends to revolve around assisting the firm in designing and delivering its value proposition (exchange value) such as providing inputs to product design or self service (Ordanini & Pasini, 2008). Value co-creation in contrast, is the customer realizing the value proposition to obtain benefits (value-in-use).

It is probably easier to draw a boundary between both concepts in case of tangible goods, as the consumption is held to be separated from production. But in case of services, where value is co-created and co-produced in a highly interlinked environment involving more than one actor, it would be impossible to distinguish between the two terms. Some scholars, including Kristensson, Matthing, & Johansson (2008) and Nambisan & Baron (2007) have described value co-creation and co-production interchangeably. Others have introduced the term 'prosumer,' which implies that customer is the consumer, as well as the producer

(Tapscott & Williams, 2006; Toffler, 1980). S-D logic however considers all resource integrators as actors. In view of S-D logic, co-production is hence a lower level concept of value co-creation. Actors may or may not engage in co-production during the co-creation process.

### **2.7.2 Co-Deconstruction of Value**

Some recent studies have discussed the co-destruction of value. Some scholars suggest that there are some factors which can contribute to value co-destruction rather than co-creation (Echeverri & Skålén, 2011; Plé & Cáceres, 2010; Worthington & Durkin, 2012). Plé & Cáceres (2010) argue that if value is co-created among actors, then it can also be co-destroyed through these collaborative processes, and this notion lacks in the current literature on co-creation.

Value co-destruction can be defined as an 'interactional process between actors that results in a *decline* in at least one of the actors well-being'. Literature review further suggest that co-destruction of value should be identified and discussed in more detail. By doing so, the factors which contributes to destruction of value can be tackled in a better way. Plé & Cáceres (2010) further suggest that value co-destruction results from the misuse of resources. They suggest destruction through misuse as opposed to value-in-use. It is suggested that when actors misuse resources, that result in a co-destruction of value rather than creation. One simple example would be if customer does not follow the manual provided by firm to operate an electronic device, and it results in a poor

performance. Plé & Cáceres (2010) further suggest that value co creation is not the only possible outcome during resource integration.

Value co-destruction can be resulted at any level of resource integration. It can either be at exchange, firm's processes, or at customers' processes. Plé & Cáceres (2010) suggest that co-destruction can be intentional, or accidental. During interactions, actors most likely intend to co-create value rather than co-destroy it. Since all the actors are interested in co-creating value, but if discrepancies occur which are not deliberate, that result in a co-destruction of the value. This is characterized as unintentional co-destruction of value. Intentional co-destruction of value involves a situation when actors misuse their resource on purpose. This can be due to a reason when goals of all actors are different. However it is important to determine the main factors which can result in co-destruction. Literature is scarce in this field and doesn't provide enough empirical or conceptual research on the subject (Echeverri & Skálén, 2011; Plé & Cáceres, 2010; Worthington & Durkin, 2012). This can be done by conducting a case study in a context where co-destruction is likely to occur. This study does support the idea that co-destruction is an alternative outcome, but doesn't provide the factors and reason behind co-destruction due to the successful completion of the ICT software projects between vendor and client.

## **2.8 Focus of Empirical Studies on Value Co-Creation**

Literature review suggests that much of the research on value co-creation from S-D logic view resides at theoretical and conceptual level with limited empirical evidence (Gummesson, 2008; Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2004, 2008b). Payne et al. (2008) suggest that there is relatively little direction on how value co-creation process is undertaken in different contexts such as retail, education, healthcare, ICT etc. There is a need to understand the nature of different service settings where value is co-created between the service suppliers and customers (Brodie, Whittome, & Brush, 2009). Vargo et al. (2008) suggest that the exploration of value co-creation as a concept has raised a number of different questions which are required to be answered empirically. There is a need to see value co-creation in action in a real time environment.

Furthermore, current research on the development of the value co-creation concept has mainly approached value co-creation from firm's perspective (Heinonen et al., 2010). Research procedures which were employed in order to address the issues included interviews with managers and front line staff who were involved in interactions with customers. Firm employees rather than customers were asked questions. Heinonen et al. (2010) argue that current research conducted on value co-creation is still very much production focused rather than customer focused. Firm dominance is still visible in the current explanation of value co-creation concept. Vargo, Lusch, & Akaka (2010) also realizes that while there are



efforts to support and develop an S-D-logic grounded understanding of marketing, the paradigmatic power of G-D logic remains strong.

Heinonen et al. (2010) further argue that instead of focusing on what firms are doing to help customers to create value; the focus should be on what customers are doing with service to accomplish their own goals. It is also argued that this approach will allow firms to build their business on an in-depth insight into the customer activities, practices, experiences and context. Value co-creation from customer perspective, not only involves the firm's service, but also customer's activities. Services provided by the firm is not only consumed or used, but it also integrates into customer's on-going experience and activity structures beyond the service process. Value is believed to emerge when service provided by a firm fits into the customer's context, activities, practices and experiences (Grönroos, 2012).

Literature review further reveals that current research in value co-creation is limited in explaining the role of networks empirically. Therefore it is useful to explore value co-creation as a multi-dimensional phenomenon that also involves the processes which are not apparent at the encounter stage between all actors. This view will address how customers create value for themselves with other network partners by engaging themselves in different roles. Akaka, Vargo & Lusch (2012) suggest that a customer's ability to integrate resources and be an active member of co-creation relies on existing internal competences as well as the integration of resources through a broader network of relationships.

## 2.9 Chapter Review

The review of literature in this chapter suggests that empirical evidence on the practicalities of value co-creation is still scarce. Literature review provides various facets associated with value co-creation, but there is a lack of understanding on how it actually happens in practice. The main facets of value co-creation reviewed in the literature are as follows:

1. Value co-creation is a process encompassing customer, encounter and supplier processes. The focus is on the firm's role and understanding of what is value for the customer (Payne, Storbacka & Frow, 2008).
2. Customers are considered value creators when value in use is used as a foundational value creation concept. Value is realized in use, rather than exchange alone (Gronroos, 2008).
3. Actors involve in an objective oriented environment during resource integration. In order to achieve the objectives, resources are used as means (Korkman et. al., 2010; Peters et. al., 2014).
4. Actors integrate resources through dialogues. Dialogue is a form of interaction and is an important part of value co-creation (Ballantyne & Varey (2008).
5. Value co-creation process is not limited to firm and customer. Other actors such as network partners play an important role in the

process. All economic actors access, adapt, and integrate resources to co-create value for themselves and for others (Akaka, Vargo & Lusch, 2012).

6. If the process of resource integration is not managed properly, that may result in the co-destruction of value (Ple & Caceres, 2010 ; Echeverri & Skalen, 2011).

The understanding of value co-creation further reveals three issues which require further addressing. These issues are:

1. There is a lack of consensus on the understanding of value co-creation process in different contexts. Most of the research lies on conceptual level. Empirically, there are limited studies that show how actors integrate resources resulting in value.
2. S-D logic suggests that all actors co-create value and the customer is one key co-creator of value. Yet there are limited numbers of studies which present value co-creation concept from customer's point of view. Most studies present a firm based view on co-creation rather than customer's based view. So there is a need to understand what happens when customer view is also taken in discussing the practicalities of value co-creation.
3. Other actors, including network partners of customers and firm, are believed to be an important part of co-creation process. Empirical

research is limited in revealing stage(s) where network partner contribute to the co-creation of value.

These issues provided the motivation to develop the research questions for this study. The main research question for this study is:

***‘How does integrating resources co-create value?’***

This main research question was answered through four sub questions which were:

***Sub Question A***

What is the nature of 'value realized' by the actors?

***Sub Question B***

What resources support value co-creation?

***Sub Question C***

What are the stages in value co-creation?

***Sub Question D***

What are the natures of interactions that are part of value co-creation?

# Chapter 3.0: Methodology

## 3.1 Chapter Overview

This chapter discusses the methodology of this study by presenting epistemology, ontology and choice of paradigms. The selection of a suitable paradigm leads to the discussion of appropriate inquiry technique vital to the research design of this study. In the end, abduction is selected as the preferred research logic for this study.

## 3.2 Philosophical Characteristics

Methodology refers to how research goes about finding out knowledge and carrying out the research project. Wainwright (1997) suggests that methodology is a strategic approach of inquiry, rather than design and techniques of collecting and interpreting empirical material. First step in discussing the methodology is the selection of appropriate philosophical paradigm. The selection of philosophical paradigm emerges from the understanding of ontology, epistemology and paradigm choices (Denzin, 1998).

### 3.2.1 Ontology

'Ontology' refers to the nature of reality. It raises questions such as what is the nature of the world; what is real; and what counts as evidence? (Maykut, 1994). Ontology is usually classified as *realist* and *relativist*. *Realist* ontology assumes that reality exists independent of observer's perceptions and operates according to immutable natural laws that often

take cause/effect form. Whereas *relativist* ontology assumes that there exists multiple, socially constructed realities ungoverned by natural laws -- causal or otherwise (Guba & Lincoln, 2005).

This study assumes relativist ontology. Relativist ontology excludes the possibility of a “true” construction. “There are only more or less informed or sophisticated constructions” (Guba, 1994). There is no objective world or objective truth; everything is relative and created by social creatures. The way we interpret the world - our versions - belong both to what is interpreted and to a system of interpretation. The world and the truth we perceive are products of our own mind and constructions of our own thinking. Moreover there is no such research as value-free research; everything is affected by the norms and values of the researcher, formed by the culture and society of which the researcher is a product. As human beings, we constantly construct the reality in which we live.

### **3.2.2 Epistemology**

Epistemology emphasis on the nature and origins of knowing and the construction of knowledge (Maykut, 1994). The choice of epistemology affects the methodology. Epistemology view is usually characterized as either *objective*; if the researcher sees knowledge governed by the laws of nature or *subjective*; if the researcher sees knowledge as something interpreted by individuals. Subjectivist epistemology assumes that the knower and subject create understandings, and the findings are created as the process of investigation goes on. Due to the variable and personal

nature, social constructions can only be refined through interaction between researcher and respondent. The aim of this study is to create a more informed and sophisticated construction than the constructions presented before (Guba & Lincoln, 2005). Furthermore, Wainwright (1997) discusses 'positivism' versus 'hermeneutics' as two opposite epistemological stances, where *hermeneutics* emphasize the impact of the researcher and his/her subjective role in the research process. The understanding of these two opposite epistemologies, this is classified as a hermeneutical study, where the aim of this study was not to reach an objective truth, but to create an understanding of a studied phenomenon under certain, thoroughly described circumstances.

The understanding and selection of ontology and epistemology leads to the discussion of my stance on philosophical paradigms. A paradigm here is understood as "*a basic set of beliefs that guide action*" (Guba & Lincoln, 1994). A researcher's paradigm then, is the frame of reference that one brings to a study. This philosophical framework and stance is used to draw conclusions and develop finding about a situation or phenomena. The paradigm categories provide convenient tools for researchers to identify and communicate specific perspectives and assumptions.

### **3.3 Philosophical Paradigms**

There are three common and widely understood philosophical paradigms of research: positivism, critical theory and interpretivism (Guba & Lincoln, 1994). These paradigms represent simplifications of the actual complexity of worldviews, which underpin different research perspectives. In fact, the nature of the particular paradigm which guides research projects is impacted by a number of philosophical and practical considerations (Rabinowitz & Weseen, 1997). Following section presents a brief description of different paradigms.

#### **3.3.1 Positivism**

A positivist understands the world as one objective reality. In the positivist philosophy, the researcher assumes that reality is objective and independently measurable by the researcher. Positivism stance aims to explain the world accurately and tries to understand the phenomena scientifically (Crotty, 1998). Positivist studies are those studies that assume a priori constructs with fixed relationships that can then be examined with structured instruments. Theories are tested to increase the understanding of phenomena, for example, through quantifiable variables and testing of hypotheses.

#### **3.3.2 Critical Theory**

Critical theory research suggests that reality is historically established and it is produced and reproduced by people (Meyers, 2004). Critical studies seek to expose contradictions and flaws in social systems with a view to



making some sort of transformational commentary or intervention. Critical theory views knowledge as inherently political; social scientists and social science are instruments of power. In critical theory research, the main goal is seen as being social critique, exposing inequities and conflicts in society.

### **3.3.3 Interpretivism**

Interpretive paradigm emphasizes the social context (Orlikowski & Baroudi, 1991) and the human complexity with regards to how people understand the phenomena and the emerging meaning they assigned to them (Kaplan & Maxwell, 1994). Interpretivist does not see the world in an objective light; instead individuals construct the world, each perceiving their own reality. Interpretive view suggests that meanings are constructed by human beings as they engage with the world they are interpreting (Orlikowski & Baroudi, 1991). Therefore to understand the world, these realities need to be understood. The interpretivist aims to achieve a deep understanding of the social phenomena under study, and recognizes the importance of participant's subjectivity as part of this process. Research participants use their own words, when relating to personal experiences and beliefs.

The primary objective of this study was to understand the process of co-creation through the eyes of actors. As human beings, we constantly construct the reality in which we live. This assumption, that reality is socially constructed, leads me to contend that research is not value-free. The selection of interpretive paradigm supported my stance of assuming a subjectivist epistemology. Meanings are constructed socially, and due to its variable and personal nature, these meanings can only be defined and

refined through interactions between researcher and participants. This study is an example of informed and sophisticated construction of value co-creation concept as compare to the constructions presented before in literature (Guba & Lincoln, 2005).

### **3.4 Techniques for Inquiry**

There are two common inquiry techniques available to researchers while undertaking a research project:

- Quantitative Method
- Qualitative Method

Inquiry techniques selection is somewhat affected by one's own philosophical stance. The interpretivist assumes a more personal set of methodological procedures. Interpretivist answers questions associated with credibility, conformability, transferability, and dependability, instead of the usual positivist criteria of reliability and generalizability (Denzin & Lincoln, 1998). Positivist research is commonly linked to quantitative research methods, whereas interpretive research is commonly linked to qualitative research methods. Qualitative methods were selected in order to address the research questions and objectives. The pairing of qualitative methods and interpretive stance provided a natural support and addressed research questions to it best potential.

### 3.4.1 Rationale

The decision to conduct this study with qualitative methods was made due to various reasons. Firstly, the nature of the problem under investigation was such that it required an in depth exploration of the concept. The nature of the study was *exploratory* as value co-creation concept is not yet well established in marketing literature (Grönroos & Ravald, 2009). Exploration allowed me to dig deep into participants' thoughts and ideas to understand how value co-creation process was taking place. Furthermore, majority of the research published in recent times on value co-creation topic has employed various qualitative methods which support my idea of selecting qualitative method as a better and valid research method to study the phenomenon. Secondly, value is contextual and determined by actors involve in the value co-creation process (Vargo & Lusch, 2008b). It implies that value is realized in different ways by different individuals. Individual's experience, emotions, relationship, learning etc. affect the realization of value. In order to understand the meanings, and the sources of value, qualitative approach is appropriate. The qualitative perspective allows informants to "use their own words to draw on their own concepts and experiences" (Orlikowski & Baroudi, 1991). This allows a broad understanding of the concept and identifies areas and discussions which have not been reported yet. Thirdly, this study aimed to discover the processes involved in value co-creation, and can be referred to as 'theory creation' research rather than 'theory verification' or 'theory testing'. Informants were approached in a natural setting to discover and uncover what was to be known about the phenomenon. The goal was to discover

patterns containing evidence of collaboration among actors which emerged after observation, careful documentation and thoughtful interpretation of the empirical material.

### **3.5 Research Logic**

Two common research logics used in social sciences research are *Induction* and *Deduction*. Induction and deduction research logics are more widely used in social sciences as compare to a third logic called *Abduction*. Due to a wide use of induction and deduction logics for social research, sometimes the purpose of the study contradicts the selection of appropriate research logic. Jarvensivu & Tornroos (2010) suggest that researchers with realist ontological stance use a deductive research process. Deductive research logic begins with theory and the purpose is to test the arguments. Whereas relativists start with subjective accounts of lived experiences on which they inductively build theory. Along these two logics, Jarvensivu & Tornroos (2010) classifies abduction as an approach to produce knowledge which occupies the middle ground between induction and deduction. Abduction was first coined by Peirce, (1903). Similarly, Dubois & Gadde (2002) argue that abduction is about investigating the relationship between 'everyday language and concepts'.

Drawing on work by various authors on research logics, I have developed an understanding which includes three different logics of research for reasoning. Following table presents an overview of different research phases and appropriate strategies for each phase.

Table 3.4: Research Logics

	<b>Abduction (Systematic Combining)*</b>	<b>Deduction</b>	<b>Induction</b>
<b>Aim</b>	To understand social phenomena in terms of social actors motives and understanding.	To test theories, to eliminate false ones and corroborate the survivor.	To verify the theory by searching for the facts and to establish description of the patterns.
<b>Start</b>	Related theories, observations of everyday accounts.	Deduce hypothesis from a tentative theory.	Tested theory.
<b>Finish</b>	Tentative theory\ Framework .	Hypothesis Testing\ Theory Testing.	Theory verification \ generalization \ Universal law.
<b>Researcher Stance</b>	Inquiry from inside	Inquiry from outside	Inquiry from outside
<b>Researcher Account</b>	Respondent view explained by researcher.	Researcher viewpoint	Researcher viewpoint

Synthesized from (Blaike, 2000; Jarvensivu & Tornroos (2010); Dubois & Gadde (2002)\*; Dubois & Gadde (2014); Thomas, 2010)

*Abduction* generates ideas and tentative theories that serve as hypothetical concepts (Thomas, 2010). Jarvensivu & Tornroos (2010) suggest that unlike induction, abduction accepts existing theory, which might improve the theoretical strength of case analysis. Furthermore, abduction is flexible enough to allow a less theory driven research process than deduction, which enables empirical material driven theory generation. An outcome of the abductive research is a framework which provides a tentative idea of what theory can look like.

Dubois & Gadde (2002) refers to the process of abductive research as “systematic combining”. They argue that systematic combining is a process where theoretical framework, empirical fieldwork, and case analysis evolve simultaneously. This method is useful when the objective is to develop new theories.

Jarvensivu & Tornroos (2010) suggest that abduction is an associated strategy of interpretivism (modern constructionism). The aim of abduction strategy is exploration and understanding of a social phenomenon through the eyes of social actors. Abduction merely states that theoretical frameworks evolve simultaneously with empirical observation. Researcher however interprets the empirical material and provides rich descriptions which are based on participants' views. Dubois & Gibbert (2010) suggest that abductive process goes back and forth between empirical material and literature. Dubois & Gadde (2002) present four elements of an abductive research that are empirical material representing the reality, current literature or theories, the case which evolves gradually and the analytical framework which is the outcome of the study. Researcher consults literature for early idea generation to establish the research purpose. Empirical material is then collected and analyzed along by consulting literature. Researcher consults participants on multiple occasions to understand the social phenomenon in detail. The outcome of abductive research creates a platform for future research.

Deductive research logic consists of 'derivation of predictions' from hypothesis. The aim is to test the tentative theory which is generated at an abduction stage. This stage is also known as theory testing. Deductive strategy is associated with falsification (positivism) epistemology, where researcher deduce hypothesis from a tentative theory and tests it.

The third step is *induction* in which the tentative theory is verified. Induction strategy consists of 'fact' searching which verifies the

assumptions associated to a theory. Induction is also known as theory verification stage. If the facts cannot be found the process begins again, and this is repeated as often as necessary until 'fitting' facts are reached. Induction strategy starts with a tested theory, with aim to finish with a universal law. The aim of inductive research project is to generalize. Probably the purest form of induction is 'Grounded theory' which was developed by Glaser & Strauss (1967).

### **3.5.1 Rationale**

Abduction was selected as research logic for this study. The selection of abductive stance is rationalized on three main reasons. Firstly, the primary research objective was to understand the value co-creation process as it happened. Abduction logic of enquiry is based on the epistemology of interpretivism (Jarvensivu & Tornroos, 2010). The viewpoint of social actors or participants was the main focus of analysis. Secondly, the objective of this study was to elaborate the value co-creation process empirically. The goal was to create a framework for future research as pointed out by Dubois & Gadde (2002). The outcome of this study will be used as a starting point of deductive research which can then be followed by an inductive research study in different behavior specimens to achieve generalization. Thirdly, keeping in mind my interpretive stance, and limited number of empirical studies available in S-D logic and value co-creation, hypothesis generation was not appropriate.

# Chapter 4.0: Research Methods

## 4.1 Chapter Overview

A clear and well understood methodology leads to the selection of appropriate research methods. Methods are “techniques for gathering evidence” (Harding, 1986) or “procedures, tools and techniques” of research (Schwandt, 2001). Dubois and Gadde (2002) consider abduction as especially suitable for case studies in business research. Furthermore Jarvensivu & Tornroos (2010) also suggest that case studies are suitable for exploring business-to-business relationships and networks.

In selecting a research method and formulating research protocols, the idea was to employ a method which allowed me to participate through observation of value co-creation process in a real time and move freely between participants and literature with ease. Halinen and Tornroos (2005) define a case strategy “an intensive study of one or a small number of business networks, where multiple sources of evidence are used to develop a holistic description of the network and where the network refers to a set of companies (and potentially other organizations) connected to each other for the purpose of doing business” (p. 1286).

Case study research consists of a detailed investigation, often with empirical material collected over a period of time from a defined case with a view to provide an analysis of the context and processes involved in the phenomenon under study. The phenomenon is not isolated from its



context (as in positivist research) but is of interest precisely because it is in relation to its context. Yin (1994) defines case study as an empirical research activity that, by using versatile empirical material gathered in several different ways, examines a specific present-day event or action in a limited environment. Furthermore case study objective is to do intensive research on a specific subject, such as an individual person, a group, an institute, or a community. Case study makes it possible to find out essential factors, processes, and relationships, on which other methods can focus afterwards. In case studies, the research questions are often of “how do?” character instead of “how should?” (Punch, 2005). Case-study research is concerned with describing real-life phenomena, rather than developing normative statements. These specific traits of case study method allow investigator to focus on individual’s behavior; attributes, actions and interactions (Brewer & Hunter, 1986).

Case study method was selected due to significant differences as opposed to selecting other methods. Case studies are the preferred strategy when the researcher has little control over events and when the focus is on contemporary phenomenon within some real life context (Yin, 1994). One of the main reasons is the fact that I had good access to the phenomenon, due to which an in-depth analysis of research topic was possible. Literature provided a limited number of value co-creation studies conducted in the selected context of ICT systems development by marketing scholars. Multiple case studies were employed for this study.

## 4.2 Rationale for Multiple Case Study

Having selected multiple case study method asks for a sound justification of why to use multiple case studies rather than single. Research objectives, philosophical stance and previous empirical research conducted in value co-creation area allowed me to combine the rationale for selected method in three points. Firstly, the evidence from multiple case studies is often considered more compelling, and the overall study is therefore regarded as being more robust (Yin, 2009). An analytic conclusion independently arising from multiple cases is considered more powerful than that coming from a single case alone. Secondly, if there are no other similar cases for replication, the researcher is limited to single case design. As this study was carried out in ICT systems integration context, I had the freedom to choose more than one case in the same context. Thirdly, multiple case design produces stronger analysis for theoretical generalization. Yin (1994) pointed out that generalization of results from multiple case studies is made to theory and not to populations. Replication of case studies enabled me to:

- a. Search for patterns amongst empirical evidence;
- b. Identify commonalities; and
- c. Identify contradictions & inconsistencies

## **4.3 Context Selection**

Case study as a method selection leads to selecting feasible cases in order to address the research questions of this study. *ICT Systems Integration* was selected as the context of this study. The following section provides a brief overview of what is ICT, ICT systems solutions classification and justification of the context selection.

### **4.3.1 What is Information and Communication Technology (ICT)?**

Information and Communication technology (ICT) refers to technologies that help in the communication and transmission of information. This can be accomplished by using a number of computer-based technologies, voice and data telephony, wireless local loops and cellular phones in addition to the rise in electronic media outlets such as new television and radio channels.

A firm that deals with providing ICT services to the end user falls under the ICT industry in New Zealand. A recent industry report shows that the ICT industry in New Zealand accounts for \$20 billion a year in NZ (Curran, 2011). Furthermore, it is the second largest to the dairy sector and employs more than 40,000 people. In addition to this, the top 100 ICT firms accounted for 10 percent of goods and services exports in 2009.

In practice, ICT systems solutions are classified into two types. The first includes Information Technology (IT) related solutions. It includes, but is not limited to, software development solutions, information security

solutions, and network communications solutions. Some scholars refer to these services as digitized services (Tuunanen, Myers, & Cassab, 2010). More recently, new terms like Business process as a service (BPaaS) or Software as a Service (SaaS) are used to capture the scope of digitized services.

Business Process as a Service (BPaaS) is the delivery of a business outcome (e.g. payroll processing and HR) as a service. These services are a combination of software applications with any business functions like accounting or payroll. Clients consume these services by accessing business services offered via web interface. For example, Freshbooks ([www.freshbooks.com](http://www.freshbooks.com)) allows clients simple and fast invoicing and time tracking services. Software as a Service (or SaaS) is a way of delivering software applications over the Internet. Users of the services do not need to install or maintain the software by themselves. The second type of solutions is non-IT related. These solutions include, but are not limited to, consultancy services, technical training, outsourcing, and information security risk analysis solutions. The reasons for choosing ICT to understand value co-creation process are discussed in the following section.

#### **4.3.2 Context Justification**

Value is defined in context (Vargo et al., 2008) and hence, exploring the value co-creation concept in different contexts can provide useful insights to the concept. Technical details of the softwares were not the focus of this

study. The choice of this context to study the concept of resource integration was made due to multiple reasons. Firstly, the notion of service is well understood in this context. Resources integration is a common tool among actors working on ICT projects. Actors come together, collaborate and share ideas to develop solutions. All actors exchange their resources in order to achieve the objectives of the relationship. Because service is exchanged for service, value creation can be considered reciprocal. For example, an ICT consultant works in conjunction with the client in order to develop the solutions. The client is an active participant during the design, development and delivery of the solution. Due to this trait of this industry, value co-creation process is natural.

Secondly, value co-creation concept has not yet been explored in this particular context from S-D logic perspective. Due to the relevance of the working of this context with the value co-creation concept, empirical research can lead to new and exciting ideas. Thirdly, the access to the sources of empirical material was comparatively easier for me. My wide personal network and professional affiliation played a great role in seeking access to the premises and to participants. When conducting case study, access and ease of empirical material collection plays a significant role.

## 4.4 Case Selection

Case selection for multiple case studies is important in order to address the research questions. This study is comprised of two in-depth cases. Multiple cases are selected on the basis of emergent and established relationships among ICT systems integrators (vendor) and clients. This approach aids to identify the commonalities and differences at different stages of a relationship among actors. Each case represents a 'value co-creation (ICT) project between vendor and client. It is crucial to note that the cases are not individual organizations, but projects between actors. The reason of selecting ICT projects as cases is to demonstrate that the case study selected for this study is itself a value co-creation project. Clients were the government organizations with the main focus of providing utility services to its customers. Client names cannot be disclosed because of government affiliations. Vendors have offices in Auckland, New Zealand. Due to its sensitivity and work relationships with government organizations, names of vendors are also not disclosed.

Following table on the next page provides an overview of both cases selected for in-depth analysis.

Table 4.5: Cases Descriptions

Case	Description	Location	Actors
<p><b>CRM Software Project</b> <b>(Established relationship)</b></p>	<p>A CRM software project between an American owned ICT services provider in Auckland and its client. Client is a service providing firm with business and consumer level customers. Vendor developed a CRM software for client, based on the specification given by client. The client was using an older version of CRM software developed by same ICT service provider, and the relationship between firms was established. This project included updates, complete interface overhaul, database security improvements and features addition.</p>	<p>Auckland, New Zealand.</p>	<p>All participants involved in the ICT project representing vendor and client were treated as social actors for the purpose of this research. It included low, medium as well as high level employees.</p>
<p><b>Firm Knowledge Retrieving Software</b> <b>(Emergent relationship)</b></p>	<p>An internal knowledge database development project between Auckland based ICT services provider and client. The project outline included a fully functional and information rich user friendly knowledge database which can be used by employees of the client. The purpose of this knowledge system given by the client was to provide knowledge support to its employees while dealing internally and externally with its customers. This project represents an emerging relationship between firms.</p>	<p>Auckland, New Zealand.</p>	<p>All participants involved in the ICT project representing vendor and client were treated as social actors for the purpose of this research. It included low, medium as well as high level employees.</p>

## **4.5 Unit of Analysis**

The units of analysis (UOA) for this study are 'points of resource integration'. The choice of UOA is particularly interesting. Points of resource integration were the activities between actors which resulted in the creation of value. Firms were not selected as the main UOA as the focus was not on the firm itself, but on the process of value co-creation among participants. The participants who were involved in the process were the key sources of evidence. However, they were considered to be the representatives of the firm assisting points of value co-creation. Because research questions seek to understand the process of value co-creation and create a framework of the process, the points of resource integration were the phenomenon that this research aimed to say something about.

## **4.6 Empirical Material Tools Overview**

This study involves a range of empirical material collection tools in order to answer the research questions with maximum breadth. Semi-structured interviews were conducted along with meeting observations and documents collection. Collecting empirical material from multiple sources allowed triangulation (Yin, 2009). This combination of multiple sources of empirical material in a case study method is best understood as a strategy to add rigor, breadth, complexity, richness and depth to the study (Flick, Kardorff, & Steinke, 2004). Next chapter provides the details of protocols. Following two tables provide an overview of interviews, informants and observation of the meetings.



Table 4.6: Case A Empirical Material Collection

	ICT systems integrator (IA)				Client (CA)				Observation of the meetings/Seminars		
	No	Interview Resp.	Meet. roll	#	No.	Interview Resp.	Meet. roll	#	Meeting Code	Duration (min.)	Description
Case A	1	Director IT	Yellow	1	1	Customer Services Manager	Yellow, Orange, Blue	3	MA-1	70	Early project meeting including project specifications and finances.
	1	IT Project manager	Orange	3	1	Contact Centre Manager	Orange	1			
	1	IT Services coordinator	Yellow	0	1	Finance Coordinator	Yellow	1	MA-2	84	Board prototype, technical perspective and timeline.
	1	Project Descriptor	Orange	0	1	Project Manager-Services	Blue	0			
	1	Database Developer	Yellow	1	1	Project Manager-IT	Yellow, Blue	3	MA-3	40	Relationship building opportunities.
	1	Application Designer	Orange	1	1	Team Leader A-CC	Orange, Green	1			
	1	Marketing coordinator	Orange	3	1	Team Leader B-CC	Orange, Green	1			
	1	Client Liaison agent	Yellow	2	1	Team Leader- Correspondence	Green	1	SA-1	60	Internal (Client) software training seminar.
					1	Business Support Analyst	Green	1			
					1	End Users	Green				
<b>Total</b>	<b>8</b>			<b>11</b>	<b>10</b>			<b>12</b>	SA-2	60	Software hands-on workshop

# = Number of interviews | No. = Number of participants | Meet roll = Meeting attendance color code

Table 4.7: Case B Empirical Material Collection

	ICT systems integrator (IB)				Client (CB)				Observation of the meetings/Seminars		
	No	Interview Resp.	Meet. roll	#	No.	Interview Resp.	Meet. roll	#	Meeting Code	Duration (min.)	Description
<b>Case B</b>	1	IT Lead		1	1	IS Manager		1	MB-1	95	First prototype presentation by vendor, and discussion
	1	IT Project manager		2	1	Business process manager		2			
	1	Asst. Project Manager		1	1	Services Manager		1			
	1	Internal process expert		1	1	H.R coordinator		1	MB-2	90	Project specification and requirements.
	1	Application Designer		1	1	App. Designer		0	MB-3	90	Relationship building opportunities.
	1	Relationship Manager		2	1	Business Analyst		1			
	1	Client Liaison agent		1	1	Project Manager-IT		2			
					1	Training Manager		1	SB-1	20	End user software training and demonstration
					1	Training coordinator		1			
					4	End Users					
<b>Total</b>	<b>7</b>			<b>9</b>	<b>13</b>			<b>10</b>	SB-2	30	Knowledge system feedback session

# = Number of interviews No. = Number of participants Meet roll = Meeting attendance code

# Chapter 5.0: Case Study Protocol

## 5.1 Chapter Overview

This chapter presents the step by step guide which was used for the execution of this study. This chapter aims to highlight the key procedures planned before carrying out the case study. It provides an overview of research questions, scope of research and the focus of this study. Furthermore, issues related empirical material collection and step by step process including preparation of empirical material collection and preparation of interview guide is discussed. The later part of chapter maps out and discusses the interpretation strategy used for the generation of results and findings.

Case study protocol is a formal document capturing the entire set of procedures involved in the collection of empirical material for a case study (Yin, 2009). It provides direction for use by the researchers for the gathering of evidence, empirical material analysis and case study reporting (Yin, 1994). The procedures and boundaries in this case study draw on personal experiences, familiarity with the research methods and literature in the field of value co-creation. One of the main reasons of formulating case study protocols is to ensure that the study is focused on the central research questions and objectives. The case study protocol is thus a way of increasing reliability of case study research. Furthermore, it helps future researchers to carry out similar research in the same or different contexts.

## 5.2 Research Questions

The main objective of this study was to understand how integrating resources co-create value through the lens of S-D logic of marketing.

The primary research question of this study was: *How does integrating resources co-create value for all actors?*

Furthermore, sub research questions were formulated to address such issues as nature of value realized by actors; resources that support value co-creation; kinds of interaction that are part of value co-creation processes; and stages in value co-creation.

**Sub-Question A:** What are the natures of value realized by actors?

**Sub-Question B:** What resources support value co-creation?

**Sub-Question C:** What are the stages in value co-creation?

**Sub-Question D:** What is the nature of interactions that are part of value co-creation?

The starting point of this study was not a conceptual framework, propositions or hypothesis. The familiarity with the value co-creation literature and relevance of S-D logic identified the motivation of investigating the research questions. The outcome of the research is in the form of a framework which can be taken forward in future research.

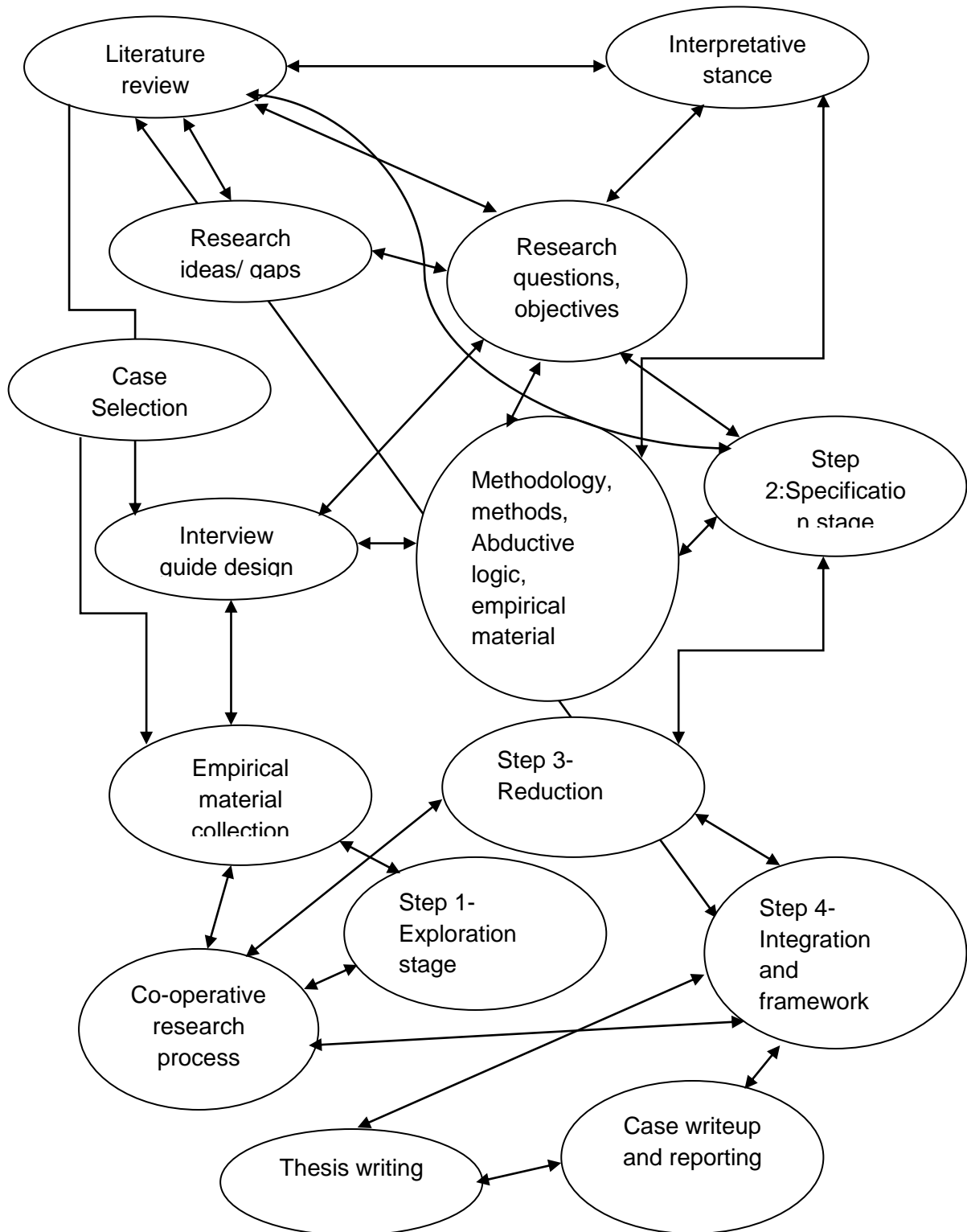
### **5.3 Research Method**

Multiple-case was used as a suitable strategy for this study. Following the interpretive stance along with abductive research logic, the empirical material focused on the experiences of actors which helped to explain the process of value co-creation in the given context. Actors accounts and experiences were taken in consideration, and literature was used to go back and forth for the interpretation of collected empirical material. Social actors representing ICT systems integrator (vendor) and client were the sources of empirical material collection.

The main tools to collect empirical material were semi-structured interviews, augmented by participant observations, documents including emails, project reports and meeting notes. Empirical material was managed and stored in NVIVO 10 software. Four steps interpretation process was used to address the empirical material in order to sought the explanation for research questions.

Co-operative research process (Gummesson, 2008) was employed to verify the interpretation of the material, as well as the generation of the framework of value co-creation. Interpretation of empirical material by researcher was presented to the participants. Feedback from participants was gained through this method. By doing so, the participants became active and integral part of the whole research process. The mind map of this study is illustrated in figure 5.1.

Figure 5.1: Value Co-Creation Case Study Mind Map



### **5.3.1 Case Study Mind Map**

The above mind map provides a screen shot of this research project. The first step was getting familiarized with the literature. As the literature review progressed, I developed an interest in the area of S-D logic and Value Co-Creation. I found that there was a need to conduct an empirical study with an interpretive stance. Literature review and interpretative stance guided me to develop research questions and objectives. These research questions and objectives directly addressed the knowledge gap of lack of empirical studies. Interpretative stance motivated me to look and study at the abduction logic of research. Furthermore, reviews of different research methods lead to the selection of an interpretive qualitative case study as a suitable method. Literature review was again consulted in order to seek help in case selection. Once cases were selected, initial interview guide was prepared. Initial interview guide was used to collect the empirical material. Empirical material was collected through participant observation, interviews and documents. Co-operative research process was employed for the review and verification of the transcribed material.

A four step interpretation process of empirical material started. Literature was consulted during interpretation and collection of empirical material. Once the empirical material was analyzed, thesis writing formally started. My experience in the interpretative research was that the thesis writing starts during empirical material collection. The reason for that is that the analysis of the empirical material happens during the collection.

## 5.4 Permission Seeking

One of the most important and crucial step in any research is permission seeking in a timely manner. The cases for this study were ICT projects between vendor and client. My present employment and personal contacts played a big role in selecting relevant projects. Goal was to seek and select those ICT projects where actors are actively involved in developing the softwares. Two cases were selected. One case represents an emergent relationship between vendor and client, and other represents collaboration on a more established relationship. In order to seek permission, following strategy was designed. For the purpose of this study, the permission was sought at two different levels.

First level is called gate keeper permission. Since the focus of this study was not on firms, the need to gain permission from CEO's of both firms was not considered necessary. The information about vendor was requested from client firm. Client firm was approached first, and Project Managers of ICT projects at client firm were requested for further information about the project, and vendors.

Following table provides a detail of relevant personnel who were sources of gatekeeper permission.

Table 5.8: Gatekeeper Permission

<b>Cases</b>	<b>ICT systems integrator</b>	<b>Client</b>	<b>Meeting observation venue</b>	<b>Interview location</b>
Case A	Project Manager	Chief Services officer	Client premises	Client premises
Case B	Project Manager	Services Manager Project Manager	Client premises	Client premises



Second level of permission is related to the participants itself. It involved a number of steps. These steps ensured to approach all members who were associated with the ICT project in one way or another. Following steps provides an overview of the whole process in seeking permission from participants:

1. A list of team members was requested and obtained from Project managers of vendors and clients.
2. All members were approached with an invitation of participation. The invitation included an explanatory form explaining the research process, their role and duties, consent form for participation and also an interview overview sheet.
3. Upon receiving the permission, a request of feasible time and place for interview was sought.
4. Project managers were requested to then provide the venue, date and time of upcoming meetings between team members.
5. Project managers and Services managers were asked for any documents relevant to my research.

## 5.5 Ethical Considerations

Ethical considerations are very critical to qualitative research. In this study, I became a part of the co-creation process, hence the research process. Due to this, it was very important that the proper steps were taken to ensure that participants were fully aware about their participations and role. In order to safeguard the participant's rights and firms information, following steps were taken.

- Firms are not to be named due to its affiliation with government departments.
- The privacy and confidentiality of firms and individuals will be protected during and after the research process.
- Participants were provided with a consent forms and information sheets
- There was no deception at any stage in the research process. Participants were made fully aware of what was expected.

In addition to this, the researcher followed the guidelines as per the University of Waikato's Handbook on Ethical Conduct in Research 2010. Ethical approval of this study was granted by the relevant committee and approval letter is attached in the appendix A.

## 5.6 Field Protocols

Being a qualitative study with interpretive stance, my involvement in the process of empirical material generation and interpretation was crucial. Before the collection of empirical material, it is useful if the researcher knows the cases well, and the participants who will be approached (Guba & Lincoln, 1994). This ensures a smooth process and builds a rapport among the researcher and its participants. My employment commitments and personal networks allowed me to familiarize myself with the environment and the working culture of the actors. The three primary evidence sources were semi structured interviews, meeting observations and documents collection. Table 5.8 provides a detail of sources of evidences, and its focus.

Table 5.9: Sources of Evidence

Source of evidence	Focus
Participant interviews	Discussions were based on role, contribution, interaction with other actors and process of feedback during the project.
Meeting observations	Various aspects such as experience, interaction, participants learning etc. were observed and analyzed in order to map out the value co-creation process.
Project reports	Project reports were key to provide an overview of the whole project, team members details and history, and the operations of the project.
End User feedback documents	The feedback itself is not key, but the process of achieving the feedback and transferring it to other actors is important.
Meeting notes	Meeting notes were used to make sure nothing is missed during meeting, and it also helped to support my field notes taken during meeting observation.

Before entering the field, it is important that the researcher is fully ready and capable to record the potential material which can help to create strong findings (Perecman & Curran, 2006). I have used pilot study as a means to prepare myself before entering the field. Chapter 6 provides the detail of pilot study and its outcomes. Pilot study helped me to further refine interview guide, and check the suitability of my field protocols.

In this study, the goal of the interviews was to see the research topic from participants' perspectives. Actors who were involved in the co-creation process were the main source of information which helped me to map out the process. Interview guide (Table 5.3) was prepared to facilitate the process of guiding the conversation during an interview. These questions were not asked in an exact order or manner, but were used as a guide to make sure that answers were relevant to my study. This flexible method allowed flexibility to me and participant to extend the topic of discussion. The interpretation of the interviews was triangulated with meeting observations and documents. Meeting observation helped to support the interpretation of the information provided by the participants during the interview stage. These multiple sources allowed me to see resource integration among actors in a past form discussed in interviews and project reports, as well as in action during the meetings. The key tool for providing structure and focus for the interviews was the interview guide. Interview guide is a flexible document which can be changed as the research proceeds. Interview guide can evolve over the course of empirical material collection. Following table presents a refined version of interview guide.



Table 5.10: Interview Guide

**Interview Questions/ Discussion Guide:**

Stage	Head Topic	Discussion Points
<b>Introduction</b>	Own Introduction	<ul style="list-style-type: none"> <li>- My introduction</li> <li>- My Project</li> <li>- A quick overview of what the discussion is about</li> <li>- Remind again that it is a sound recorded interview</li> <li>- Sign the Consent Form</li> </ul>
<b>Main Body</b>	Participant Introduction	<ol style="list-style-type: none"> <li>1. What is your position at the organization?</li> <li>2. What are your main tasks and responsibilities?</li> <li>3. Do you have a prior experience of working on similar projects like this one or with this company?</li> </ol>
	Organization Background	<ol style="list-style-type: none"> <li>1. What is the relevance of this project to your company?</li> <li>2. Can you tell me current goals related to this project set by organization?</li> </ol>
	Project Specific	<ol style="list-style-type: none"> <li>1. Can you give me a brief description of the project?</li> <li>2. What are your key duties relating to this project</li> <li>3. Have you ever worked with other organization\ team members before? Or this is the first time you are dealing with them?</li> <li>4. What is the desired outcome of this project should be?</li> </ol>
	CC process overview and RQ C – Components\ Management	<ol style="list-style-type: none"> <li>1. Can you describe in brief the process of working on this project with others?</li> <li>2. How ideas are generated, communicated and worked on?</li> <li>3. What are different stages of <b>collaboration</b> in your view?</li> <li>4. How does other participants\ team members participate?</li> </ol>
	RQ A – Nature of Value Outcomes Realization	<ol style="list-style-type: none"> <li>1. Why did your organization choose to collaborate on this project as oppose to buying a pre developed system?</li> <li>2. Do you prefer this working style? YES OR NO but Why?</li> <li>3. What your organization is achieving from this collaborative exercise?</li> </ol>

		<ol style="list-style-type: none"> <li>4. What are you achieving with your involvement?</li> <li>5. Can you define 'Value' in this project context?</li> <li>6. Do you think there is any disadvantage of collaborating?</li> <li>7. What are the possible outcomes of this collaboration?</li> <li>8. Do you and your organization achieve same goals?</li> </ol>
	RQ B – Resources	<ol style="list-style-type: none"> <li>1. Does it matter that different team members in this project have different skills? Why is it important?</li> <li>2. Can you tell me some personal resources which you are using during this project?</li> <li>3. Can you tell me organization resources which are important in this project?</li> </ol>
	RQ D – Interactions	<ol style="list-style-type: none"> <li>1. Do you consider communication to be an important part of collaboration during a project? If YES or NO than why?</li> <li>2. How do team members communicate and interact?</li> <li>3. What is the most preferable way of communication? Is it the most effective one? Why?</li> <li>4. How do you exchange your thoughts? Feedback mechanism?</li> </ol>
	Network involvement	<ol style="list-style-type: none"> <li>1. Apart from these xxx team members, what else influence the decisions?</li> <li>2. What is the feedback mechanism on the outcomes of collaboration?</li> <li>3. Do you understand the concept of "Personal network? If yes, than to what extent that affects your working on this project?</li> </ol>
<b>Closing</b>		Thank you for participating in my study. I will contact you again with the transcription of our interview material.

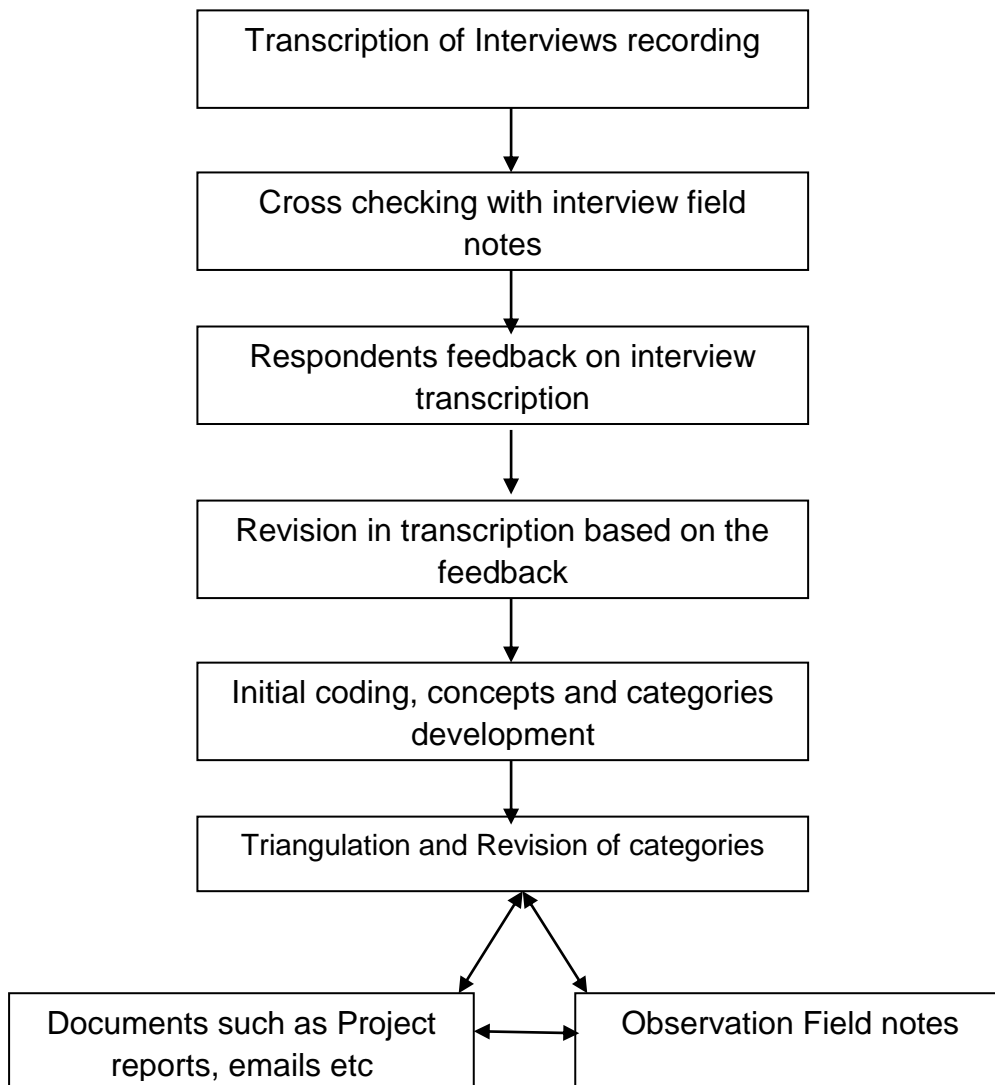
## 5.7 Interpretation Process

Themes generation and coding is the most recognized and used analysis method for qualitative empirical material. Text is used for analysis in such studies. In this study, the systematic process of interpretation started with the initial transcription of audio recording of interviews. During the course of empirical material collection, transcription was done regularly on NVIVO software. The reason of transcription during the empirical material collection stage was to modify the interview guide for future interviews. Initial transcriptions of the interviews were then followed by cross checking with field notes which were developed by me during the interview stage. The point of cross checking the transcribed interviews with field notes was to see if any details were missed during the transcription stage.

These transcribed interviews were then provided to the respondents for review and feedback. This is called co-operative research process (Gummesson, 2002). Empirical material interpretation was presented to the participants for verification. It started with as simple as the verification of interview transcription, and as advance as the discussion of the final framework. By doing this, participants were provided a chance to verify whether the transcription by me was accurate. Gummesson (2002) suggests that interactions with research participants play an important role in idea generation and concept testing. This process also allows informants to provide feedback and suggestions to further improve and strengthen the findings of the study. Co-operative research process was also used by Payne et al. (2009) in the development of brand co-creation

model. After this feedback, the transcribed interview texts were coded, concepts were developed. These concepts were then combined to develop categories. These categories and results of interviews interpretation were triangulated with meeting observation field notes and documents. Following figure provides an overview of the empirical material interpretation process.

Figure 5.2: Empirical Material Interpretation Process





The coding process of the empirical material was complex. At times, more than one code and concepts emerged from a small chunk of text. For instance the following figure presents an overview of coding done on a small section of text from an interview.

Figure 5.3: Coding Patterns

“Whenever I have requirements put through to me from other departments, I ask people to do research on price alternatives. In this particular case though, we already know them (Vendor) so we don’t have to spend too much time searching for best price. But this doesn’t mean that we haven’t done our research on the price which is available in the market. If we end up paying the best price based on our research, that is value...and a major one”

Codes



The development of codes, concepts and categories were done through four steps approach discussed below. The four step approach used for empirical material interpretation is called **PESI** (Prepare, Exploration, Specification and Integration). In addition to this, general approaches to coding steps as suggested by other qualitative researchers such as (Coffey & Atkinson, 1996; Flick, Kardorff, & Steinke, 2004; Hesse-Biber & Leavy, 2011; Yin, 2009) were also used. PESI approach provided a more organized and systematic way of interpretation that helped in reporting the empirical material in a more effective way.

The first step is called **preparation**. In this step, familiarization with the empirical material was done. Furthermore empirical material was carefully organized, sorted and an interpretation frame was developed. This step is

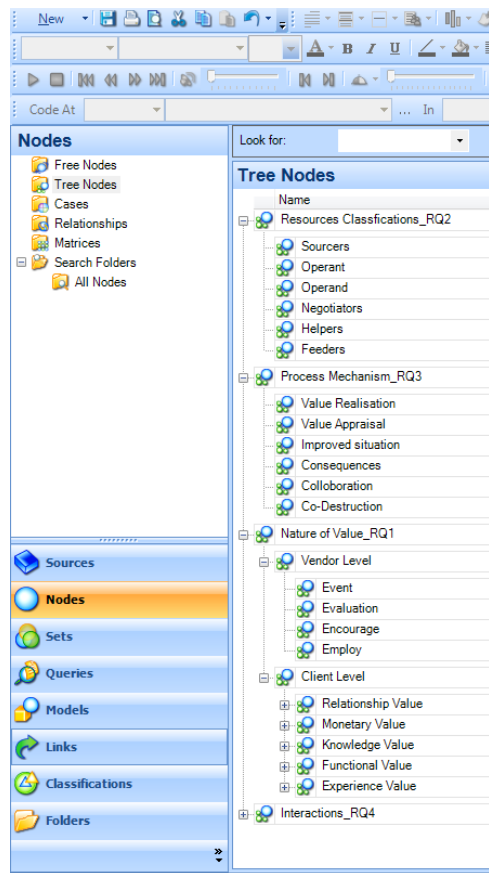
also referred to as 'playing with the data' (Yin, 1994). This step included a number of different tasks such as reading interview transcriptions, reviewing field notes, organizing and reading documents and also referring back to literature review. Along with these tasks, four interpretation frames were also developed. The interviews were conducted in a way that the discussion flowed loosely in an order of sub research questions in mind. Once the transcribed text was in NVIVO, text was divided carefully and allocated to four frames. These frames were developed based on sub research questions.

The four interpretation frames used were:

1. Nature of value realized.
2. Resources and actors classification.
3. Steps in Value co-creation.
4. Nature of Interactions.

These four frames provided a focused approach to the text interpretations. It kept me on track of addressing the research questions, rather than de-tracking during text interpretation. These frames also worked as the screening technique to focus on only that part of text which helped in addressing the research questions. It is always the job of researcher to comb through the raw empirical material to determine what is significant and transform it into a simplified format that can be understood in the context of the research questions. When trying to discern what meaningful empirical material is, one should always refer back to the research questions and use them as the analysis framework. Figure 5.4 presents the screen shot of NVIVO of these frames.

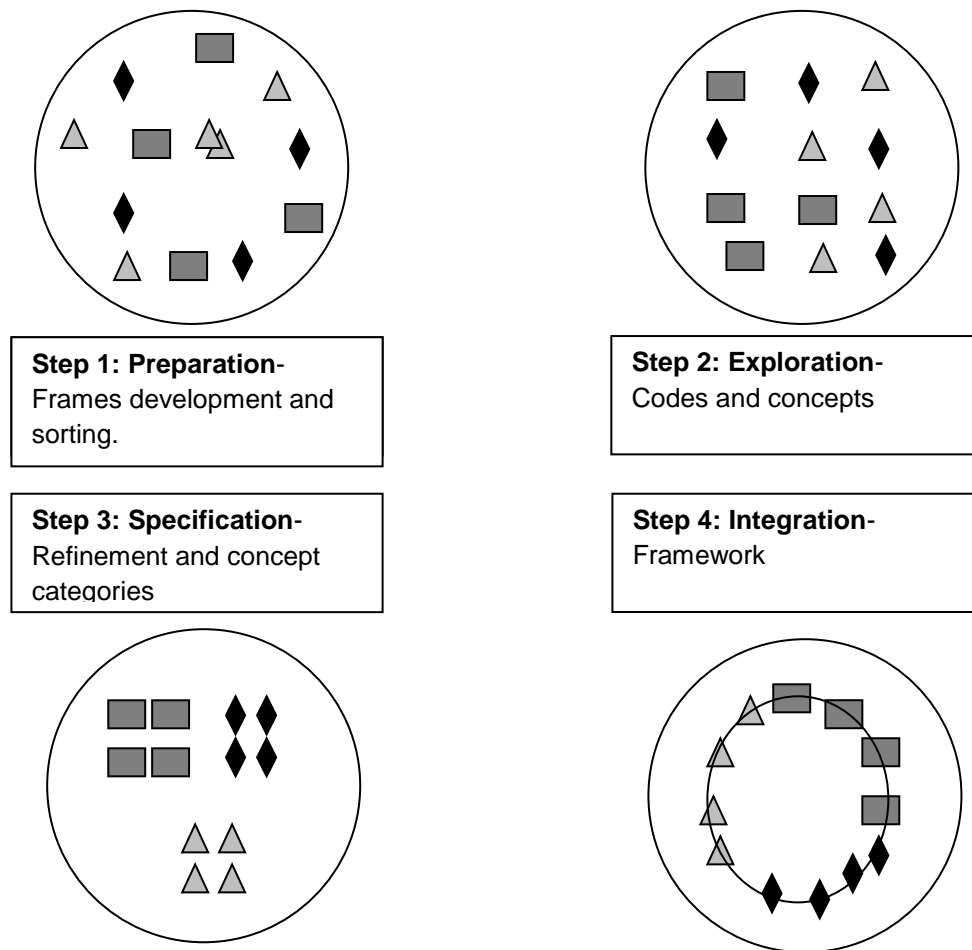
Figure 5.4: NVIVO Screenshot of Frames Nodes



The second step is called **exploration**. In this step, initial codes were developed and concepts were finalized. A number of key codes from all the codes that were developed were transformed into concepts based on differences and similarities. Also in this phase, the less important codes were subsumed under the key codes. Third step is the **specification** phase, where the goal of interpretation was to look for connections between concepts and develop a category consisting of various concepts. Patterns were carefully observed and based on these patterns and understanding of literature, categories were developed.

The final step is of **integration**. At this step, empirical material interpretation from first case study was compared with second case to reveal cross case patterns. This final step produced a framework of value co-creation. Figure 5.5 provides a general illustration of these four steps mentioned above.

Figure 5.5: Interpretation Steps Illustration



Source: Motivation from {Dye, 2000}

## 5.8 Criteria for Assessment

Reliability and generalizability are the two main criteria for assessing a research study. However, reliability and generalizability criteria are related to the positivist approach to case studies (Lindgreen & Beverland, 2009) and hence are not applicable to this study, as it is an interpretive and qualitative study.

The intention of the qualitative research is the interpretation of the events and not to generalize the findings (Merriam, 1988). Qualitative research and social phenomena by their nature cannot be replicated as the real world changes (Marshall & Rossman, 2006; Strauss & Corbin, 1998). Each interpretation is unique; replication therefore is impossible (Easton, McComish, & Greenberg, 2000). This uniqueness of qualitative research makes the debate of reliability and generalizability irrelevant. However, for any qualitative research, internal validity (Merriam, 1988) or 'authenticity' (Ghauri, 2004) is the main issue. In other words, "how congruent are one's findings with reality?" (Merriam, 2002). Addressing these issues, Lincoln and Guba (1985) argue that qualitative empirical material interpretations can be improved by **credibility**, **dependability**, **transferability** and **conformability**. Furthermore, Merriam (2002) argue that reliability in qualitative research can be defined as dependability and consistency and the results make sense when they are consistent and dependable. I have taken few steps to address each criterion. These steps are given as follows:

Table 5.11: Criteria for Improving Qualitative Research

Criteria	Provisions made by researcher
<p style="text-align: center;"><b><u>Credibility</u></b></p> <p>The extent to which the findings appear to be acceptable representations of the data.</p>	<p>a) Multiple case study method was employed as a research strategy, which is an <i>appropriate, well recognized and established research strategy</i> among qualitative researchers. Various scholars have provided the procedures and details of conducting a case study.</p> <p>b) The culture of the participating firm was familiarized by me because of my employment commitments. Furthermore, <i>trust and a prolonged relationships were developed with the participants</i> even before the empirical material collection stage.</p> <p>c) <i>Triangulation of empirical material</i> from a rich set of informants was employed. This helped in cross checking the interpretation carried out on the empirical material collected by using one tool. For instance, the interpretation of interviews material was triangulated with observation and documents interpretation.</p> <p>d) Participants were provided with opportunities to withdraw from the study at any stage. This ensured the participation from only those <i>participants who were genuinely interested</i> in taking part in this research.</p> <p>e) The interpretation of empirical material <i>was regularly discussed with supervisors and peers</i>. The discussions were the source of widening my vision bearing their experiences and perceptions.</p>
<p style="text-align: center;"><b><u>Dependability</u></b></p> <p>The extent to which a case study's or qualitative study findings are unique to time and place; the stability or consistency of the explanations</p>	<p>A clear and concise case study protocol is developed. It mentions the procedures which were part of this research project. By doing so, future researchers are able to follow the same procedures and similar results are expected in this same context.</p>
<p style="text-align: center;"><b><u>Transferability</u></b></p> <p>The extent to which findings from one case study or setting in one context will apply to case studies or settings in other contexts</p>	<p>A detail of the context is provided so it can be compared with other contexts where similar research is to be carried out. Furthermore, case study protocols provide the details of how this study was carried out. Multiple case study in the same context further strengths the case of transferability from one case study to another.</p>
<p style="text-align: center;"><b><u>Conformability</u></b></p> <p>The extent to which interpretations are the result of the informants and the phenomenon as opposed to researcher bias.</p>	<p>Semi structured interviews were conducted with participants where participants were given full chance to detail their experiences and beliefs associated to the value co-creation phenomenon. Furthermore, co-operative research process was employed where research participants were given chances to read the transcriptions of interviews and ensure that the transcriptions are the true representation of their views. The interpretation chapter in this document also includes the quotes from informants further supporting the criteria of conformability.</p>

## **5.9 Case Study Report**

Case study reporting is as important as empirical material collection and interpretation. The quality of a case study does not only depend on the empirical material collection and analysis, but also on its reporting (Denzin & Lincoln, 1998). A sound report structure, along with 'story like' writing is crucial to case study reporting. The reporting of this case study is a part of thesis towards the fulfillment of the PhD degree. As part of the thesis, case study is treated as the key section as a whole thesis will be judged based on it.

## **5.10 Case Study Protocol Relevance**

Case study protocol development provided various benefits for this study. It allowed me to specify intentions and process of answering research questions in great detail. A well thought plan was developed to collect and interpret the empirical materials. By doing so, it allowed me to be flexible when in field. Also, it helped to understand and refine interview guide and discussion pointers. Another advantage of developing this protocol was if circumstances changed, it would have been easier to adjust and address the issues which were raised due to circumstances change. Furthermore, case study protocol is an important mean of improving the rigor of case studies. Since case study protocol provides a plan of each step in detail, it ensures that the empirical material collection and interpretation procedures were able to answer the research questions. For future research, other researchers can also use this case study protocol for similar research.

# Chapter 6.0: Pilot Study

## 6.1 Chapter Overview

This chapter discusses the outcome of a pilot study which was conducted before full scale multiple case studies. A pilot study is very useful and can be a good learning experience for the researcher (Yin, 2009). The main objective of this pilot study was to evaluate the suitability of field protocols. The scope of this pilot study was limited as a single case of an ICT project among ICT systems integrator (Vendor) and client was carried out on a small scale. The interpretation of the empirical material is presented in the end of this chapter.

The main purposes of this pilot study were:

- To become familiar with empirical material collection process.
- To experience the empirical material collection practically rather than reading in books.
- To learn how to collect, store, interpret and report the empirical material.
- To evaluate the suitability and capability of field protocols so the short comings can be addressed before final empirical material collection stage.
- To do a preliminary interpretation of the empirical material collected from interviews, field notes and documents.



## **6.2 Case Selection**

A single case study of an ICT project was selected as a case between a ICT systems integrator and client. The unit of analysis was “points of value creation”. Points of value creation were the moments of collaboration between actors who were involved in the project development. It was in the form of meetings, written documents and through the use of digital medium such as emails or chats. The location of the case study was in Auckland, New Zealand. The ICT systems integrator produces customized IT solutions for businesses dealing in logistics. The ICT project selected as a case was the customization (as per client requirements) of a pre-developed software. The ICT system mainly featured functions such as order processing, customers data updates and receipting. The business relationship among ICT systems integrator and client was evolving as both businesses were collaborating for the first time.

## **6.3 Empirical Material Collection**

Empirical material collection was done through in-depth interviews with representatives of the ICT systems integrator (Vendor) and client. Furthermore, observation of meetings, and review of documents such as meeting notes and project reports was conducted. Details of research procedure are as follows:

## In- Depth Interviews

Three interviews were conducted with Project manager (Vendor - Interviewee 1), Database designer (Vendor - Interviewee 2) and Logistics Supports Manager (Client - Interviewee 3). The objective of conducting interviews with participants was to discuss the process of the software development. The interviews conducted revolved around experiences, motives, process, learning and outcomes of the collaboration. Questions were not asked in a pre-defined structure; however I conducted the discussion in a way that participants were able to explain the key issues surrounding the discussion pointers given in table 6.11. All participants were provided with the transcription of the interview. By doing so, participants were able to provide feedback on the interpretation.

Table 6.12: Empirical Material Discussion Pointers

<b>Focus (Research Questions)</b>	<b>What I was looking for?</b>
Components of value co-creation process	<ul style="list-style-type: none"> <li>• Process of collaboration during the project</li> <li>• Process of idea generation, transfer and execution</li> </ul>
Nature of value realized	<ul style="list-style-type: none"> <li>• Value definition</li> <li>• Collaboration outcome</li> <li>• Organizational vs. personal achievement</li> </ul>
Resources utilization and integration	<ul style="list-style-type: none"> <li>• Resources types</li> <li>• Level of resources and its impact on co-creation process</li> </ul>
Networks involvement	<ul style="list-style-type: none"> <li>• Who is involved?</li> <li>• How important is the involvement?</li> <li>• Does involvement matter?</li> </ul>
Communication	<ul style="list-style-type: none"> <li>• Language of co-creation</li> </ul>

## **Meeting Observation**

I attended one meeting as an observer. The duration of the meeting was 90 minutes. Field notes were taken during observation. Intervention technique was also used to a limited extent in order to enhance understanding of the collaboration process. Participants were respectfully asked questions during the meeting. This allowed the researcher to record the motive behind statements made by actors during the meeting.

## **Documents Review**

The project brief document was collected as part of the document collection. Project report included the specific details on the IT system. Since this was a pilot study, the scope of documents collected was limited. The objective of collecting the project report was to triangulate the information in between all three empirical material sources.

## **6.4 Empirical Material Reporting and Discussion**

Empirical material collected from above sources was interpreted by codes generations and discovery of patterns. Initial codes were developed which led to certain patterns. These patterns are classified as four features of value co-creation process.

### **6.4.1 Features of Value Co-Creation**

Four features are the *motivators, management, disadvantages, and outcomes of value co-creation process*. These are discussed from personal (individual actor) as well as network (firm) perspectives.

#### **6.4.1 (a) Motivators of Value Co-Creation Process**

This feature represents the reasons which are classified as motivators for actors who took part in this case. These motivators appear to be important for each participant as strong emphasis was given in the interviews. Furthermore, interpretations of field notes taken during observation of the meeting were used for cross reference. There are three motivators which are explained below.

##### **(a) Network Extension Opportunity**

The opportunity of extending the professional network is one of the key motivators of value co-creation process. The opportunity of collaborating with others is viewed as a possible extension of the professional network and relationship building. This motivator was mentioned in different ways

by the interviewees. Interviewee 1 was more focused on the importance of relationship for the business as a whole rather than the individual:

“We have a business to run... Client gives you business, and they want to know who are they dealing with... I don't think there is a better way of knowing someone by working on something jointly... these joint projects provide an opportunity for future business with the same client which is key to survive in this competitive market”

The importance of long-term and positive relationship is realized and mentioned as a key to successful business. It is believed that co-creation gives a venue for all actors to come together, and develop a long-lasting relationship. The value derived from a long-term relationship is different for the vendor as opposed to the client. Interviewees representing the vendor focused on the economic value of developing long-term relationship for future projects with the same client. However, Interviewee 3 who was representing the client believed that value for his firm was in terms of saving time, money, effort and establishing trust also.

“Reality is, we don't want to look for a new team of IT professionals every time we need an IT system...For us, knowing them [vendor], is more important than the software itself... and only collaboration allows you to develop a relationship which can last...[it] saves you a lot of time...money and most importantly, develop trust for future projects”

Value co-creation process was also viewed as a chance to extend one's personal network. The value for the process is in knowing more people in the business (market). Interviewee 2 emphasised more on the personal network opportunity, which helps the business also.

“Things have changed now for the businesses...and what matters is “How well do you know others?”... When you work together, there are more chances of developing a bond

with the client, and that pays off in the future as well...Collaboration on something allows you to know more people in the field...increase your social and professional circle... and it's all about who you know: that's what brings in business”

Developing a long-term and sustainable relationship is observed to be key motivator for actors involved in value co-creation process. The value of relationship varies among actors. It can either be in terms of extending the personal network, sustainability of business and economic gain or having trust which saves time and effort.

### **(b) Learning Opportunity**

Learning opportunity is viewed as another key motivator of value co-creation process. Empirical material interpretation shows that actors anticipate some form of learning during and after the collaboration. It can be either individual learning or learning as a whole (firm). Interviewee 1 emphasized more on the learning as a whole:

“ It [value co-creation process] is a perfect learning opportunity, for me, and for my business...We as a business need continuous learning...[and] you get it when you work together....My past experience tells me that I have learned a lot in joint projects”

In addition to this, Interviewee 2 highlighted the opportunity of learning and its importance in the IT field. Value co-creation is viewed as an opportunity to “know the unknown” (Interviewee 3). The empirical material collected via observation of the meeting also demonstrated that the behavior of participants was ‘open’ to different ideas and suggestions. Furthermore, it was observed that all actors had different sets of skills. In order to create

value for themselves, actors came together and supported each other to create value. Interviewee 3 highlights this as:

“When you sit together, work together, that creates synergy and you learn exciting stuff... We have skills in particular area, and so do they... They know something [IT expertise], and we know something [client business knowledge]...and we need each other help...that’s why we are here...to learn what they can share with us”

Learning was viewed differently among actors. It can be “learning as a whole” or “individual learning’, but the importance of it was well understood. Furthermore actors viewed value co-creation as a way of integrating different skills possessed by each actor to create value for themselves.

### **(c) Ownership Sharing**

Value co-creation allows the actors to share the ownership of the outcome. This is viewed as a motivator because all actors have a fair share of owning the outcome. Interviewees who were representing the vendor mentioned that ‘It [IT system] is their [client] creation, with our help... [hence] they [client] share responsibility with us [vendor]’. Level of responsibility is shared among actors, as opposed to traditional view of marketing where provider holds the maximum responsibility of the product created.

Another aspect of this motivator is a freedom to share the ideas. Actors have freedom to express and suggest their ideas. This results in critical discussions and can help in creating the desired outcome for all the actors. Interviewee 3 specifically mentioned the importance of power to create with vendor as a reason to collaborate.

“We have the power to decide what we want and that’s very important for us as a client... We all participate in it [value co-creation process]...We need something specific...and working together like this gives us opportunity to map out our ideas in a way that they can execute it...”

The vendor realised the opportunity of sharing the ownership with the client, whereas the client valued the freedom of creating alongside the vendor, and owning the final outcome.

#### **6.4.1 (b) Management of Value Co-Creation Process**

The management of value co-creation consisted of activated by actors to make sure that collaboration was effective and efficient. All actors played a significant role in order to manage the process. Two components were highlighted during the interpretation. These components are explained below:

##### **a) Regular Interaction**

Regular interaction is highlighted as an important component in managing the value co-creation process. Communication can be in the form of physical meetings, or via digital medium such as Skype or emails. Interviewee 1 suggested that the responsibility of regular interaction lies with all actors, and it’s important in managing the process:

“We have to be in a continuous loop where we are communicating...All of us who are involved are responsible to make sure that we are talking with each other on a regular basis...Physical meetings are not required all the time, and not possible either. But online communication should not break”



Furthermore, empirical material highlighted the direct influence of regular interaction on the overall co-creation process. 'The process of collaboration relies on communication' (Interviewee 3), and 'it's every individual's responsibility' (Interviewee 2). If this component is managed properly by actors involved in the co-creation process, it can have an influence on the final outcome.

#### **b) Co-Creation Platform**

Co-creation platform includes the environment where collaboration happens. It includes tangibles as well as intangible elements. It was noted that actors gave importance to the environment surrounding them. Actors paid specific attention to attributes such as office hours, location of the offices, meeting locations, regular workshops on the software training, tools and equipments. In addition to this, 'skills of the personnel is important during the collaboration' (Interviewee 2). A platform which encourages the actors to learn and to share is key to value co-creation process.

#### **6.4.1 (c) Outcomes of Value Co-Creation Process**

Value co-creation process is capable of providing a range of outcomes. Three main outcomes which are believed to be result of a successful value co-creation process are:

### **a) Economic Value**

Economic value is one of the key outcomes of value co-creation process. Economic gain is viewed differently among actors. For example Interviewee 1 and 2 stressed more on the traditional economic gain of selling the IT system to client. There is a 'freedom to some extent...to charge a premium price when they [client] are involved in each and every step of development' (Interviewee 2). However, Interviewee 3 on the other hand views economic gain in a different perspective.

"There is a financial gain for us (client) in a way that we have full control on what we want. So we get value out of our money...We will use this same system to generate money for our business in the future...that is a financial gain for us..."

Economic value is realized as a short term benefit as well as a long term. Client realized the economic value through the use of the software.

### **b) Relationship Development**

Value co-creation process is helpful in developing long lasting relationships in a business-to-business environment. Empirical material analysis shows that actors view relationship development as an important outcome of value co-creation process. Actors 'relationships are turned into economic gains for businesses' (Interviewee 1). Strong and long-term business relationships result in future economic gains, reputation building and word of mouth. Relationship development is viewed as a personal outcome, as well as a network and business related outcome.

### **c) Customized Experience**

Experience is central to co-creation process. Experience is co-created among actors when resources are integrated. Interviewee 3 highlighted 'customized experience' as an outcome of value co-creation process. There were other factors such as the final product, process of collaboration, staff friendliness and skills of other actors which contributed to the overall experience of actors who were involved in this case study.

#### **6.4.1 (d) Disadvantages of Value Co-Creation Process**

Alongside the benefits of value co-creation, one main disadvantage highlighted by actors is 'frustration' during co-creation process. Value co-creation process involves input from all actors. These inputs can result in a positive experience, innovation, and a long term relationship. However, empirical material interpretation suggests that 'too much involvement' from some actors in the process can create a level of frustration for others. This frustration can have negative effect on the relationship among actors. As reported by Interviewee 1:

"When some of us are involved too much, that creates confusion...confusion leads to frustrations...it can jeopardize the relationship among us"

Interviewee 2 suggests 'lack of knowledge' as a reason of confusion which develops over time. However lack of knowledge can be overcome by sufficient training of other actors in the process, or by assigning specific tasks to each actor who is involved in the co-creation process (Interviewee 3).

## 6.5 Lessons Learned

Pilot study assisted me in the preparation for full scale empirical material collection. Early conclusions were drawn from the empirical material collected. The process of reviewing and analyzing the empirical material helped me to understand the field research in more detail. The research procedures which were selected for full scale research proved to show capability of answering the research questions and producing a well crafted study. The conclusion to be drawn from this discussion based on empirical material interpretation is that resource integration holds value for all actors involved in the value co-creation process. Each actor realizes the value in own context. If the process of value creation is managed properly, this can help develop a sustainable business model with a main focus on relationships and interactions. The details of pilot study are published in Rashid, Varey, & Costley (2012).

In terms of collecting empirical material, it was noted that observation and documents were less capable of generating rich empirical material. This lesson was taken forward and more focus was given to in-depth interviews alongside observations and documents. The outcome of pilot study also assisted me to restructure the discussion points for in-depth interviews with participants at later stage. It helped in creating interview guide for semi-structured interviews. Interview guide is provided in the previous chapter on page 83.

# Chapter 7.0 Case A: CRM Software Development Project

## 7.1 Chapter Overview

This chapter discusses the empirical material interpretation of case A. The chapter first discusses the context of the case study by providing descriptions of case, actors and relationships among actors. Once the reader is familiarized with the background of the case, the empirical material which was interpreted by using four step interpretation process (PESI) is discussed in detail. Raw empirical material which was in the form of texts from interviews, field notes of meetings observation and project reports were arranged and sorted in NVIVO. Since the empirical material from interviews was rich in nature as compare to other sources, an in-depth interpretation of text was first done on interviews. The interpretation process started with initial coding, sub concepts, concepts and finally the development of categories. The categories developed from interviews empirical material were then triangulated with observation field notes and documents. The outcome of empirical material interpretation of case A is presented in the form of four frames which were developed earlier and presented in chapter 5. In the end, an overall view of interpretive empirical material of case A is presented in the form of a figure.

## **7.2 Case Context**

### **7.2.1 Case Description**

The case of this case study was a Customer Relationship Management (CRM) software development project in between vendor and client. ICT related information was not the focus in empirical material collection. The reason of it was that since this is a research related to marketing discipline, and aim was to uncover the value co-creation processes in the relationship between vendor and client. Client was already using the older version of the CRM software which was developed by the same vendor. Hence this project was the update and extension of the current software. The need of new CRM system was realized by client due to increase in the number of customers base, new customer focused strategies and better storing and usage of customers data for future. This project was classified as the updating and overhauling of existing CRM software by the vendor. Some of the features of the project included interface upgrades, security improvements, new features addition and software stability.

### **7.2.2 Actors Description**

Two actors were part of this case study. First actor was the ICT systems integrator (vendor) and second actor was the client. Each actor was made up of a number of participants who were part of the project teams. These participants were also the part of empirical material collection stage. Due to ethical concerns and restrictions, a detailed description of actors can't

be given. However a brief overview of each actor is presented below to present the background of vendor and client.

First actor in this case study was an ICT firm with head office in USA. It is a well-established ICT firm providing customized softwares, cloud computing and other ICT services in New Zealand. The primary strength of this firm is to develop softwares for service providing firms who have a large customer base in well developed markets. The customer base for this actor is comprised of government service providing departments, hospitals and financial institutions globally.

Second actor was the client of this ICT firm. Client firm is a government organization providing utility services in Auckland, New Zealand. The customer base of this actor is approximately 1.1 million customers across Auckland. Customer base is comprised of businesses, agricultural and individual households. With recent restructuring in government organizations, customers are given special attention. There is a call for new and improved systems which can facilitate the business processes internally and externally. Auckland Council constituted this particular client firm in the last few years to standardize the way it serves its residents. Due to recent formation of the firm, it is still in the process of introducing new and efficient IT systems which can help in serving its customer base efficiently.

### **7.2.3 Relationship Description**

This case is an example of an established relationship among both actors. Both actors have worked on ICT projects previously. Personal and firm

level connections were observed during empirical material collection. Furthermore, it was also observed that participants knew each other before starting the ICT Project.

#### 7.2.4 Details of Interviews

There were total of 14 in-depth formal interviews conducted with participants of case A. However, 14 participants were interviewed 23 times at various stages of empirical material collection. Table 7.12 presents an overview of participants who were part of the interviews, and duration of each interview.

Table 7.13: Case A Interviews Participants and Duration

<b>Vendor</b>		<b>Client</b>	
<b>Respondents</b>	<b>Duration (min)</b>	<b>Respondents</b>	<b>Duration (min)</b>
Director IT	50	Customer Services Manager	90, 120, 100
Project Manager	65, 55, 60	Project Manager-IT	120, 60, 60
Database Developer	60	Business Support Analyst	75
Application Designer	65	Contact Centre Manager	60
Marketing Coordinator	60, 45, 70	Finance Coordinator	50
Client Liaison Agent	90, 60	Team Leader A- Contact Centre	65
		Team Leader B- Contact Centre	50
		Team Leader- Correspondence	50

Empirical material was interpreted with the help of NVIVO software through which transcriptions, coding, concept generation and categories were developed. Following section presents the empirical material interpretation associated with each interpretation frame.

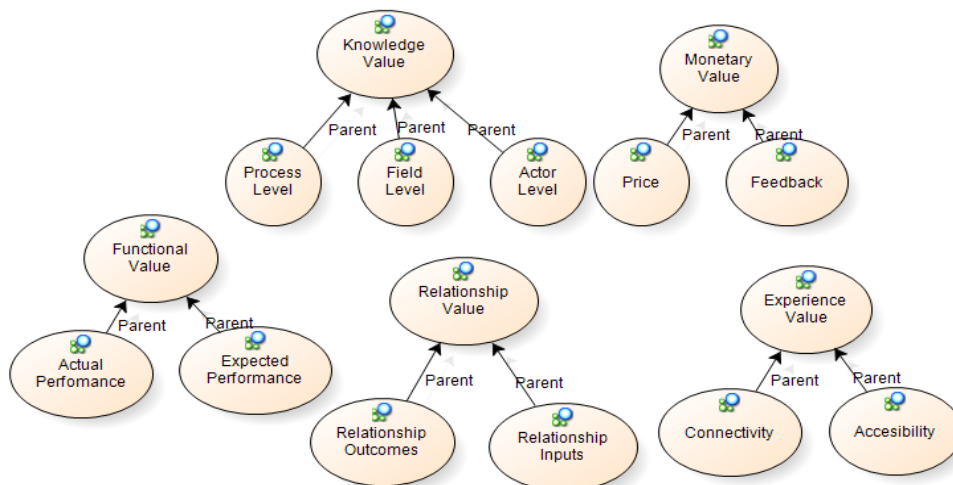


### 7.3 Interpretation Frame 1: Nature of Value Realized

Empirical material from interviews presented various suggestions, which once interpreted, revealed different natures of value realized by actors. Text interpretation was done separately for participants of vendors and clients. But at a later stage, it was realized that the nature of value I was seeking was generated from the process of resource integration, rather than individual actors. The following discussion is based on the combined interpretation of the interviews empirical material from participants representing both actors.

There are total of five categories representing different natures of value realized by actors. Figure 7.6 provides a brief representation of concepts associated to each category. A detailed discussion on each category is presented below.

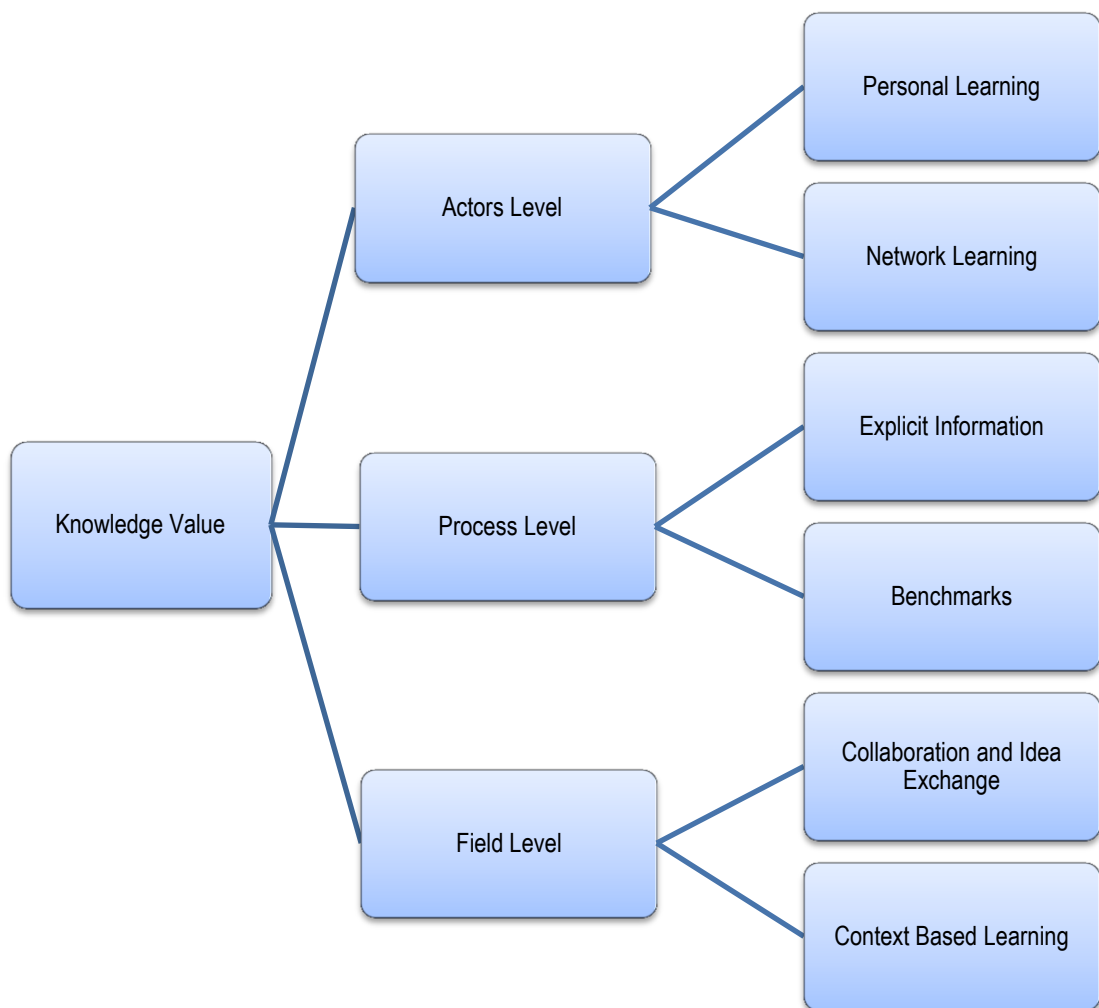
Figure 7.6: Case A Categories and Concepts



### 7.3.1 Category 1: Knowledge Value

The first category developed under the frame of nature of value realized is *Knowledge Value*. Figure 7.7 gives an overview of the category cluster.

Figure 7.7: Knowledge Value Category Cluster



Knowledge value is recognized to be one of the key natures of value realized as reflected in empirical material. At pilot study stage, the interpretation of the empirical material showed that *Learning* was the motivator of value co-creation process for actors. Learning is observed as one of the concepts of *Actors level* knowledge value after in-depth interpretation.

Initial coding revealed the types of knowledge which can be classified as tacit and explicit. But the frame for my interpretation was to explore the nature of value, which is knowledge, and furthermore at what levels this knowledge value is realized. It can be a tacit knowledge, or an explicit knowledge, but different levels contribute to the increase or decrease of knowledge value.

Text interpretation uncovered three levels where knowledge value was realized. These three levels are classified as concepts which contribute to the higher category of knowledge value. The three levels where knowledge value is realized are

- 1) Actors Level
- 2) Process Level
- 3) Field Level

First level where knowledge value was realized was at *actors level*. The two concepts contribute to actors level knowledge originates from *personal learning* and *network learning*. Rashid, Varey & Costley (2012) also suggests that that learning occurs in these two dimensions during co-creation. The personal learning includes the value realization at the participant level. Whereas network learning is associated with the learning as a 'whole', or learning of the firm. However, network learning is classified as the strength of the actor by Director IT-IA in his own words as:

"This is an exciting opportunity for me and for my team to learn new trends in the market. I remember the time when there were very few IT developers in New Zealand. Now we have a very strong competition, and we need to be updated. Projects like these motivate us to be open to new technologies and skills"

Next level of knowledge value realization was at the *process level*. The process level knowledge is made up of set principles and processes which were used by actors. These were internal processes and structures which were documented and part of firm's working culture. It is observed that during co-creation, these internal processes were usually exchanged among actors. It can be said that the explicit knowledge of one actor can turn into a value which is realized by other actor. This is quoted by Project Manager IT-CA as:

"I read their project report yesterday and I must say I was very much convinced with the way they work on IT projects and manage their teams...this is something really new for me and I am very keen to try it out over here also...we might be able to increase our productivity on projects by implanting this..."

The third level through where knowledge value was realized was at *field* level. This is the level where actors use their knowledge in the field to test if they are able to apply what they know. It's neither theoretical, nor personal but practical. This type of value was mainly realized by actors who were working on the functional aspects of the project. Application Designer-IA described this in his own way as:

"Naturally we have different skills. When you work like this, you are bound to learn new ways of doing the same thing. But the point is that are you able to use that new skill or put it to work. Maybe it is in your mind, but you cant do it...Last week I was sitting with their developer and he modified the interface by using a different technique. I knew it could be done but I was not able to apply my skill at the implementation stage"

The quotes underlying the development of this category are presented in table 7.13.

Table 7.14: Quotes Underlying Knowledge Value

Quotes (Examples)	Concepts	Category
[CS Manager-CA] Exciting platform to share ideas...and creates a competitive environment where a skillful survives... <i>(Initial Code: Idea sharing, Skill Competitiveness )</i>		
[Project Manager-IT] I want my team to work on projects like these. They are not really experienced as they are mainly fresh graduates so they need to work alongside big guns to learn something new... <i>(Initial Code: Individual learning, group learning )</i>		Knowledge
[Project Manager-S-CA] ...I was so excited after the meeting that I went back and googled the information to see how it can be done... <i>(Initial Code: Motivation for new skill-Personal learning)</i>	Actors Level	Value
[Database Developer-CA] Every time we meet, I learn something new... It's very exciting and I am looking forward for our next meeting... <i>(Initial Code: Individual learning, willing to learn )</i>		
[Director IT-IA] Well I have a bunch of very skilful team members but it's nice to collaborate...I am sure they will learn something... <i>(Initial Code: Group competitiveness )</i>		

[Project Manager IT- CA] I am planning to map out our working structure also just like this report as they have done in their report...it's very useful  
*(Initial Code: benchmarks, explicit report )*

[Project Manager-IA] We are always looking ways to increase our efficiency and effectiveness...working on projects like these gives and insight to other companies processes from where you can learn.  
*(Initial Code: Process Learning, Value of learning )*

Process Level

Knowledge

Value

[Project Manager-IT] Application of skills is required in our field...you can know the whole world but when it comes down to perform it on the computer, not everyone can do it...  
*(Initial Code: Skills application)*

[Application Designer-IA] He showed me how to change (feature) and I thought I knew how to do it but when I tried it myself, it did not work.  
*(Initial Code: Field learning )*

[Application Designer-IA] By trying it multiple times, I developed my own way to get it done  
*(Initial Code: Field trial, field learning )*

Field Level

Knowledge

Value

[Database Developer-CA] Different style of doing the same thing really amazes me and that is one of the reasons I come for meetings like these where you are able to sit down with other developers who translate their skill in their own way...  
*(Initial Code: Customized application, Field learning)*

Since these concepts and the main category were developed only from interview material, next step is to triangulate with the observation of meetings and documents collected.

### 7.3.1 (a) Triangulation

For the purpose of triangulation of this particular category, empirical material from all meetings as a whole was used along with documents. Actors level knowledge value realization originated from incidents occurred at the software training seminars and meetings. Process level knowledge values were generated from the project reports submitted by vendor to client. Field level knowledge value was observed in the discussions between participants during the meetings. Table 7.14 provides an overview of initial codes, quotes and incidents underlying the category of knowledge value.

Table 7.15: Triangulated Empirical Material: Knowledge Value

<i>Observation analysis</i>	<i>Document analysis</i>	<i>Category</i>
<p>[App Developer-CA] ...try the same technique which J... used in the last meeting...have a look if it works...  <i>[Code: a-a learning]</i></p> <p>[Incident 1] A collective exercise was conducted where Application designer and developer from vendor, and project manager from client were in attendance. They together worked for 1 hour on solving an issue with the interface of the software. The solution was solved at the end of the exercise. This resulted in individual learning of 2 participants as the solution which was presented was suggested by application designer.  <i>[Code: a-a learning, group learning, personal learning, skills enhancements]</i></p> <p>[Incident 2] Director-IT presented the report to customer services manager. He then explained the process which was about to be used to develop the software. Project manager interrupted in-between and said "I like the way you have listed each duty along with the benchmark, I should try it also".  <i>[Code: benchmarks set by others, process learning]</i></p>	<p>[Project Report-Vendor project brief]</p> <p>Vendor project report contained a section where roles and duties of each team members were listed. Each role had some benchmarks against. These benchmarks were used by Vendor Project manager to assess the achievement of service by team members.  <i>[Concept: Process Level]</i></p> <p>[Software design workbook]</p> <p>A workbook was maintained by both vendor and client participants. This workbook contained the development and testing of software by different members at different stages. Same features had inputs from more than one participant, out of which the best application of skills were utilized to solve the problem  <i>[Concept: Field Level]</i></p>	<p>Knowledge Value</p>

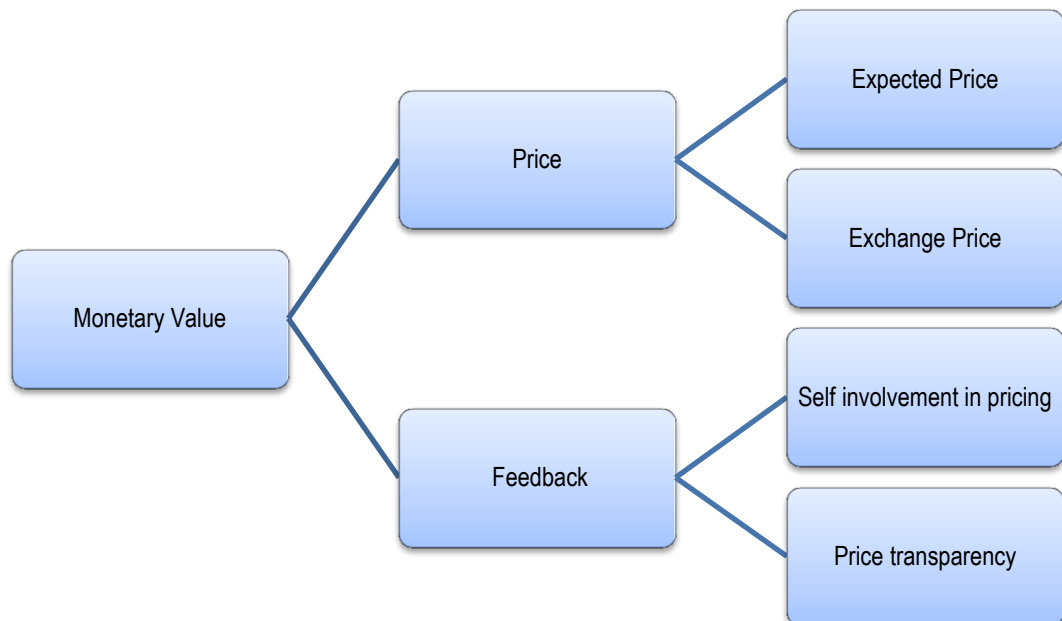
Triangulation provides a strong support to the category generated at the interview interpretation stage. It is observed that learning is a mode through which knowledge value is realized during co-creation. Learning occurs at the personal as well as a network level. This is classified as the tacit knowledge; as the type of learning occurred among actors at personal level. Project reports consisting set methods and principles by actors are a source of learning to other actors within co-creation. Apart from these two types of knowledge, the third type was observed where participants brought their own tacit knowledge, followed the explicit knowledge and used the practical knowledge in the field. The practical level knowledge is different for each participant.



### 7.3.2 Category 2: Monetary Value

Empirical material interpretation of case A revealed *monetary value* as the second nature of value realized by actors in the co-creation. Figure 7.8 presents the category cluster. .

Figure 7.8: Monetary Value Category Cluster

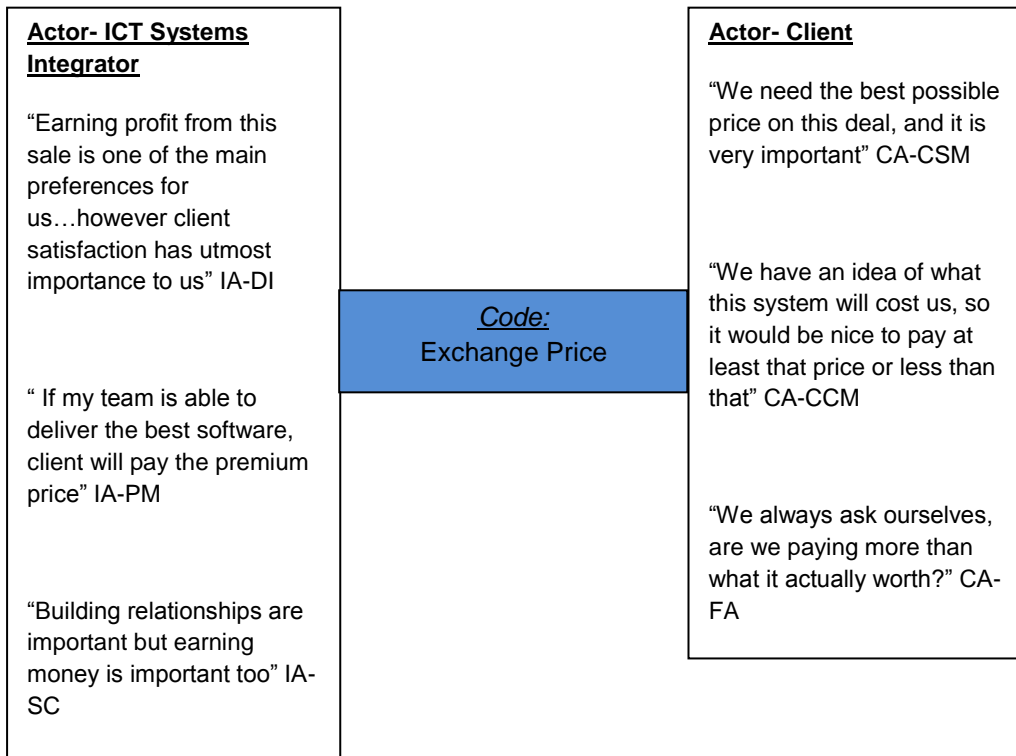


Interview transcripts were first interpreted to generate two concepts. These two concepts are *Price* and *Feedback*. These concepts were then triangulated with observation field notes from meetings and project reports.

### **7.3.2 (a) Concept 1: Price**

In the initial stages of interpretation, it was realized that even though marketing literature is changing its focus from money based mindset to relationship oriented mindset, but actors who were involved in value co-creation still viewed monetary factors as one of the important determinant to evaluate the value co-creation activity. The nature of relationship between vendor and client participants was such that the goal was to create value for client. So, all activities by both actors were focused on client value realization. Interview transcripts from vendor and client were combined for interpretation purposes in order to present the overall picture of value realized by client where vendor played the role of facilitator. Figure 7.9 provides an example from actual text collected from vendor and client participants.

Figure 7.9: Interpretation Example: Monetary Value



The concept of *Price* is made up of further two sub-concepts which emerged from initial codes. The sub concepts which were combined under the concept of *price* are:

- a) Expected Price: Price expectations before co-creation.
- b) Exchange Price: Price paid after co-creation.

Expected price is developed mainly before the co-creation process starts. During the need and problem identification, participants give their feedback and chalk out the expected monetary costs to be paid. However expected price is compared with the exchanged price that results in the monetary value. Exchange and expected price concepts are observed side by side grounded in the interview transcripts. Participants representing

vendor understood that client was having expectations in terms of price of the software. This process of monetary valuation is quoted by Marketing Coordinator-CA as:

“I think if we are able to offer them (client) the price which they (Client) already have in mind, or lower than what they have in mind....creates value...Our company is committed to provide the best prices for these type of software’s, and they (client) are aware of it.”

Table 7.16: Quotes Underlying Expected Price

<b>Quotes (Examples)</b>	<b>Sub- Concepts</b>	<b>Concept</b>
[CS Manager-CA] We always go for the best price in the market. The only way we know what is best is by looking what is out there. <i>(Initial Code: Search for best price)</i>		
[Finance Coordinator-CA] I have a habit of searching a lot before I buy something for myself. This habit of mine plays a big role at work also. Everyone asks me how much this will cost. We search, we develop <u>perception</u> and then we approach the developers. <i>(Initial Code: Search for best price and price perception)</i>		
[Project Descriptor-IA] Can we figure out what they (client) want to pay? Well we have to, or I should say we need to. That creates value. <i>(Initial Code: Realising customer perceived price)</i>	Expected Price	Price
[Director IT-IA] It is a highly connected world, and everyone knows how much specific type of services cost. <i>(Initial Code: Customer price perception awareness)</i>		
[Marketing coordinator-IA] The process of valuation needs to be same between them and us. <i>(Initial Code: Matching price perception)</i>		

Table 7.17: Quotes Underlying Exchange price

<b>Quotes (Examples)</b>	<b>Sub- Concepts</b>	<b>Concept</b>
[CS Manager-CA] I am very confident that they have quoted us a great price for the software <i>(Initial Code: Confidence in best price)</i>		
[Project Manager-S-CA] I discuss it with other team members in the morning and they are quite happy with the pricing structure. Its a massive project and i think this quote which they gave us do the justice <i>(Initial Code: Pricing alternatives)</i>	Exchange Price	Price
[Project Manager-IT-CA] Its a reasonable quotation based on the technicalities involved in this project <i>(Initial Code: Pricing alternatives, Search for best price)</i>		
[Project Descriptor-IA] We have worked with them before and we know how much they are willing to spend on a project like this. <i>(Initial Code: Realising customer perceived price)</i>		

### 7.3.2 (b) Concept 2: Feedback

The concept of *feedback* is made up of two sub concepts. These sub concepts are:

- a) Self-involvement in Pricing: Involvement of all actors in valuation.
- b) Price Transparency: Clear mapping of all the costs involved in the valuated price.

The sub-concept of *self-involvement in pricing* includes the collaboration of all actors at the evaluation stage. It was observed that even though client had expectations, and vendor proposed the counter offer but the final price of the software was agreed upon based on multiple discussions. Participants collaborated, discussed and then agreed upon a final price. This was nicely put by Marketing Coordinator- CA as “...We are listening to them”. This was very interesting to see that, just having a competitive price was not the value for client, but having involvement in deciding the final price had its own importance.

Furthermore, *Price transparency* is the second sub concept which is revealed by empirical material. It includes the clear mapping of pricing elements in the quotation. Client appreciated the transparency provided by vendor in this particular ICT project. Price transparency is deep rooted in the trust factor of the relationship among vendor and client also. Client participants mentioned their trust in the honesty of vendor based on their previous collaboration on other ICT projects. This is interesting to see that in co-creation projects, vendor needs to be honest and transparent in

terms of pricing to create monetary value for client. Following tables present an overview of quotes underlying these sub concepts.

Table 7.18: Quotes Underlying Self Involvement in Pricing

<b>Quotes (Examples)</b>	<b>Sub- Concepts</b>	<b>Concept</b>
[CS Manager-CA] The good thing about them (Vendor) is they always include us during the production and pricing stage. This is the revised quotation which they provided us with based on our demands <i>(Initial Code: co-pricing, revised pricing)</i>		
[Finance Coordinator-CA] the scope of projects in our organization are huge...so we need to be involved in pricing stage along with the provider...this gives us confidence that we are being heard. <i>(Initial Code: Sense of self involvement, co-pricing)</i>		
[Director IT-CA] They (vendor) give us their suggestions on price and then we discuss it within our organization to come up with our new demand. <i>(Initial Code: Pricing input)</i>	Self-involvement in pricing	Feedback
[Project Manager-IT-CA] No this is not the final cost of software. This is their suggestions and we will provide our suggestions in the next meeting. <i>(Initial Code: Pricing feedback, co-pricing)</i>		
[Marketing coordinator-IA] When you are at a level where relationship matters alongside money, you need to involve the client. This gives them assurance that we are listening to them... <i>(Initial Code: Pricing strategy, self-involvement)</i>		

Table 7.19: Quotes Underlying Price transparency

<b>Quotes (Examples)</b>	<b>Sub- Concepts</b>	<b>Concept</b>
[CS Manager-CA] They are very clear in charging us and we should appreciate it <i>(Initial Code: Clarity in pricing, Realization of price transparency)</i>		
[Finance Coordinator-CA] The cost mechanism which is in place between us and them is transparent. We consult with each other multiple times on prices. <i>(Initial Code: Clarity in pricing, Realization of price transparency)</i>		
[Project Manager-S-CA] Look at this quotation, it is very clear what are we getting charged for. <i>(Initial Code: Clarity in pricing)</i>	Price Transparency	Feedback
[Director IT-IA]We try to be as clearer in our pricing as much we can. Clients appreciate it! <i>(Initial Code: Pricing strategy, Realization of price transparency)</i>		
[Marketing coordinator-IA] This back and forth discussions on pricing create transparencies and remove any type of assumptions from clients mind. <i>(Initial Code: Low risk in pricing)</i>		

The four sub concepts created at the text interpretation stage are merged into a category of *monetary value*. The category of *monetary value* generated through interview interpretation is triangulated with other empirical material collected below.

### **7.3.2 (c) Triangulation**

The field notes from two meetings, project reports and other documents including quotations were used for triangulation and cross referencing the concepts generated at the earlier stage. A brief description of meetings and documents used at this stage is given in appendices.

It was observed that participants who were involved in the meetings actually practiced the same what they told in the interviews. Before the first meeting occurred, client participants created the project requirement report which included the desired cost of the ICT software. This was presented in the first meeting to vendor. Vendor submitted the counter offer in the second meeting. This led to the discussions on the pricing and a final price was set. These incidents were noted in the interview empirical material interpretation also. Table 7.19 provides an overview of observation field notes and project documents interpretation and its support to the category of *monetary value*.

Table 7.20: Triangulated Empirical Material: Monetary Value

<b>Observation analysis</b>	<b>Document analysis</b>	<b>Category</b>
<p>[CS Manager-CA] “We have consulted other departments and the cost of the software is specified in this project report. Now let’s see if you <u>fulfil us financially</u> like you have done it before (everyone laughs)”.</p> <p>[Code: <i>Perceived Price</i>]</p>	<p>[Project Report-Client requirement]</p> <p>A dedicated section to the budget and costs which client is ready to pay.</p> <p>[Code: <i>Perceived Price</i>]</p>	
<p>[Incident 1] Project report hand in to vendor representatives including the idea of the price which client is ready to pay.</p> <p>[Code: <i>Perceived Price</i>]</p>	<p>[Project Report-Revised quotation]</p> <p>A revised quotation including the final costs involved for the project. This is cross matched with the initial project report submitted by client . It was observed that there is a difference in the revised quotation as oppose to the initial budget provided by the client. The quotation is of fewer amounts as compare to the client budget.</p> <p>[Code: <i>Exchange Price</i>]</p>	
<p>[Incident 2] Initial report submitted by vendor reflecting the costs for the project.</p> <p>[Project Manager-IT-IA] This is what we can offer you (pointing towards the slide with costs information)- You can tell us what you think about it later.</p> <p>[Code: <i>Self involvement in pricing</i>]</p>		
<p>[Incident 3] A comprehensive presentation on the cost structure detailing the amount of work and people involved from vendor to client</p> <p>[Code: <i>Price transparency</i>]</p>	<p>[Project Report-Revised quotation]</p> <p>Report consists a side by side comparison of initial budget given by client and vendor revised costs with detailed reason of increase or decrease.</p> <p>[Code: <i>Self involvement in pricing</i>]</p>	Monetary Value
<p>[Incident 4] A question answers session following the presentation to discuss different elements and its costs in the project by client.</p> <p>[Code: <i>Price transparency</i>]</p>	<p>[Project Report-Revised quotation]</p> <p>The project report outlines each and every step of development clearly with amount of hours and human resources required along with the cost. This gives out a clear picture of what client is buying.</p> <p>[Code: <i>Price transparency</i>]</p>	
<p>[Marketing coordinator-IA] S... you know we have always provided best services with best prices in the market...”</p> <p>[Code:]</p>		

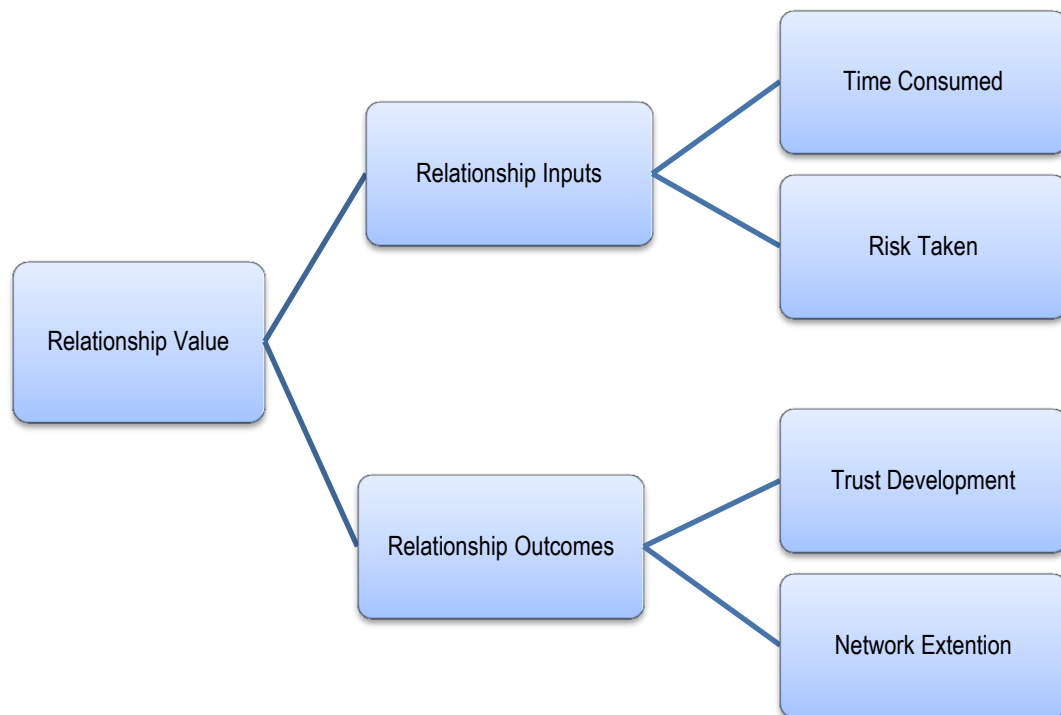
The observation of meetings and document analysis supported the sub-concepts and the concepts developed from interview interpretation. Empirical material revealed that it is not only the price paid which creates the monetary value, but also the involvement, feedback, transparency, honesty, and matching of expectations play role in realizing the monetary value.



### 7.3.3 Category 3: Relationship Value

The third category developed under the frame of nature of value realized is *Relationship Value*. Figure 7.10 gives an overview of concepts associated with this category.

Figure 7.10: Relationship Value Category Cluster



Relationship value is observed as one of the key nature of value realized by actors. Participants at the interview stage were keen to discuss the relationship benefits associated with the co-creation. Based on the empirical material interpretation, the relationship value is realized when input from actors brings favorable outputs.

The two concepts under this category of Relationship value are:

- 1) Relationship Inputs (Elements consumed by actors)
- 2) Relationship Outcomes (Elements received by actors)

The value of relationship among actors is realized in terms of outcomes. These outcomes (trust development and network extension) if are more than the consumed elements such as time and risks, it generates the relationship value.

*Relationship inputs* are mainly the sacrifices or consumed elements by actors during co-creation project. Empirical material suggests that time consumed and risks taken are the inputs which actors associate with relationship value. The return which is expected by actors is terms of development of trust, which reduces risk and also the extension of network on personal and firm level. Rashid, Varey & Costley (2012) reported network extension as one of the motivators of value co-creation.

### **7.3.3 (a) Concept 1: Relationship Inputs**

The concept of 'Relationship Inputs' include the sacrifices which actors make during co-creation process. Relationship value is realized when these sacrifices are converted into the relationship outcomes. The underlying sub-concepts in relationship inputs are:

- 1) Time: Amount of time consumed collectively and individually.
- 2) Risks: Risks of sacrificing other alternatives.

It is observed that some of the participants were not able to comprehend the favorable outcome in terms of relationship themselves. For example one of the participants put it in his own words as "If the outcome of this project is favorable...that is the value for time...". As mentioned in this quote by an interviewee, it is not clear in this stand alone statement that what is favorable, but further exploration of empirical material uncovers that the certain relationship outcomes are favorable in response to the time consumed. Furthermore another interview quoted the whole situation as

"It depends on what side of table you are sitting (vendor or client), but time is important to everyone. We spend our time individually and collectively to achieve the best possible outcome from this collaboration..."

Table 7.20 presents some of the underlying quotes which helped me to connect the building blocks in order to create the concept.

Table 7.21: Quotes Underlying Time Consumed

<b>Quotes (Examples)</b>	<b>Sub- Concepts</b>	<b>Concept</b>
<p>[CS Manager-CA] This is a very time consuming process. There are so many people involve in these kind of projects who have countless number of hours in it.  <i>(Initial Code: Collective time consumption, Individual time consumption, time sacrifice)</i></p>		
<p>[Finance Coordinator-CA] Its a common say that time is money and it is true in these kind of projects...  <i>(Initial Code: Time Value)</i></p>		
<p>[Project Manager-S-CA] Time is one of the main efforts which we have to make collectively.. and even individually...We do this to make sure that we play our role properly and are well aware of what is going on...  <i>(Initial Code: Collective time consumption, Individual time consumption, time sacrifice)</i></p>	<p>Time Consumed</p>	<p>Relationship Inputs</p>
<p>[Contact Centre Manager-CA] We need to see if we are getting the value for our time...  <i>(Initial Code: Time Value)</i></p>		
<p>[Project Manager-IT-IA] IT projects are usually very time consuming...they spend a lot of time in coming up with the requirements...we spend time to make sure that the best product is delivered...  <i>(Initial Code: Time sacrifice, target based time consumption)</i></p>		
<p>[Application Designer-IT-CA] All of this time which we spend has a cost...but we need to utilize...  <i>(Initial Code: Time Value)</i></p>		
<p>Coming all the way here to see software in action is a time consuming job and this is an investment...  <i>(Initial Code: Time sacrifice)</i></p>		

Text interpretation reveals that even though the actual value of time is not realized in the time units, but it is realized in the form of other types of value which are discussed in the next section. Furthermore, Table 7.21 presents the underlying quotes to risk value derived from text interpretation.

Table 7.22: Quotes Underlying Risk Taken

Quotes (Examples)	Sub- Concepts	Concept
<p>[CS Manager-CA] Well we are quite aware that we might be able to get better deals in the market... (Initial Code: Alternatives)</p>		
<p>[Project Manager-S-CA] We worked on an IT project not long ago with a well-established IT company, and we had a major setup when they were not able to deliver the software after 8 months of total work. That was a total waste of time and efforts. (Initial Code: Time based risk)</p>		
<p>[Team Leader-CA] We have been working on this project report for quite a while as we need this software in 10 months time...Project managers have assessed the risk of taking them (vendor) on board as we need it urgently (Initial Code: Risk assessment, Time based risk)</p>	Risk Taken	Relationship Inputs
<p>[Project Manager-IT-IA] The project report i have submitted today will given then idea that we have set of skills and man power to fulfil their requirements... (Initial Code: Risk assessment)</p>		
<p>[Application Designer-IT-CA] We can only do much to reduce risk on their (client) part...we have skills and portfolio...they know us as they have worked with us before... (Initial Code: Risk assessment, Risk reduction aid )</p>		
<p>[Client Liaison Agent-IA] I am a designated officer for them...they are free to convey any sorts of problems they have or if there are any issues which needs addressing. (Initial Code: Risk reduction aid)</p>		

Risk value is observed to be realized mainly by the client participants. It is noted that participants representing vendor talked about risk reduction mechanisms for their client. This divides the role for actors in risk assessor and risk reducer. One part of the role is played to assess how much risk is involved in this certain type of collaboration. The other role ensures that certain strategies are in place which can aid other actors to assess the risk before entering the relationship. The value for risk is mainly realized in conjunction with other value dimensions. Risk can be reduced, neutralized but cannot be completely removed even in an established relationship collaborations.

### 7.3.3 (b) Triangulation

The concept of relationship inputs was triangulated with the meeting field notes and project reports. The interpretation of meeting field notes and documents provided support for the concept created at the interview transcription stage. The incidents noted in the observation reflect the effort made by all actors in the co-creation process to reduce the risk factor. Similarly, time consumption was noticed clearly on the collectively, as well as on an individual level. Table 7.22 presents an overview of triangulated empirical material which is used to further strengthen the support for created concept.

Table 7.23: Triangulated Empirical Material : Relationship Inputs

<b>Observation analysis</b>	<b>Document analysis</b>	<b>Concept</b>
[CS Manager-CA to Meeting members] "We have consulted other departments...He (Project Manager) has spent a significant amount of time in preparing this report [Code: <i>Collective time consumption, time sacrifice</i> ]	[Project Report-Client requirement]  A dedicated section on the requirement for the selected vendor in order to select the project [Code: <i>Risk Assessment</i> ]	
[Project Manager-CA to Director IT] I have listed all the requirements on this page of the report...this will give you an idea what we need [Code: <i>Risk assessment</i> ]	[Project Report-Vendor Debrief]  A concise report present a section addressing each requirement set by clients. These requirements are not software related, but mainly related to skill set and time constraint. Vendor address all the points one by one by showing the capability. [Code: <i>Risk Aid</i> ]	Relationship Inputs
[Project Manager-CA to Vendor participants] We are in a bit of time crunch...need to make sure that you can deliver it... [Code: <i>Risk assessment, Time value</i> ]		
[Incident 1] Participants representing both actors sitting together discussing a specific function of the software. [Code: <i>Time sacrifice</i> ]		
[Incident 2] Client Liason office asking questions to customer services manager if they have any issues so far [Code: <i>Risk aid</i> ]		

The risk value is determined mainly on risk assessment and risk aid factors. It is noted in the triangulation that risk is assessed before entering

into the co-creation process by actors. Risk reduction aid is then suggested by counterpart actors to make sure that it helps actors to make decision in early stage.

### **7.3.3 (c) Concept 2: Relationship Outcomes**

Relationship outcomes are the favorable outcomes which actors expect in response to their inputs. Empirical material generated two types of outcomes which actors expect. These two sub-concepts are:

- 1) Trust : Reliance on other actors
- 2) Network extension : Personal and Firm extension of network

The sub concept of *Trust* includes the reliance of actors on each other with the assurance that the participation will be fully realized. If the confidence is developed in between actors through relationship inputs, it results in developing trust, hence relationship value. Furthermore, network extension is one of the key sub-concepts which emerged on various stages of empirical material interpretation. This is one of the main benefits which participants believed is the outcome of the co-creation project. But here also, if the relationship inputs do not extend the network of participants involved, it does not create relationship value. Project Manager-CA was very precise in putting this scenario in his words as:

“There is no point in spending this much of time if you are not able to make some contacts in the industry...It is required and help a lot when you need something”

Table 7.23 presents the underlying quotes which helped in the development of both sub-concepts:

Table 7.24: Quotes Underlying Relationship Outcomes

<b>Quotes (Examples)</b>	<b>Sub- Concepts</b>	<b>Concept</b>
[CS Manager-CA] They have a very good track record of delivering the results in competitive deadlines. Last time we had dealings with them, they delivered the software in five months which is amazing. This gives us confidence and it is worth our efforts. (Initial Code: Past experience, Assurance, Return on efforts)	Trust	
[Finance Coordinator-CA] Projects of this big scale and financial and non financial costs require a level of confidence in both parties. Otherwise it is very difficult to work together. (Initial Code: Confidence prerequisites,)		
[Contact Centre Manager-CA] And the value for this time is in the form of confidence... (Initial Code: Value for time, Confidence)		Relationship Outcomes
[Project Manager-IT-IA] If it ends in developing strong relationship with them, what else can we ask for. (Initial Code: Relationship, )	Network Extension	
[Application Designer-IT-CA] All of this time which we spend has a cost...but we need to utilize... (Initial Code: Time Value)		
Coming all the way here to see software in action is a time consuming job and this is an investment... (Initial Code: Time sacrifice)		

The sub-concept of trust includes various dimensions which contribute to the main concept of trust. Confidence is one of the main antecedents quoted by various actors. During co-creation process, actors create confidence on each other which in turns develop trust. The confidence leads to the better working style, reliance on other for work and openness in cooperation during the co-creation. Furthermore actors also trust on the counterpart actor to offer the best possible alternatives to the problems by using the resources which they possess. This level of trust is developed through continuous communication and previous working relationship which builds trust over time.

The other sub concept of network extension is also reported as the motivator of value co-creation in Rashid, Varey & Costley (2012). Actors



who are involved in the co-creation project expect to build on their pool of contacts through collaboration and cooperation. This happens at an individual level as well as firm level. Pilot study empirical material analysis also supports this concept because the participants interviewed at pilot study stage also pointed out that they expect to know more people in the business. The reason of building these personal contacts is because of multiple reasons such as ease of communication, future collaboration on the projects, respect of due dates, availability of personnel or special treatment by actors.

### 7.3.3 (d) Triangulation

For the purpose of triangulation for this particular concept, the field notes of the meetings and the project description report were used.

Table 7.25: Triangulated Empirical Material: Relationship Outcome

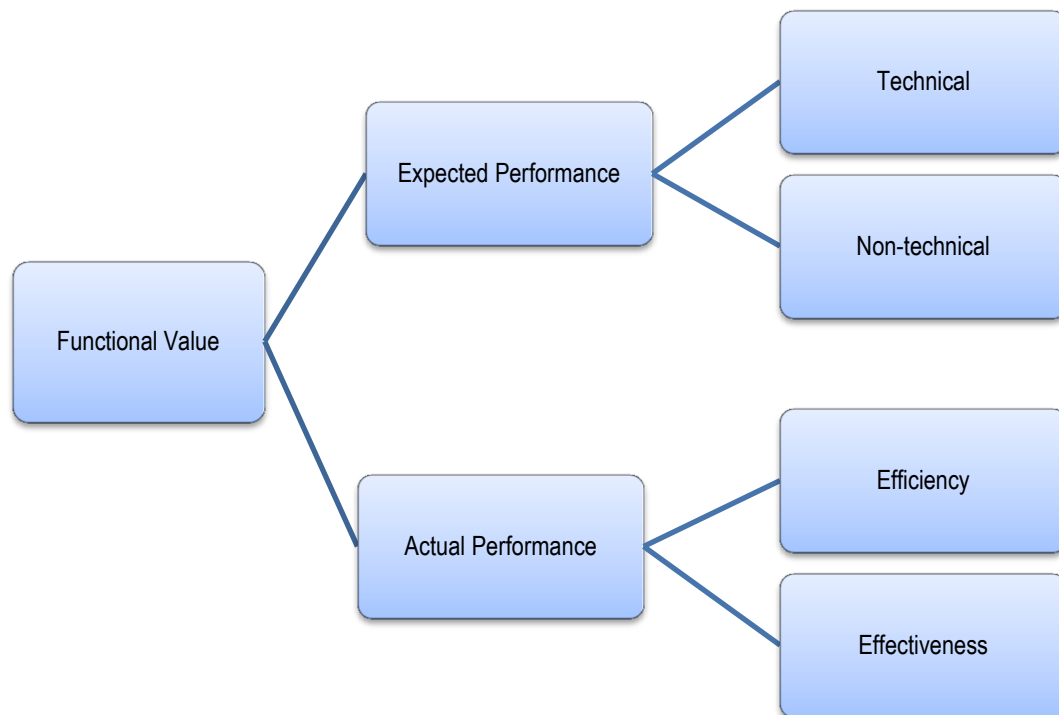
<i>Observation analysis</i>	<i>Document analysis</i>	<i>Concept</i>
[Incident 1] A detailed discussion was conducted on how vendor was going to stick to the timeline and address the issues of the clients. Client developed a risk assessment report before the project started. Vendor used each and every risk assessment point and addressed it. After the discussion, the participants representing client were convinced that the right choice is to give a go ahead to the project.	[Project Report-Client requirement] Vendor included a section in the project report addressing each and every concern raised by the client for risk assessment to address it. <i>[Code: Risk Addressing]</i>	
[Incident 2] When the IS Manager-Client saw the first prototype of the software, he said" It is worth the time which we all spent".	[Project Report-Vendor Debrief] A concise report present a section addressing each requirement set by clients. These requirements are not software related, but mainly related to skill set and time constraint. Vendor address all the points one by one by showing the capability. <i>[Code: Risk Aid]</i>	Relationship Outcomes
[Incident 3] The software was developed before the deadline and was ready for testing among end users. This left a very positive image on the client participants. Training Manager-Client was seen thanking Director IT for his timely deliverance of the software.		

The incidents which were observed during the collaboration of participants reveal exciting patterns to support the interpretation at the interview stage. For example the concept of network extension was originated from the ability to respect due dates at the text interpretation stage. The project report submitted by vendor to client included a complete section stating each milestone with the dates. The finalization of the completed project had an earlier date than the one provided by the client in the project requirement document. When the project started, and as it moved on, it was observed that every target date was met. Project Manager-IT even mentioned this in one of the meetings as one of the reasons of employing the vendor based on their previous working record with the client. Empirical material suggests that there is a relationship between the inputs by the actors and the outputs through co-creation which result in the relationship value.

### 7.3.4 Category 4: Functional Value

The fourth category developed under the frame of nature of value realized is *Functional Value*. Figure 7.11 gives an overview of concept and sub concept associated with this category.

Figure 7.11: Functional Value Category Cluster



Functional value is related to the outcome of the co-creation project. It relates to the actual performance of the CRM system developed by the vendor. The concept of functional value is not new to the literature and there are various scholars who worked on this dimension of value. However the interpretation of the empirical material of this case presents two concepts associated with functional value. The functional value is realized in perspective of following two concepts:

- 1) Expected Performance
- 2) Actual Performance

It was observed that actors enter into a co-creation project and put forward their demands or pre requisite to set the aim of the co-creation. These pre requisite to co-creation are developed through requirements and expectations. Functional value in particular is associated with the ICT system itself in this case study.

Functional value is realized when the actual performance of the co-created outcome exceeds the expected performance. As mentioned above, there are set guidelines by actors before committing to co-creation. When these guidelines are met by other actors in the co-creation, functional value is realized. For the purpose of this case study, client was the beneficiary of this realized value. In saying that, the participants representing vendor were aware of the expectations of the client based on their previous relationship and working with them. Director-IT was noted in saying:

“ They have a huge customer base...this system needs to be robust and should address all the requirements set by them....Our aim is to satisfy their expectations”

### **7.3.4 (a) Concept 1: Expected Performance**

The first concept contributing to the main category is *Expected performance*. Expected performance is described as the expectations in relation to the product itself. Expected performance is divided into further two sub concepts which are:

- 1) Technical
- 2) Non-Technical

The sub concept of technicality deals with the requirements put forward by the client to the vendor before the co-creation project starts. These requirements are based on the need and expectation of the actors. This sub concept is goal and task oriented. For example one of the interviewee explained this as “...we need this system to perform tasks effectively and efficiently”. The non technical sub-concept deals with the “services” related to the software itself. This includes maintenance, quality control and after sale services.

Table 7.25 provides an overview of quotes underlying the sub-concepts associated with expected performance.

Table 7.26: Quotes Underlying Expected Performance

<b>Quotes (Examples)</b>	<b>Sub- Concepts</b>	<b>Concept</b>
[CS Manager-CA] The basics of software development are to develop a list of functional requirements which we need. (Initial Code: Pre- determined functional expectations)		
[Project Manager-CA] Yes, the functions are pre decided even before we approached the vending firm. We sit down together with people from other departments, and ask them what they need. They come up with requirements. We then invite out IT team members to check the feasibility and workability. The requirements are designed which are presented to the vendor. (Initial Code: Collaborative activity on function decision, Pre-determined functional expectations)	Technical	Expected Performance
[Director IT-Vendor] They not only expect us to develop working software, but also provide backup services.	Non-Technical	
[Contact Centre Manager-CA] We need to see if we are getting the value for our time... (Initial Code: Time Value)		

It is also noted that because of established relationship with the vendor, client expectation were very precise and the extent to which vendor was able to satisfy the client demand, was also embedded in the empirical material. Technical expectations were observed mainly in the quotations by end users who actually interacted with the software on the daily basis. This included the front line staff using the software. One of the front line users quoted:

“ We have an existing CRM system which we are using at the moment...I think it is the same IT firm who developed it few years ago...that system is not user friendly at the moment and I want the new CRM system to be easy to use...”

The expectation in this particular instance was made based on the previous experience with the similar system. The functional value is realized when this expectation turns into the reality and if the vendor is able to provide the ease of use. Furthermore, non technical expectations were observed in quotations by managerial level participants rather than

end users. Project Managers and Developers emphasized more on the non technical expectations. The expected performance is then checked against the actual performance. The relationship exist in empirical material states that if expected performance are lower or even same as of actual performance, the functional value is realized.

#### **7.3.4 (b) Concept 2: Actual Performance**

Actual performance is associated with the use. It was observed that various software testing seminars were conducted after the development. This was to ensure that all the issues raised during this stage can be addressed. Actual performance is further grounded in the sub concepts of:

- 1) Efficiency
- 2) Effectiveness

Efficiency deals with speed and consistency. Whereas effectiveness deals with the quality factor. The reason of naming the sub concepts as effectiveness and efficiency was to highlight the both quality and speed dimensions side by side. It was noted that even though, actors aim was to create software of certain quality, but consistency was also required. Along this, the speed of delivery was also a key determinant. These sub concepts in combination provides an instrumental, task-related, rational and functional view on the nature of value which is realized at this stage.

The participants of this co-creation project gave importance to the effectiveness of the software as well as the efficiency of services attached with the software. Database Designer-IA quoted:

“Stability and consistency is one of the main concerns which are attached to projects like these...we have tried our best to deliver it in the most comprehensive way...but we are always here to provide them the best support service if they need with the software”

Table 7.26 provides an overview of sub-concepts associated with actual performance.

Table 7.27: Quotes Underlying Actual Performance

<b>Quotes (Examples)</b>	<b>Sub- Concepts</b>	<b>Concept</b>
[CS Manager-CA] Under my guidance, we not only look for the great quality of the software, but we also look how effective it is in terms of solving out issues. <i>(Initial Code: Stability, Quality, Consistency)</i>		
[Finance Coordinator-CA] I used the prototype developed by them yesterday and I must say it looks really good. We were expecting a good quality work from them but they have exceeded, at least my expectations. They are spot on! <i>(Initial Code: functional value assessment)</i>	Efficiency	Actual
[Project Manager-S-CA] Achieving a right amount of stability and consistency is always a challenge. And more importantly, when you have a list of expectations presented to you by your client, it is always a challenge. <i>(Initial Code: Expectations address, Efficiency realization)</i>		Performance
	Effectiveness	
[Project Manager-IT-IA] I have very high hopes with the version of the software I provided to them today. I am sure they will be happy with it. We made sure that we address all the issues and fulfill each requirement which they specified in terms of technicalities.		

### 7.3.4 (c) Triangulation

Triangulation for both concepts is done on a combined basis. The reason of doing so was to observe the co-creation project for a longer time and then relate with empirical material. For the purpose of triangulation for this particular concept, the field notes meetings and project reports were used.

The details of the meetings are as follows:



Table 7.28: Triangulated Empirical Material: Functional Value

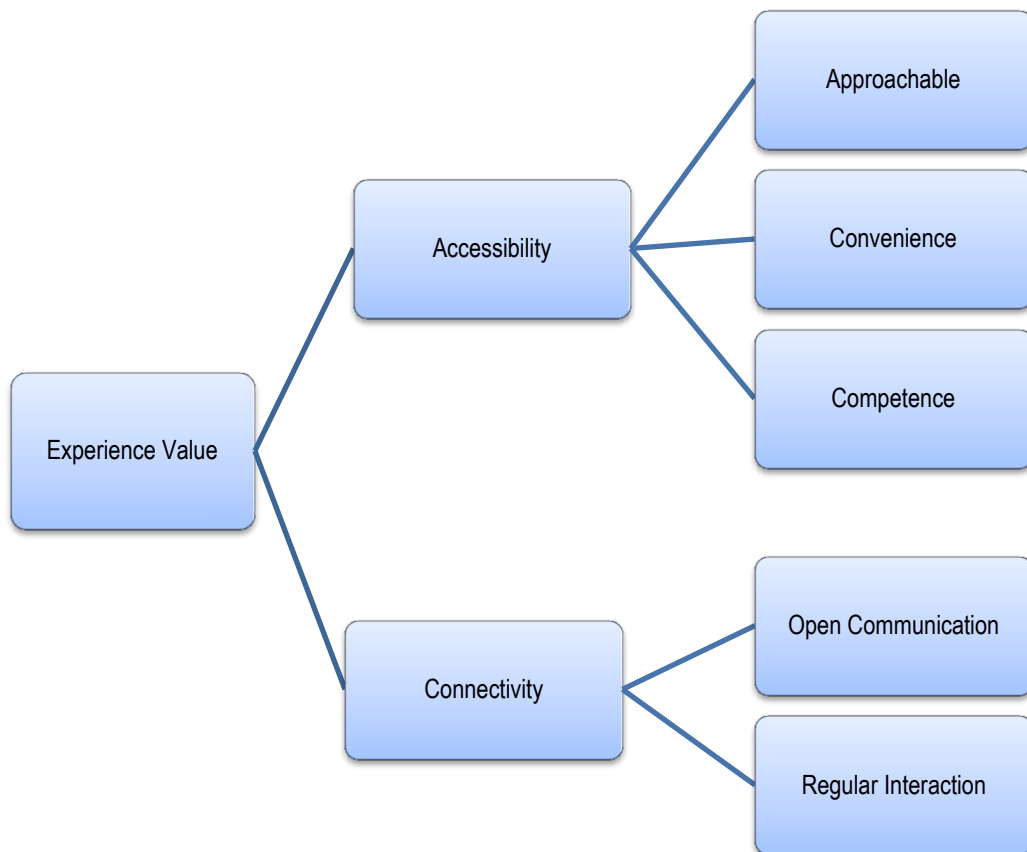
<b>Observation analysis</b>	<b>Document analysis</b>	<b>Concept</b>
[Incident 1] A thorough testing of the software by different participants. The objective of doing such activities was to make sure that the actual performance of the software exceeds the expected performance set by the client.	[Project Report-Client requirement]  A dedicated section on the functional requirement for the selected vendor in order to select the project. <i>[Code: Functional Requirement, Expectations]</i>	Expected  Performance
[Incident 2] Client members were seen very happy with the software testing outcome. They were taking interest in using the software.		
[Incident 3] Final software was delivered as per the requirements set by the client. The requirements were in the project report which was given to the vendor in the start of the project.	[Project Report-Vendor Debrief]  Vendor provided a step by step process flow how they have addressed each of the requirement point made by the client in the earlier report. <i>[Code: Facilitation]</i>	Actual  Performance

The triangulation allowed me to see the actors in real life assessing the expected and actual performance. Seminars were held by the vendor to train the staff on the software. This was done to make sure that all of the users who were going to use the software were well equipped to realize the value. Triangulation confirms that value is realized through assessment of expected and actual performance which is received by the actors. If the software is performing well, but one user doesn't find it user friendly, it doesn't bring functional value to that particular user.

### 7.3.5 Category 5: Experience Value

The fifth category developed under the frame of nature of value realized is *Experience Value*. Figure 7.12 gives an overview of concepts and sub concepts associated with this category.

Figure 7.12: Experience Value Category Cluster



Experience value here is described as the elements associating the co-creation activity which result in positive experience. Empirical material interpretation revealed two concepts of experience value. These concepts are:

- 1) Accessibility
- 2) Connectivity

Accessibility is described as the accessible situation among actors during the co-creation process. There is a clear indication in the empirical material that if actors are more approachable, this results in a positive experience. However if there are hurdles in approaching other actors, this can result in the negative experience. On the other hand, connectivity relates to how interactive the relation is among actors. Both concepts are personal and directly relate to individual participants involved in co-creation. If actors are connected and accessible, this results in a pleasant experience for all actors and value is realized.

### **7.3.5 (a) Concept 1: Accessibility**

The ease of approaching is one of the evaluator of this concept. Accessibility occurs mainly at the personal level among actors. In this particular case study, actors gave attention to how accessible they were. The realization of this accessibility can be seen in one of the quotes by Client Liaison Agent-IA:

“I spend most of my time here in their office to make sure that they feel we are listening to them and are in reach...”

Client Liaison Agent was an employee of vendor but spent 3 days a week at the premises of client. The main reason of doing so was to be in a reach along with open communication.

Accessibility concept is made up of three sub concepts which are:

1. Approachable
2. Convenience
3. Competence

Some of the participants were noted in saying experience is made up of all of the dimensions of value which are discussed above separately. However, the experience word is mainly associated with comfort, convenient, accessibility, friendliness, location, know-how, able to perform etc. Table 7.28 provides an overview of some of the quotes underlying sub-concepts associated with accessibility.

Table 7.29: Quotes Underlying Accessibility

<b>Quotes (Examples)</b>	<b>Sub- Concepts</b>	<b>Concept</b>
[CS Manager-CA] The way they conduct their business with their clients is amazing....Have a look at xxxx..he is here in our office most of the time to make sure that project is running smoothly. (Initial Code: Approachable staff, Channel of communication)	Approachable	Accessibility
[Project Manager-CA] To be honest, the whole collaboration on a project moves really smoothly if you have all team members in your reach. (Initial Code: approachable staff, convenience)		
[Application D.-CA] ....meetings at our premises...now that's what we call comfort (laugh) (Initial Code: Location comfort, convenience)	Convenience	Accessibility
[Director IT-IA] Just in addition to what I just said, apart from providing them good quality service and a stable product, it is very important that we are in reach, and more importantly have necessary skills to answer their concerns. (Initial Code: approachable staff, competent, updated skills)	Competence	
[Project Manager-IT-IA] Someone who doesn't know what he is talking about is a big no no in time bounded project like these... (Initial Code: update skills, negative experience assoc.)		

The concept of *approachable* reflects the individual approachability of the actors involved in the co-creation process. Empirical material from case A suggests that individuals in a co-creation process, value how easy other participants are to approach. Vendor facilitated the client to make sure that communication was free flowing and all members of teams were easy to approach. More the participants were approachable; more it showed that actors were interested in taking participation in co-creation.

*Convenience* reflects efforts made by actors to make the whole process of co-creation convenient for all the participants. For example for this case study, it was observed, and also quoted by few participants that the meetings are mostly arranged at the premises of client rather than vendor. This gave client a security, provided convenience and saved them travelling time also.

The third sub-concept of *competence* is an interesting emergence from the empirical material related to the experience value. Accessibility is not completed if the actors are approachable, and it's convenient to approach, but also there needs to be a level of competency proven by the actors in order to contribute to the co-creation. If the individual is not competent, it creates a negative experience for other actors.

### **7.3.5 (b) Concept 2: Connectivity**

The second concept facilitating the experience value is connectivity. Interaction and communication was most frequent keywords used by the participants at the interview stage. Interactions play an important role during co-creation. As quoted by one of the participant:

“How can you collaborate without communicating....We interact with each other on a regular basis to update and discuss new ideas”

Connectivity concept has roots in two sub concepts which are

1. Open Communication
2. Regular Interaction

As mentioned above, communication as a concept deals directly with the overall experience of the co-creation. If the communication among actors is “restricted, one way, occasional or bounded”, that leads to a negative experience. In addition to the concept of accessibility, connectivity also creates negative or positive experience for the actors.

Open communication refers to the transparency in the overall communication mechanism of co-creation. Open communication is only possible if all actors who are involved in the co-creation develop an explicit system of interaction. Furthermore, “honesty in communication”, or in other words the transparency in the communication stage also is a key factor related to open communication. Participants judge the communication mechanism on the basis of:

1. Is there any specified communication system among participants?
2. Is it an effective communication system?
3. Is it an efficient communication system?

Along with the open communication, regular interaction is another key factor which affects the experience of the co-creation process. If there is an open communication system which is specified by the actors, but there is no regular interaction or if some actors are not fully involved in the regular interactions, that results in a negative experience to some actors.

Table 7.29 provides an overview of some of the quotes underlying the sub-concepts associated with connectivity.

Table 7.30: Quotes Underlying Connectivity

<b>Quotes (Examples)</b>	<b>Sub- Concepts</b>	<b>Concept</b>
[CS Manager-CA] Have a look at this report with contact details of all team members. Also, there is a fix duration after which we have to meet to report what we feel and think about the process so far. <i>(Initial Code: Explicit information, pre-determined communication frequency)</i>	Open communication	Connectivity
[Project Manager-CA] How can you collaborate without communicating? Not only random interactions are important, but it is also important that everyone is on the same page... <i>(Initial Code: Realization of regular interactions, Peer willingness to interact)</i>		
[Project Manager-S-CA] Maybe it is my personal preference, but I get frustrated when you are trying to communicate with someone on a regular basis and other person is not on the same page, or doesn't appreciate regular communication. <i>(Initial Code: Peer willingness to interact, negative experience)</i>		
[Contact Centre Manager-CA] With all our clients, it is a common practice that we provide a detail of each meeting in advance, and also create a regular communication channel. <i>(Initial Code: Explicit information, pre-determined communication frequency)</i>	Regular	
[Project Manager-IT-IA] They have my personal mobile number. I talk with them on almost daily basis these days. <i>(Initial Code: Regular interaction, Approachability)</i>	Interactions	

### 7.3.5 (c) Triangulation

The concepts generated above were triangulated by using the empirical material collected from meetings observation and project reports.

Table 7.31: Triangulated Empirical Material: Experience Value

<b>Observation analysis</b>	<b>Document analysis</b>	<b>Concept</b>
<p>[CS Manager-CA while showing be how easy it is to approach vendor] "Let me see if I can get through to him (PM-Vendor)...and he picked up his phone... [Code: <i>Approachable staff.</i>]</p>	<p>[Project Report] A dedicated section on the frequency of communication and how vendor will help client to make sure they are in their reach. [Code: <i>Explicit Rules</i>]</p>	<p>Accessibility</p>
<p>[Incident 1] Director IT explaining to all team members the importance of regular communication, how their company addresses this and what are their plans about going on with the client. [Code: <i>Regular Interaction, Explicit rules</i>]</p>		
<p>[Project Manager-CA during interview remembered something] IF you can give me a sec(ond)..i need to inform xxx (Client Liaison Agent) about something, otherwise I will forget it. [Code: <i>Approachable staff, Easy Communication Channel</i>]</p>	<p>[Email Reply from Vendor to Client] A reply consisting of the solution of the problem which was raised by the client team member. [Code: <i>Competency, Approachable Staff</i>]</p>	<p>Connectivity</p>
<p>[CS Manager while Director IT was briefing] See Yasir, that's what I was referring to other day,. this is the positive experience. [Code: <i>Realization of Experience Value</i>]</p>		
<p>[Incident 2]Client Liason Agent individually checking with each client team member for their concerns regarding the project. [Code: <i>Regular Interactions</i>]</p>		

Empirical material analysis of interviews generated two concepts of accessibility and connectivity. Observation of meetings and seminars supported the statements made by participants. Vendor participants especially, were seen in facilitating the participants of client. As mentioned before, client liaison agent of vendor was stationed at the client premises to make sure that the communication among other participants is active and fluent. However it is observed that experience is a personal value which is generated at the co-creation stage. It cannot be documented



specifically as the factors affecting experience is different for all the individuals. For example if one participant is not accessible, or it's difficult to communicate, this results in personal experience destruction. Furthermore, a pattern is observed after the analysis of case A which suggests that experience value is related to other natures of value. For example, it was seen in the observation of meetings and seminars that the function of the software was creating a positive experience for participants. This pattern will be cross checked in the second case analysis to check if it actually exists.

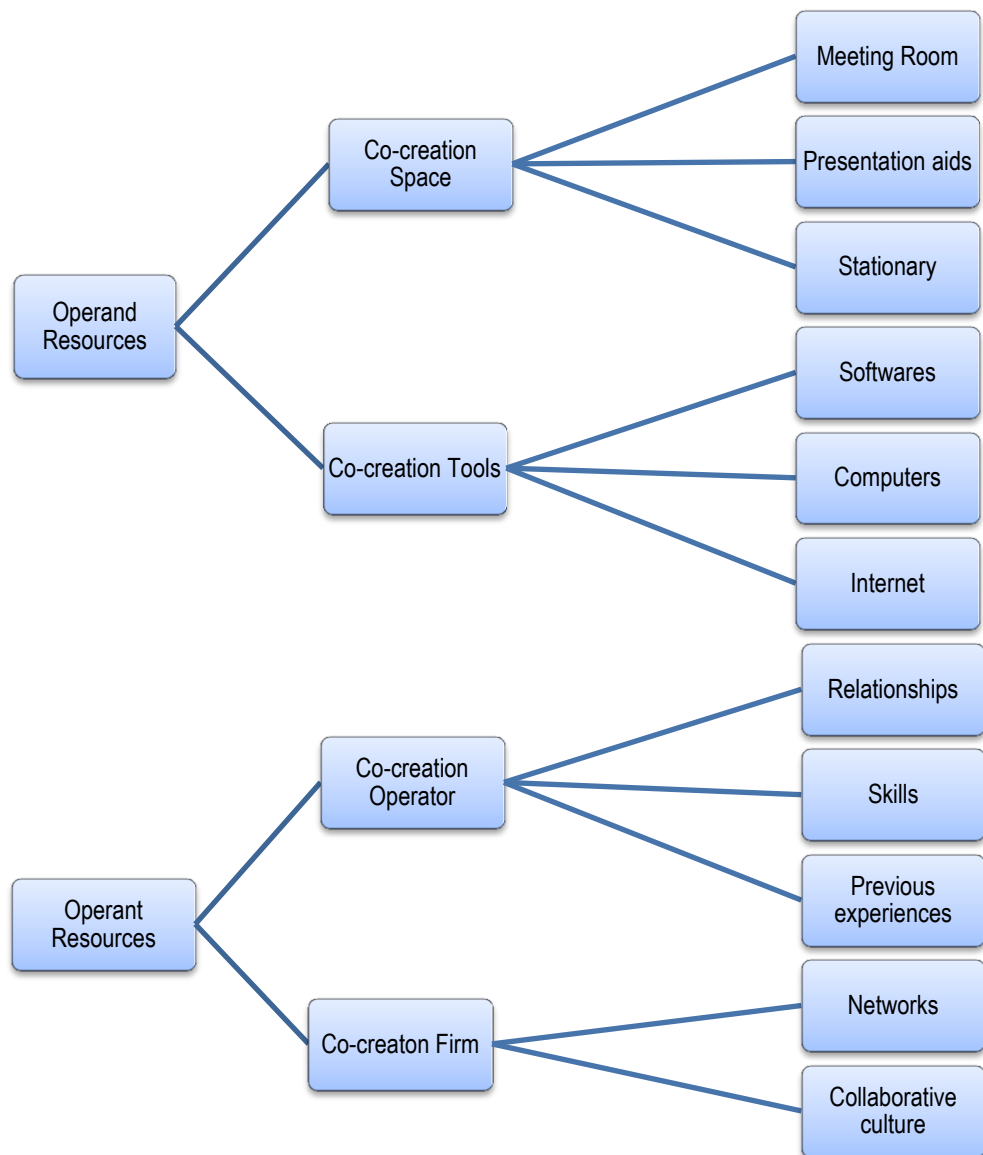
## **7.4 Interpretation Frame 2: Resources and actors classifications**

The objective of this frame was to explore the classifications of resources and actors which are part of value co-creation. Empirical material interpretation revealed that there are *operant* and *operand* resources which actors use to facilitate the co-creation process. Furthermore, *four* roles of actors are revealed through interpretation of empirical material. These are the roles of different participants who were directly and indirectly involved in the co-creation project.

### 7.4.1 Resources Classifications

The process of co-creation involves a range of different resources. Literature review also presents the two categories of resources suggested by S-D logic as operant and operand resources. Empirical material interpretation of case A reveals the real life integration of these resources. These resources are further classified in four identifiers presented below.

Figure 7.13: Four Identifiers of Actor Resources



The systematic connection presented above reveals four important identifiers. These identifiers help in revealing the process of resources integrations while understanding what these resources are. It was observed that *operators* utilized *co-creation tools* within *co-creation space* through the culture of collaboration provided by the *firm* (vendor or client). These four identifiers are combined into operant and operand resources of the actors who are part of value co-creation.

Operand resources in relations to this case study are identified through *co-creation spaces* and *co-creation tools*. Co-creation spaces were the meeting rooms where participants met, chat rooms where participants communicated and overall working spaces within a building such as offices. Participants were seen utilizing these spaces in order to share ideas, discuss, develop and test the software. These spaces were equipped with presentation aids such as computers and projectors, stationary and air conditioned or heated rooms to make participants comfortable and equipped. In addition to these spaces, *co-creation tools* observed in this case were IT softwares used for the design and development of the CRM system, state of the art computers with latest hardware to support these softwares and a high speed internet to enable actors to perform and communicate well. All these physical resources worked as an aid for participants.

Operant resources on the other hand were the type of resources which were not physical. These resources were observed through two identifiers: *co-creation operator* and *co-creation firm*. In this case study, the co-

creation firm is referred to as actor, and co-creation operators are referred to as participants. Co-creation operators resources were in the form of personal relationships, skills, knowledge and previous experiences. It was observed that participants, especially the designers and developers who were working on the software seek help from their personal networks and relationships during the project. For example, Application Designer-Vendor requested his colleague from another IT firm to attend the software testing seminar to help him in solving an issue. Furthermore, the personal skills and knowledge were used throughout the case study and were the main focus and driver of co-creation activity. Previous experiences however also played a role. Participants quoted at few stages that “It happened before”. This referred to their experiences working on earlier projects. It was further seen that the co-creation operators were working in a collaborative working culture which was provided by the firm. For instance, both vendor and client participants appreciated the collaboration and feedback during the development of the software. This open and collaborative working culture is reflected in friendliness of staff, easily approachable and willingness of participation and learning. Furthermore, the networks of firm (vendor or client) were also seen as a resource. These networks facilitated the integration of the resources among participants.

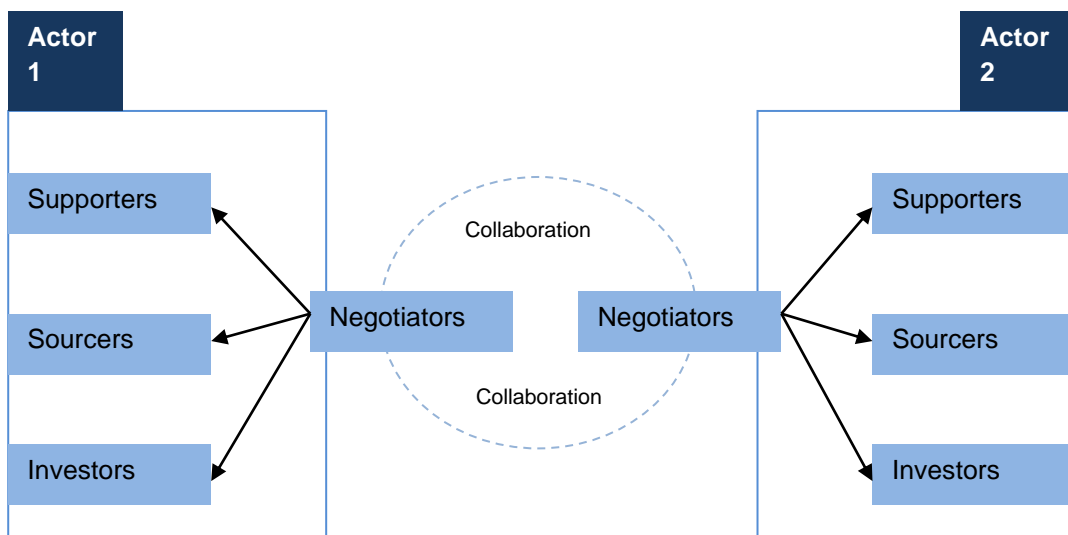
### 7.4.3 Actor Classifications

Two actors were part of the co-creation project in this case study. These actors were vendor and client. Individual members representing each actor are referred to as participants. Empirical material interpretation revealed that an actor is engaged in four different roles. Each participant was noticed engaging in multiple roles. These four roles of an actor are:

1. *Negotiators*: Front line participants.
2. *Supporters*: Inter-departmental support group.
3. *Sourcers*: Online communities, social media crowd.
4. *Investors*: Shareholders, Chief Executives, Networks

Figure 7.14 presents the description of how these roles of both actors are viewed in action during co-creation.

Figure 7.14: Four Roles of Actors during Co-Creation



These elements generated by empirical material interpretation, are not limited to vendor or client. It was observed that both actors in this case study had participants carrying out roles which fit in one of these four elements. For instance the policies guidelines are set by “higher ups” as quoted by CS Manager-CA. Similarly, participants from different department who were going to use the software gave their list of requirements to Project Managers, Customer Services Manager, Application Developer etc. With support from participants engaged in different roles, negotiators from both actors were able to perform their duties effectively. Further description of each component is given below:

### **1) Negotiators**

The first role of actors is referred to as *negotiators*. In this case study, there were designated individuals from both actors who had responsibilities of negotiating requirements. The negotiators of client met with vendor negotiators to set out their requirements of the software. This was then followed by various meetings, seminars, and collaboration among participants. Negotiator is merely a role which a participant adopts during the resource integration. It was noticed that these negotiators received the terms of negotiations (requirements) from other participants in the back stage. These ‘*other*’ participants ranged from staff members, shareholders, network partners, end users, software testers, developers and designers. Even though negotiators from both actors were the one who were engaged in interface interactions, but they worked in conjunction with other participants.

## **2) Supporters**

The second role of actors is referred to as *supporters*. Supporters are those participants who provide support to negotiators in terms of requirements, feedbacks, idea generation and critique. It was observed that negotiators of vendor and client were supported by various other participants who were part of other departments. For instance, participants from various departments including contact centre, correspondence, billing and revenue were the supporters of client. These supporters provided their requirements and feedbacks to negotiators. Supporters were seen to be working on the back end. They were not involved in direct interactions or negotiating with the vendor. Similarly, supporters from vendor included designers and developers who helped in providing relevant information to their negotiators.

## **3) Sourcers**

The third role of actors is classified as *sourcers*. Sourcers were those participants who were not involved in the interface interactions, but had a role in the development of the software. This includes the online community, social media websites and ICT related forums. Designers and developers from both actors were noted visiting and taking help from unknown crowd through internet who sourced information that helped in the development of the software. For instance, Database Developer-CA quoted "I use this forum (IT Discussion) a lot as it has some interesting information from other people on it". These sourcers are not part of the



vendor and client directly, but are involved in the resource integration process.

#### **4) Investors**

The fourth role of actors is referred to as *investors*. Investors are those participants who are responsible in setting out the policy and guidelines in which the vendor and client negotiate the business terms. Investors include Chief Executives, Shareholders and Network partners. These investors invest their time and resources to make the resources integration process successful. For instance it was noted that the Chief Executives of both actors in this case study were not involved in the actual development and designing of the software. But all the financial matters were referred back to the Chief Executives who provided their suggestions. Similarly, the network of each participant was seen to be a major source of information. But these network partners were unknown and were not involved directly in the co-creation project.

These four roles are part of actors during value co-creation. This further reveals that co-creation happen within, and outside the firm. One type of co-creation is where negotiators are involved in collaboration with other actors. The other type of co-creation is where resources are integrated internally among different elements of an actor.

## 7.5 Interpretation Frame 3: Nature of Interactions

This frame discusses the nature of interactions which are part of value co-creation. The objective of this frame is to uncover the nature, mediums and types of interactions during co-creation among actors. Observation of meetings, seminars and written documents such as emails and reports along with interviews revealed that actors were involved in a two-way outcome based interactions. Empirical material interpretation revealed the nature of interactions which is part of value co-creation as “*Reciprocal co-operative dialogue*”.

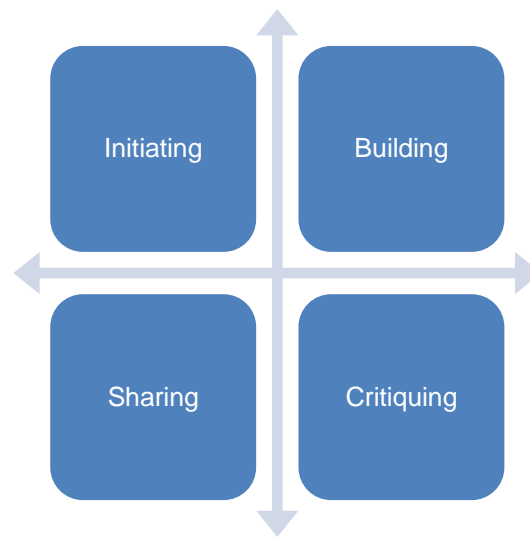
*Reciprocal co-operative dialogue* suggests that vendor and client were involved in an objective based dialogue with an intention of gaining some sort of value out of the whole process. The reciprocity nature of dialogue leads to cooperation and partnerships among different participants. Being a member during empirical material collection for over 6 months period allowed me to observe the interactions among individual participants. There was a range of one-to-one, group, digital and personalized dialogues activities occurred among participants. Reciprocity and co-operative nature of the dialogue was noted in various incidents throughout the empirical material collection and interpretation. For instance Customer Services Manager-CA quoted:

“...discussion lead to skills enhancements and also uncover new ideas for future...help to solve problems...”

The mediums for dialogues through which participants interacted were mainly emails, face to face discussions, written reports and activity based feedbacks. Field notes interpretation collected during the observation of seminars where participants from vendor and client came together to test the initial version of CRM system revealed that the reason of dialogues is mutually decided by actors before engagement. For instance the objective of one of the seminars attended as an observer was to seek the feedback. The feedback was given by end users to vendor and a comprehensive discussion was done on it. Those discussions led to various solutions, new ideas and feedback on the system. This revealed an interesting pattern which suggested that dialogues at different stages in co-creation project have different objectives. Upon further exploration, empirical material revealed that these co-operative dialogues have four different types. These types of dialogues are:

1. Initiating
2. Building
3. Sharing
4. Critiquing

Figure 7.15: Types of Dialogues



These different types of dialogues were observed at different stages of co-creation. The observation of first meeting in between participants of vendor and client revealed the initial type of dialog. The approach to dialogue was different in nature as compare to the ones in the final stages of the project.

The first type of dialogue is referred to as *Initiating*. This is the type of dialogues which was observed mainly at the early stage of co-creation project. Initial meetings and discussions were restricted to a specific number of participants in a confined space. Face to face discussions were the medium of interactions and the reasons for the dialogues were to establish needs and to set the objective of future interactions. At this stage, it was observed that the participants representing client communicated the list of requirements on the basis of which the co-creation process was initiated. Similarly, the participants representing vendor engaged in discussion in order to understand the client requirement in more details. Initiating nature of the dialogue is used when the aim is to establish the objectives to initiate the co-creation process.

The second nature revealed through interpretation of empirical material is classified as *Building*. This was observed from the earlier stage and lasted throughout the co-creation project. The nature of dialogues was such that it aimed to build a culture of open and regular interactions among participants, and develop partnerships. For instance while observing one of the meetings; I noticed that participants discussed the frequency and medium of interactions. This allowed all participants to engage in a culture of adapting to interactive activities among each other. Furthermore, project reports submitted by both actors contained a section which discussed the medium for contacting other participants. Also, contact detail of each participant who was involved was listed. It was also noted in the report that it was pre-decided that actors would meet on a monthly basis formally. But other participants would keep in touch via email. Vendor appointed a Client Liaison Agent whose sole job was to remain at the client premises to make sure the whole process of co-creation runs smoothly. The reason this type is referred to as building is because of its building nature. Interactive culture is built by presenting alternatives, contact lists, emails, phone numbers and frequencies to communicate throughout the co-creation project.

Third type of dialogues observed through interpretation of empirical material is referred to as *Sharing*. Sharing nature of dialogue deals with ideas exchange and skills sharing among actors throughout the co-creation process. When a culture of partnership and free flow interactions was developed, participants were observed engaging in dialogues through sharing resources, skills and exchanging ideas. The main idea at this

stage of dialogue was to resolve a particular problem through collaboration and cooperation. For instance a combined exercise was carried out among client and vendor participants who tested the software initially to resolve an issue with the interface. At this stage, dialogue was the mode of communication, and face to face discussions were used as a medium. However at this stage, it was noted that dialogue is based on ones previous experiences and skills. Furthermore, throughout the observation of participants it was observed that participants shared ideas and their skills in order to solve the problem. However it was noted that at this stage, only the members of the team who were directly involved in the design and development process were involved in the dialogue. End users who were going to use the software were not involved. Participants like Application Designers, Database Developer, Software Testers etc were involved at this stage. They shared and collaborated to develop a system for further testing on end users.

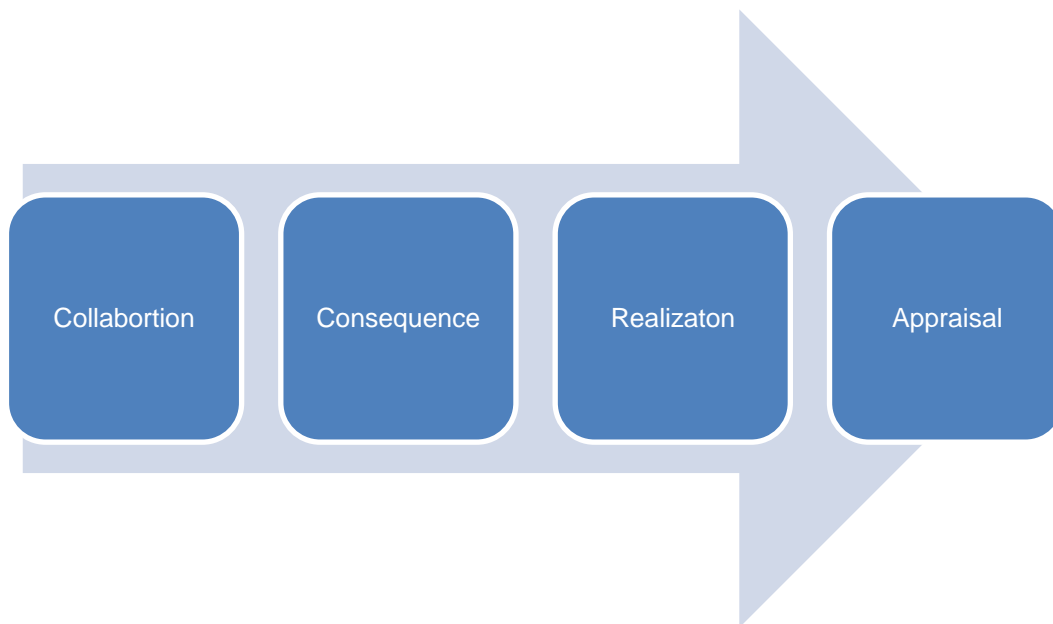
The fourth type of dialogues is referred to as *Critiquing*. This type of dialogues was mainly occurred in between end users and software developers. Participants were observed providing feedbacks, solutions, opinions after using the software. This is different than skill sharing as the feedback was given based on the use of CRM system at the software testing stage. For instance, a seminar was conducted where 11 end users belonging to different departments took part. They used the software over the course of 30 minutes which was followed by one hour of discussions. It was very interesting to see that at this stage, the participants representing vendor were mainly observant and quiet. They mainly took notes and

intrigues users to reveal more information. The main difference at this stage of dialogues was that the objective of participants was to critique rather than provide solutions. End users did not suggest how the problem should be solved, but provided suggestions. For instance, once the software was completed, different users from contact centre were asked to fill in a survey after using the final version of the software. Upon analysis of those surveys, it was noted that few users pointed out an issue with one of the functions of CRM system which was not responding. At this stage, the medium was in the form of written report and the type of dialogue was critiquing. Based on the feedback, IT development team then interacted among each other to come up with the solution, which falls under that *sharing* type of dialogues.

## 7.6 Interpretation Frame 4: Stages in Co-Creation

The objective of creating this frame was to establish different stages of value co-creation. Empirical material analysis of case A reveals four stages. Following figure 7.16 presents these four stages.

Figure 7.16: Stages of Co-Creation





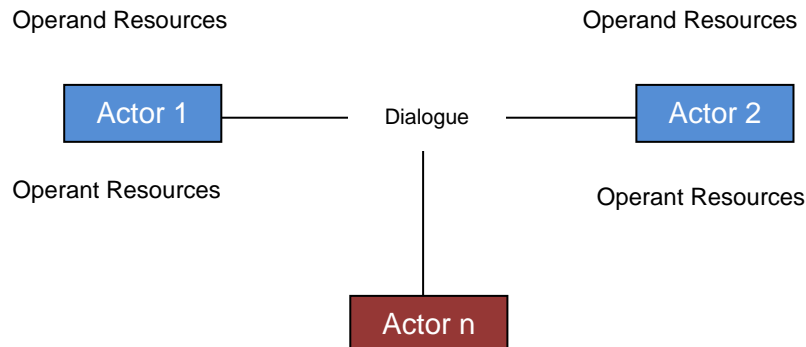
### 7.6.1 Stage 1: Collaboration

The first stage in value co-creation is *collaboration*. At this stage, actors integrate resources on a collective basis aiming to create value. Collaboration stage starts from a simple needs establishment, and leads to the next stage in the co-creation process. Empirical material suggests that collaboration is the beginning of the value co-creation. It is just the co-creation at this stage which occurs, and value is created at a later stage.

Collaboration stage arrives after the need is identified by the actors who are willing to be involved in the co-creation. There are objectives which are pre-decided, and all actors come together with their skills and resources in order to work towards that objective. At all times though, the actors who were involved at this stage were working towards a unified objective. For instance in case A, participants from vendor and clients collaborated on a unified goal of creating a CRM system. The need for CRM system was established by the client before entering into the collaboration with the vendor. However at the collaboration stage, the need was further enhanced and specified with the support of vendor. Physical observation of actors during this stage revealed that the main activities involved at this stage are need establishment, working together towards one objective, creating reputation.

Figure 7.17 suggests that all actors use their resources and interact with each other by using dialogue.

Figure 7.17: Actor to Actor Dialogue

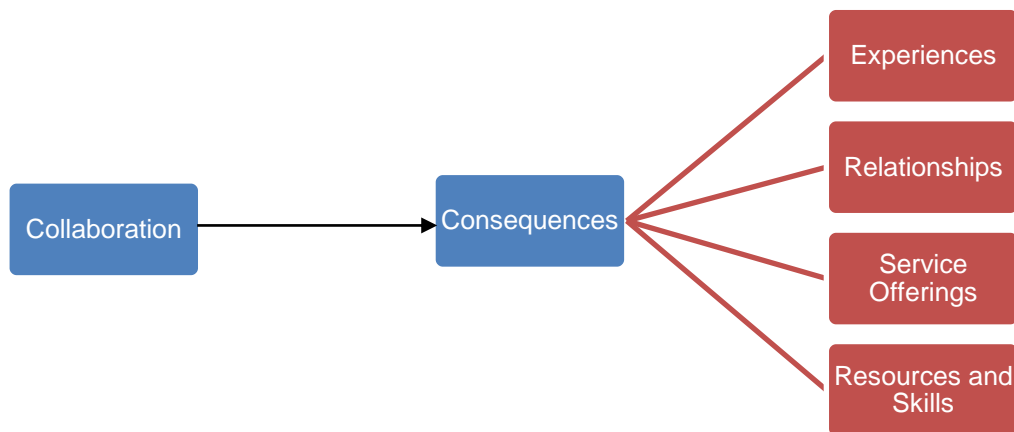


It was observed that participants at this stage were focused mainly on the actual CRM system rather than any other objective. This suggests that collaboration stage is transactional focused. However while working together at this stage, it generates different results. This stage works like a first process of value co-creation where input is in the form of vendor and client participation. This stage was time extensive and once client received the developed software that revealed the second stage of value co-creation.

## 7.6.2 Stage 2: Consequences

Consequences stage is the output of collaboration stage. At this stage, the process of valuation starts where all actors individually and collectively value the process of collaboration. At this stage, developed software along with other experiences was developed. Figure 7.18 presents that detail of consequences originated from empirical material.

Figure 7.18: Consequences of Co-Creation

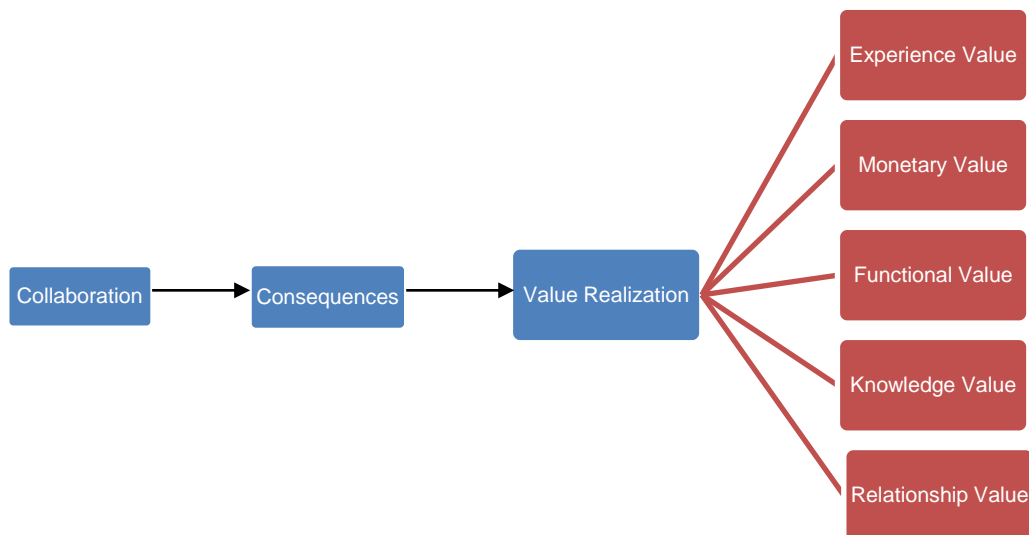


At this stage, the collaborative activity among actors delivers experiences, develop relationships, provide services offerings and contribute to the resources and skills of the actors. However it is observed that actors don't judge the value of each consequence as of now. It is merely the deliverables or the outcome of the collaboration in terms of achievable.

### 7.6.3 Stage 3: Value Realization

The third stage in the co-creation process is the realization of value. This occurs after the output is used. Consequences reveal various valuing elements which actors realize. These valuing elements such as service offering, experiences, relationships and resources\ skills are used to realize value. Value is derived from these elements as shown in figure 7.19.

Figure 7.19: Value Realization



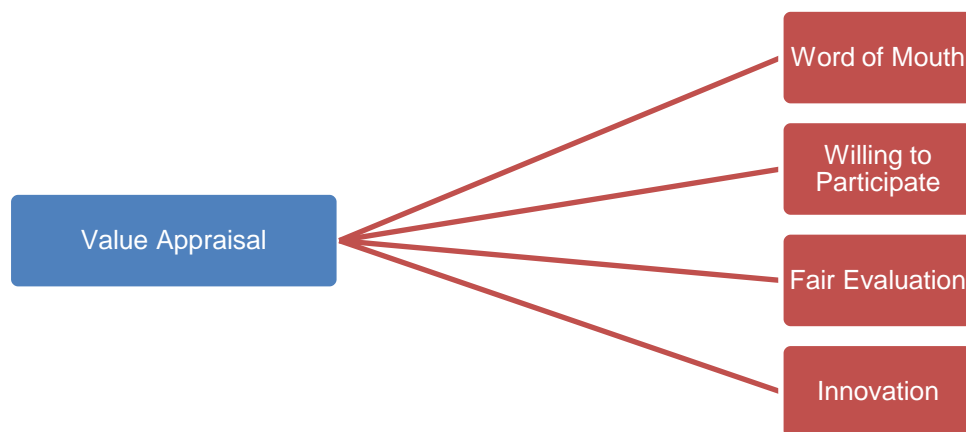
At this stage, client realized the value from consequences. These are the same nature of value which were discussed previously. The next stage after the realization of value is the appraisal where client compared the outcomes with previous experiences.

#### 7.6.4 Stage 4: Value Appraisal

The final stage in value co-creation is value appraisal. Client participants discussed the outcome of the co-creation project and appraised it. As quoted by Project Manager IT-IA

“ We had the choice between XXX (IT firm 1) and YYY (IT firm 2)...This is why we like to work with XXX (Vendor name) because they are very professional and deliver product under a difficult timeline...our previous experience with them (Vendor) played a huge role in selecting them again for this project”

Figure 7.20: Value Appraisal



The realization of value results in various appraisal elements. For example if value is realized it will result in the word of mouth by actors. Word of mouth occurs when actors appraise the realized value and talk about it with other actors in their network. Similarly willing to participation is another element at appraisal stage. Actors, if realize value in the co-creation process, are more open and willing to participate in similar incidents in the future. Furthermore, the economical return for the whole activity lies in the appraisal element of fair evaluation. When the value is

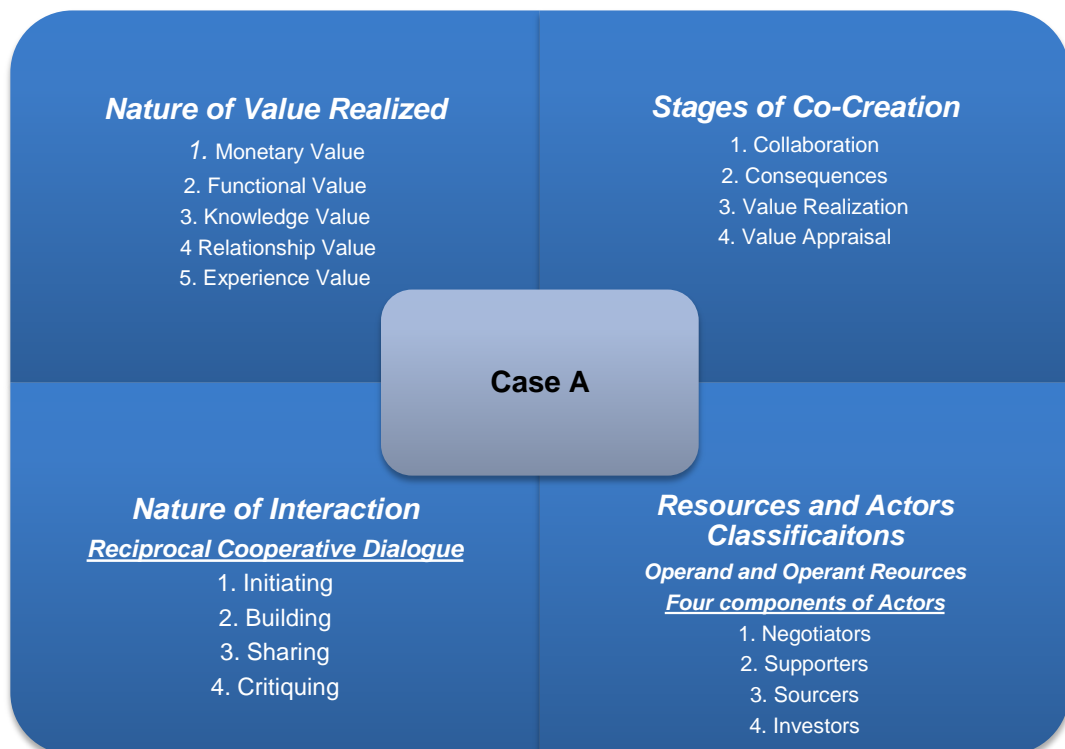
realized, actors evaluate the whole process fairly and are willing to pay the price asked for the experience provided by the vendor. However empirical material reveals that client started the co-creation project with a price in mind, and then evaluated it on the basis of value realized. The fourth appraisal from the realization of value results in the generation of new ideas for vendor. At this stage, there is a pattern which suggests that value realization is done by the client, and once client appraises the value, it result in the generation of value for vendor. All the appraisal elements which were defined by participants are basically the value generated for vendor out of the co-creation process. This will further be checked in the case B empirical material to see if this is the case, or if this is just the consequences of value realization.

## 7.7 Chapter Review

Based on the empirical material interpretation of case A, various categories were developed in order to answer the research questions. Furthermore, few patterns emerged during exploration which will be cross checked in the following chapter discussing the interpretation of case B empirical material. A four dimension interpretation frame was developed in order to present the discussion. These four dimensions were labeled as nature of value realized, resources and actors classifications, nature of interactions and stages of value co-creation.

Figure 7.21 presents an overview of categories developed through case A empirical material.

Figure 7.21: Case A Conclusion



# Chapter 8.0 Case B: Firms' Knowledge Retrieving Software

## 8.1 Chapter Overview

This chapter first discusses the context of the case study by providing descriptions of case, actors and relationships among the actors. The objective of doing second case study was to find the support for case A empirical material interpretation. Empirical material was interpreted by using the same interpretation method used in previous chapter. The outcome of case B is presented in the form of four frames. In the end, an overall view of interpretive empirical material of case B is presented in the form of a figure.

## 8.2 Case context

### 8.2.1 Case Description

The case of this case study is the development of a "*Firms' Knowledge Retrieving Software*" project among vendor and client. The objective of the co-creation project was to develop a dynamic software to be used by client employees to retrieve firm knowledge. Employees from HR, Training and Customer Services departments, were the main users of this software. This software did not include any customer related information. Before working on this co-creation project, client was using a software which was produced in-house by their own IT developers. This co-creation project



was consisted of designing, development, deployment and training of new software by the vendor.

### **8.2.2 Actors Description**

Two actors were part of this case study. First actor represents the ICT systems integrator (Vendor) and second actor is classified as the Client. Due to ethical concerns and restrictions, a detailed description of actors can't be given. However a brief overview of each actor is presented below to present the background of vendor and client.

First actor in this case study was an ICT firm with head office in Auckland, New Zealand. It is a New Zealand owned organization with more than 100 employees throughout the country. The primary expertise of this ICT firm includes training softwares, payroll softwares, billing and receipting databases and retail related systems. The customer base of this actor is comprised of government and private clients.

Second actor was the client of this ICT firm. Client firm is a government organization providing utility services in Auckland, New Zealand. The customer base of this actor is approximately 1.1 million all across Auckland. Customer base is comprised of businesses, agricultural and individual households. The organization currently employs more than 600 people who are situated in Auckland. The client firm is same which was used in the last case study; however the participants who were involved in this ICT project were different.

### 8.2.3 Relationship Description

This case represents the emergent relationship among actors. It was the first time when both actors were involved in a project of this nature. Client and vending firms did not have experiences on working together. No personal connections were noticed either. However, over the period of four months, relationship evolved and strengthened.

### 8.2.4 Details of Interviews

There were total of 15 in-depth formal interviews conducted with participants of case B. However, 15 participants were interviewed 19 times at various stages of empirical material collection. Table 8.31 presents an overview of participants who were part of interviews and duration of each interview.

Table 8.32: Case B Interviews Participants and Duration

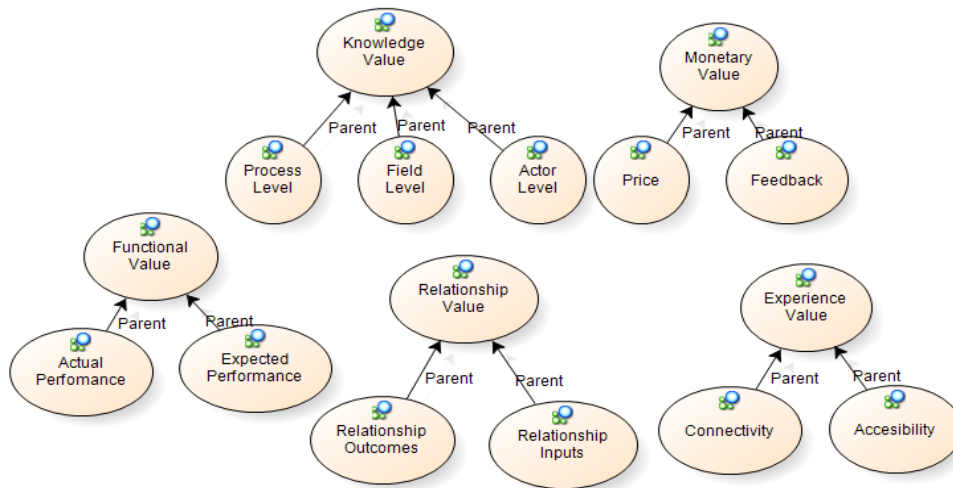
<b>Vendor</b>		<b>Client</b>	
<b>Respondents</b>	<b>Duration (min)</b>	<b>Respondents</b>	<b>Duration(min)</b>
IT Lead	75	IS Manager	85
Project Manager	80,60	Project Manager-IT	60, 80
Asst Project manager	55	Business Process Manager	70,60
Internal Process Expert	40	Training Manager	60
Relationship Manager	70,75	HR Coordinator	45
Client Liaison Agent	90	Services Manager	55
Application Developer	45	Business analyst	55
		Training Coordinator	30

### 8.3 Interpretation Frame 1: Nature of Value Realized

Four frames developed earlier are used here for the presentation of empirical material. As mentioned before, one of the objectives of doing case B was to find commonalities and contradictions with case A.

Empirical material interpretation of case B revealed same five categories generated in case A. Figure 8.22 provides a brief representation of categories and concepts associated to each category.

Figure 8.22: Case B Categories and Concepts



### 8.3.1 Category 1: Knowledge Value

The realization of knowledge value was seen as well understood by participants from case B. Concepts and sub-concepts generated from case B empirical material were same as presented in figure 7.2. This confirmation provided support to the outcome of case A and suggested that the in-depth interpretation was done on a rich saturated empirical material.

One of the differences which were realized during the generation of this category was that the participants of case B were reluctant to expect the nature of value from the co-creation activity in the early stage. The interviews collected at the earlier stage were focused mainly on the transaction. Most of the discussions from participants representing client were focused on the functional aspects of the software. But as the co-creation project evolved, participants started realizing other natures of value.

Interviews conducted at the later stage after actors worked on the project for about 4 months revealed that participants realized the *knowledge value* as one of the main value generated from co-creation project. As mentioned in case A, knowledge value was realized at three levels in case B also. However, the knowledge value at the actor and field level had the strongest support from empirical material as compare to the process level.

Once the relationship was evolved in between participants, the realization of personal level learning emerged. It was observed that the same respondent who was interviewed at the earlier stage of empirical material collection mentioned learning as one of the outcome of the co-creation project. For instance, Business Process Manager- CB quoted:

“ Before working with them, I was focusing mainly on the software...our objective was to get the software done on time...but now if I now reflect back on what have I achieved from this experience of working together for last four months...I would say I know way more than what I knew before...”

Process level knowledge was realized by participants, but it was not as significant as it was among case A participants. It was to this extent that I intrigued the participants to tell me about the project reports and the type of learning they achieved from project reports of vendor. The reason of intriguing was to uncover if participants achieved the same level of knowledge value from written processes and explicit information as it was in case A.

Table 8.32 presents the extract of empirical material from interviews, incidents observation and project reports providing support for the category of *knowledge value*. Empirical material was quite saturated, and hence did not reveal any new information in relation to this category.

Table 8.33: Empirical Material Supporting Knowledge Value: Case B

Quotes (Examples)	Observation analysis	Document analysis
<p>[Business Process Manager-CB] There is a lot to learn from these IT skilled people. Working together not only helps me in enhancing my skill set, but also helps us as a team to grow and work effectively. <i>(Initial Code: Individual learning, group learning, Skill Competitiveness )</i></p>	<p>[Incident 1] Just like case A, a collective exercise was conducted where Application Developers and IT skilled team members from both client and vendor were in attendance. This was a joint exercise where the focus was to share skills in order to enhance the experience of the software usability. Multiple participants were seen giving away different software functions knowhow to each other. <i>[Code: a-a learning, group learning, personal learning, skills enhancements]</i></p>	<p>[Project Report]</p> <p>Just like in case A, vendor project report contained a section where roles and duties of each team members were listed. Each role had some benchmarks against it. This reflected the similar pattern of a detailed process mechanism. <i>[Concept: Process Level]</i></p>
<p>[Training Manager-CB] Collaboration on project like these help us a lot in different ways...I implement new training methods after learning it from other peers. <i>(Initial Code: Individual learning, Learning Usefulness)</i></p>	<p>[Incident 2] A workshop was conducted for end users, to educate them and make them comfortable with the software. It was observed that these end users entered the workshop with little knowledge about the software, but through knowledge transfer from vendor participants, end users were able to use the software. <i>[Code: Process learning, A-A learning]</i></p>	<p>[Email Log]</p> <p>A review of email log revealed that on multiple times, participants representing client contacted vendor participants (IT) to seek advice on fixing an error with the software in house. Vendor participants replied to the query with proper instructions. These instructions were then applied to achieve the required level of satisfaction. <i>[Concept: Field Level]</i></p>
<p>[IT Lead-IB] In all my years of working in this industry, it always amazes me how each time when I collaborate with other people on a project, helps me gain new knowledge....Have a look at this report which they gave me yesterday...Its amazing and the way they have noted down each and every operation is just great...this is from where you and you company get to learn new things... <i>(Initial Code: Personal Knowledge, Group Learning, Explicit Reports )</i></p>	<p>[Incident 3] During a meeting between participants of client and vendor, IT Lead-Vendor helped solving the minor bug with the software while demonstration. This motivated Project Manager-Client to ask him how he did it. IT lead then showed the function and how he used it.. <i>[Code: Exchange of skills]</i></p>	
<p>[Project Manager- IB] These young IT skilled team members are encouraged for working on these projects because it gives them opportunity to enhance their capabilities. <i>(Initial Code: benchmarks, explicit report )</i></p>		
<p>[Application Developer-IB] I believe in learning by application really. The more you work on something, and with someone, you become proficient in it. Here we are applying what we know, in the way we know.. <i>(Initial Code: Value of learning, Learning through application )</i></p>		

### 8.3.2 Category 2: Monetary Value

During the observation of first meeting among participants, it was realized that the monetary aspects of the relationship among actors were very visible. As mentioned before, majority of the initial interviews with participants revealed the transactional and monetary focused interactions among participants. This was probably due to the nature of relationship among participants. Since this was the first time participants met with each other, the expected outcomes out of the meetings at that stage were mainly related to the software.

Empirical material interpretation of case B also revealed similar concepts and codes generated earlier in case A interpretation. However, referring back, the concept of *feedback* was observed as the relationship among participants evolved. Participants did not mention the need to be involved in pricing the software in earlier interviews and meetings. However, towards the end of the empirical material collection when the relationship was developed, participants mentioned the importance of self involvement and price transparency as a feedback mechanism. The reason for this shift in the realization of monetary value at a later stage was probably because vendor participants were working to facilitate the client in a same way as it was observed in case A also. For instance Relationship Manager-CB quoted:

“When you are at a level where relationship matters alongside money, you need to involve the client. This gives them assurance that we are listening to them...”

Assessing the empirical material from initial stage to the later stage, when relationship was evolved for four months, revealed that even though initially client had an expectation mainly regarding the price of the software, but with the facilitation provided by vendor, client started realizing other dimensions of monetary value. IS Manager-CB expressed his satisfaction by using the word “happy” while discussing the price paid for the software. This “happy” factor which was realized by the client participants evolved after vendor offered them price equaling their expectations, involved them in the pricing and were honest in listing all the aspects relating to pricing. In the end, the relationships between the concepts of case B reveal that when the expectations were met with the exchanged price, the monetary value was realized. Furthermore, the involvement and transparency in pricing was demonstrated by vendor even though client did not have it as an initial requirement. Table 8.33 presents the extract of empirical material from interviews, incidents observation and project reports support for the category of Monetary value.



Table 8.34: Empirical Material Supporting Monetary Value: Case B

Quotes (Examples)	Observation analysis	Document analysis
<p>[Project Manager-IT-CB] Based on my experience in this field, I know roughly how much it should be. We communicate this to our financial planning team so they can search for best deals. <i>(Initial Code: Pricing alternatives, Search for best price)</i></p>	<p>[Incident 1] Project report hand in to vendor representatives including the idea of the price which client is ready to pay. <i>[Code: Price expectations]</i></p>	<p>[Project Report-Client requirement]  Just as like in case A, a dedicated section to the budget and costs which client is ready to pay was observed on the project report. This report also had an indication of what the client was willing to pay for the software even before the relationship started. <i>[Code: Price Expectations, Price assessment]</i></p>
<p>[Project Manager-CB] We know how much this software will cost if we go with someone else. <i>(Initial Code: Pricing alternatives)</i></p>	<p>[Incident 2] IT Lead-Vendor presented the quotations along with the detail of each charge to the meeting members. questions were asked regarding the need of some functions. <i>[Code: Price transparency, Expectations met, Price evaluation]</i></p>	<p>[Project Report-Vendor Debrief]  Vendor developed a quotation by keeping client expectation sin mind. This quote included all the charges which were to be the part of the project. <i>(Initial code: Price transparency)</i></p>
<p>[IS Manager-CB] I saw the quotation from their team yesterday and they have again came forward with the best possible deal...like we thought <i>(Initial Code: Search for best price and price perception)</i></p>	<p>[Incident 3] A follow-up by Relationship Manager-Vendor to make sure the client was happy with the price quoted. IS Manager confirmed that they are very happy with the cost of the project and happy to proceed ahead. <i>[Code: Monetary Value,]</i></p>	<p>[Project Report-Vendor Debrief]  Vendor developed a quotation by keeping client expectation sin mind. This quote included all the charges which were to be the part of the project. <i>(Initial code: Price transparency)</i></p>
<p>[IT Lead-IB] Technical requirements drive the total cost of the project. <i>(Initial Code: Evaluation)</i></p>	<p>[Incident 3] A follow-up by Relationship Manager-Vendor to make sure the client was happy with the price quoted. IS Manager confirmed that they are very happy with the cost of the project and happy to proceed ahead. <i>[Code: Monetary Value,]</i></p>	<p>[Project Report-Vendor Debrief]  Vendor developed a quotation by keeping client expectation sin mind. This quote included all the charges which were to be the part of the project. <i>(Initial code: Price transparency)</i></p>
<p>[Relationship Manager-IB] Based on my meeting with their staff yesterday, I think they are quite happy with what we have offered. <i>(Initial Code: Matching price perception)</i></p>	<p>[Incident 3] A follow-up by Relationship Manager-Vendor to make sure the client was happy with the price quoted. IS Manager confirmed that they are very happy with the cost of the project and happy to proceed ahead. <i>[Code: Monetary Value,]</i></p>	<p>[Project Report-Vendor Debrief]  Vendor developed a quotation by keeping client expectation sin mind. This quote included all the charges which were to be the part of the project. <i>(Initial code: Price transparency)</i></p>
<p>[Business Analyst-CB] This is a revised quotation I have in my hand. Couple of weeks ago we provided them feedback on their quotation and they revised it. <i>(Initial Code: revised pricing)</i></p>	<p>[Incident 3] A follow-up by Relationship Manager-Vendor to make sure the client was happy with the price quoted. IS Manager confirmed that they are very happy with the cost of the project and happy to proceed ahead. <i>[Code: Monetary Value,]</i></p>	<p>[Project Report-Vendor Debrief]  Vendor developed a quotation by keeping client expectation sin mind. This quote included all the charges which were to be the part of the project. <i>(Initial code: Price transparency)</i></p>
<p>[Project Manager-CB] My team list the technical and non-technical work involved in this project. It is good to provide an indication to the customer so customer knows what he is paying for. <i>(Initial Code: Clarity in pricing)</i></p>	<p>[Incident 3] A follow-up by Relationship Manager-Vendor to make sure the client was happy with the price quoted. IS Manager confirmed that they are very happy with the cost of the project and happy to proceed ahead. <i>[Code: Monetary Value,]</i></p>	<p>[Project Report-Vendor Debrief]  Vendor developed a quotation by keeping client expectation sin mind. This quote included all the charges which were to be the part of the project. <i>(Initial code: Price transparency)</i></p>

### 8.3.3 Category 3: Relationship Value

Case B empirical material interpretation revealed a strong support for this nature of value. The co-creation project observed for this case study ended on a positive note where vendor and client both realized the relationship value. The software was successfully delivered on time. This successful deliverance developed a bond among actors. This was highlighted by participants representing both actors towards the end of the co-creation project. It was observed that the relationship outcomes exceeded the relationship inputs.

Case B participants put a strong emphasis on the concept of *risk taken* as generated in case A. Interviews done with client participants at the earlier stage revealed that the risk was thoroughly assessed by client before entering into a relationship with vendor. Client came to know about the vending firm based on their market reputation and their expertise in these types of softwares. However, this still had a level of risk which was listed in the project report created by client for internal use. There were contingency plans to tackle these risks incase if the relationship could have gone bad.

The role which vendor played in case B was also of risk reducer. Vendor participants were very precise and focused in presenting the project report where they addressed all the issues raised by client in the first meeting. By doing this, client participants developed an initial trust which was pointed out by Business Process Manager- CB:

“ I appreciate that they went back after our last meeting and addressed all our issues which we raised in the last sit in....these type of gestures are very professional and I think we have made a right choice in choosing them to complete this software...we still have to see what we get out of it though”

In the beginning, client appreciated what vendor did to reduce the risk. But once the software was developed and delivered, the trust emerged along with the assurance of future relationship. Referring back to the earlier term of 'happy' used by IS Manager-CB; the client realized that relationship value was generated through the development of trust and network extension. Client participants pointed out that they would use the vending firm services again in the future. This assurance was the result of relationship value realization. This realization generated value for the vendor also in the form of possibility of repeat purchase. Table 8.34 presents the extract of empirical material from interviews, incidents observation and project reports support for the category of relationship value.

Table 8.35: Empirical Material Supporting Relationship Value: Case B

<b>Quotes (Examples)</b>	<b>Observation analysis</b>	<b>Document analysis</b>
<p>[IS Manager-CB] I won't call it a drawback but collaboration on these projects are so much time consuming...It goes on and on, and especially if you are unable to meet the targets on time, it results in the frustration. However if these time which we spend are paid off in a positive way, that creates a sense of achievement. [Time sacrifice, Time value, Value realization]</p>	<p>[Incident 1] It was observed in Case B also that the participants of client firm had several in-house meeting to make sure that the correct project report is developed. It was a time consuming process. [Code: <i>Collective time consumption, time sacrifice</i>]</p>	<p>[Project Report-Client requirement]  A dedicated section on the requirement for the selected vendor in order to select the project [Code: <i>Risk Assessment</i>]</p>
<p>[Business Process Manager-CB] We back home at 7:00 yesterday in the evening. It is very hectic and time consuming process. But the good side of the coin is when you see a completed software in front of you. (Initial Code: <i>Collective time consumption, Individual time consumption, time sacrifice</i>)</p>	<p>[IT Lead-Vendor to IS Manager-Client] We have developed a report addressing all your requirements. This will help you in making your decision... [Code: <i>Risk aid</i>]</p>	<p>[Project Report-Vendor Debrief]  Vendor addressed all the issues raised by clients. [Code: <i>Risk Aid</i>]</p>
<p>[IT Lead-IB] All of us realize that it will take time, but what we focus on to return the value of time. [Time value realization]</p>	<p>[Incident 1] IS Manager was seen smiling and shaking hands of IT Lead and quoted "We will be working on future projects". This reflects the development of trust in the vendor by client because vendor addressed all the issues and the outcome of the relationship was seen in the form of trust. [Code: <i>Trust development, Repeat purchase</i>]</p>	
<p>[Project Manager -CB] We are on a very tight deadline. When we started this project, we sat down and talked about them (Vendor). We needed to make sure the the risk which we were going to take was worth the effort. (Initial Code: <i>Risk assessment</i>)</p>		
<p>[Project Manager-CB] All of this what we are doing will evolve in confidence and trust in them. It helps us in the future for other projects. We had confidence in them and this is why we have used their services again. (Initial Code: <i>Confidence development, )</i></p>		

#### 8.3.4 Category 4: Functional Value

The outcome of case B was a successful delivery of the software. This successful delivery resulted in the *functional value* realized by client and was mentioned by participants. However the functional value realization mechanism was same as of case A. The end users and other members of the co-creation project had expectations from the software. These expectations were tested against the actual use of the software. Once the improvements were noted, the functional value was realized.

One of the interesting observations made in case B was that the vendor delivered near finished software the first time. This software was tested by end users but did not generate a lot of questions. With few changes in it, the final software was delivered and vendor got paid. This resulted in saving time for both actors. This was realized also by client participants as mentioned by Project Manager- CB:

“They are spot on the first time...I am amazed to see that they have addressed all of our requirements which we presented...they will deliver before time I am sure as there is not much to do anymore...”

One of the main requirements by client was to develop a user friendly interface with stable and quick information retrieving database in the backend. This software was designed to replace the current knowledge database currently in use. Some departments in the client firm were using this software on a daily basis. The end users software training and testing was conducted and members from different departments were in attendance. The objective of this exercise of software testing by end users

was to uncover any issues with the functions. However it did not result in any major issues and end users were happy with the performance. After the seminar was finished, it was observed that few participants in a group evaluated the software and mentioned that “it is much better than the current one (existing software)”. Along with the actual software deliverance, vendor emphasized on after sale services at few different occasions. It was also observed in the interviews that participants from vendor mentioned the after sale service few times.

Table 8.36: Empirical Material Supporting Functional Value: Case B

<b>Quotes (Examples)</b>	<b>Observation analysis</b>	<b>Document analysis</b>
<p>[IS Manager-CB] We have clear understanding of what we want in our software. The whole purpose of the software is to perform within certain standards. We need to make sure that we are giving the stable software to our employees as it will include sensitive information about our customers also. <i>(Initial Code: Pre- determined functional expectations)</i></p>	<p>[Incident 1] A discussion was conducted in the early meetings to make sure that vendor understand the technical and non-technical required of the client.</p> <p>[Incident 2] Vendor developed a presentation in the subsequent meeting explaining how they will address each point.</p>	<p>[[Project Report-Client requirement]</p> <p>A dedicated section on the functional requirement for the selected vendor in order to select the project. <i>[Code: Functional Requirement, Expectations]</i></p>
<p>[Services Manager-CB] At the end of the day it all comes down to how well the software is performing. If the software is performing to our standards, we are happy, otherwise everyone will have issues. <i>(Initial Code: Pre-understanding of functional aspects)</i></p>	<p>[Incident 3] Final software was delivered as per the requirements set by the client. The requirements were in the project report which was given to the vendor in the start of the project.</p>	<p>[Project Report-Vendor Debrief]</p> <p>Vendor provided a step by step process flow how they have addressed each of the requirement point made by the client in the earlier report. <i>[Code: Facilitation]</i></p>
<p>[IT Lead-Vendor] As I just showed in the project report, we are not only providing them with reliable software, but also with fast and efficient services. So if in case they have any issues, they won't have to wait for too long.</p>		
<p>[Contact Centre Manager-CA] I and my team are very happy with the way software is responding. Its way faster than the older model. And an interesting thing is that its interface is very good. It's better than the requirement which we provided them</p>		

### **8.3.5 Category 5: Experience Value**

The value for experience was grounded deep in the empirical material of case B. Participants were not explicit in mentioning positive or negative experiences. However, case A interpretation revealed concepts and indicators which were observed in case B also. Even though participants did not mention the value of experience in case B, the experience value was still realized in the middle of all the nature of value realized.

Efforts from vendor were made to generate positive experience for client. Vendor participants were accessible and connected. When the empirical material of case B was interpreted, it was observed that vendor participants, maybe due to their previous experience in the industry, were involved in the same collaborative culture and assisted client. Like case A, it was also observed that Client Liaison Agent who was the employee of vending firm was also situated at the client premises. The objective of it was to be in reach of client. Similarly, to reflect the convenience aspect of experience, meetings and seminars were conducted at the client premises. Vendor participants travelled to client premises on more than once occasion even in a same day to facilitate the co-creation.

Along with the accessibility, it was observed that throughout the period of four months of software development, participants were involved in regular interactions. Vendor provided clear guidelines to client for communication. Participants representing client expected this level of connectivity from vendor in the initial stage. This expectation was met by vendor towards the later stage of the relationship.

The pattern which was discussed towards the end of case A, was also observed in case B. Even though the experience value was directly related to accessibility and connectivity, but there were clear indications that other nature of value realized presented above contribute to the overall experience of the co-creation. It was observed that if monetary value or functional value was realized by the client, it contributed to the overall experience of the co-creation project. Similarly if one of the value facets is not realized, it results in the decline of experience value. This implies that experience value is the combination of all other nature of value. This is discussed as an established pattern from both cases in next chapter. Table 8.36 presents the extract of empirical material from interviews, incidents observation and project reports support for the category of experience value.

Table 8.37: Empirical Material Supporting Experience Value: Case B

<b>Quotes (Examples)</b>	<b>Observation analysis</b>	<b>Document analysis</b>
<p>[IS Manager-CB] It is still early to say but so far they are very approachable to us... which is great for our relationship. <i>(Initial Positive Image, Approachable Staff )</i></p> <p>[Project Manager-CB] The good thing about their team is that all of them are very competent and skilled peeps. This helps us in making our decision in a better way. <i>(Initial Code: Competency of the staff, Problem solving )</i></p> <p>[IT Lead-VB] We pride in creating good experiences for our clients. We make sure we are there for them most of the time and in a good reach. <i>(Initial Code: Realisation of the important, Positive experience facilitation, approachable staff)</i></p> <p>[Application Designer-VB] They are free to contact me directly any time also apart from our pre decided meetings.</p>	<p>[IT Lead briefing to team members] If we are creating memorable experiences with you in this project, i am sure you will be happy to come back to us in the future also, and that is why we are very careful in what we do. <i>[Code: Realisation of the important, Positive experience facilitation, approachable staff ]</i></p> <p>[Incident 1] Project Manager-CB approached the Application Designer-VB with a question regarding some software code. Application Designer was very friendly and professional in solving the query which left PM happy. <i>[Code: Competency of the staff, Problem solving ]</i></p> <p>[Incident 2] Client Liaison Agent in this case study also kept regular interactions with the team members. <i>[Code: Regular Interactions]</i></p>	<p>[Project Report]</p> <p>A dedicated section on the frequency of communication and how vendor will help client to make sure they are in their reach. <i>[Code: Explicit Rules]</i></p> <p>[Email Replies from Vendor to Client]</p> <p>Just like case A, there were numerous replies consisting of the solution of the problems which were raised by the client team member. <i>[Code: Competency, Approachable Staff]</i></p>



## **8.4 Interpretation Frame 2: Resources and Actors Classifications**

Case B was no different in terms of resources and actors as compare to case A. One of the reasons was because both cases were selected from the same context of vendor-client relationship. While interpreting the case B empirical material within this frame to classify resources and actors, it was revealed that operant and operand resources are used by actors as suggested by case A. Furthermore, the four roles of actors were observed in the working of case B participants. Following sections discusses the incidents and observation made from empirical material of this case that supports the resources and actor classification.

### **8.4.1 Resources Classifications**

Resources which were part of this co-creation project were classified in four identifiers of *co-creation space, tools, operators and firm*.

Operand resources were used as the transmitters by actors in this case study. The *co-creation operators* (participants) used operand resources for facilitating the co-creation project. Operand resources such as offices, meeting rooms, projectors, computers, softwares, stationary, communication units and office equipments were used by client and vendor both. It was observed that during co-creation, the operand resources of one actor became part of the co-creation project rather than the property of an actor. For instance, meeting rooms along with equipments were the property of client firm. But during co-creation, these resources belonging to client firm were used by all participants. This

implies that the ownership of operand resources during co-creation disappears. These operand resources become a collective part of co-creation activity.

Furthermore, the focus was given primarily to operant resources. The skills and knowledge possessed by co-creation operators were the main drivers of co-creation project. It was realized that even though there was availability of state of the art operand resources, but these resources were merely used for facilitation. The real types of resources used by both actors were the operant resources. Operant resources however differed among vendor and client. All participants had different way of doing the same thing. For instance, Application Designer from vendor and client were working together on this project. In case A, all IT related technicalities of the project were outsourced to vendor. But in case B, there was a presence of IT skilled personal on client premises who were involved in the software development and design. The final delivery of the software was due to the integration of operant resources of vendor and client both.

Operant resources were primarily had main focus in case B empirical material. There were participants from vendor and client who had specific skills and knowledge about the internal processes of an organization. These expertise were used in the initial design of the software, as well as throughout the co-creation process. For instance, the first meeting between vendor and client participants had an input from experts on IT and non IT related issues related to software database. Final software was

the result of the operant resource integration of different actors with the help of operand resources.

#### **8.4.3 Actor Classifications**

Throughout the co-creation project between vendor and client, there were a number of different participants who were part of it. There were four roles of actors presented in case A. Empirical material of case B provided support for these four roles generated before.

There were participants throughout the co-creation project who were not involved in the interface interactions. Their job was to support the co-creation project by assisting the *negotiators* of both actors. Negotiators of both actors were involved in collaboration. Co-creation was done at inter-actor and intra actor level. For instance, the Training Manager, Business Process Manager, Services Manager and H.R Coordinator from client firm were the main source of requirements. These requirements were provided to IS Manager and Project Manager. Project Manager then discussed these requirements in house with Application Designer. This was a cyclic process where the information and feedback flowed back and forth between *supporters* and *negotiators* within the client firm.

Once the requirements were decided by client firm, the negotiators of client then presented these requirements to the negotiators of the vendor. Project Manager-Vendor then discussed these requirements with their team members to gain feedback. These supporters helped the Project Manager-Vendor in developing the project report reflecting the total cost

and time required for the project. Once the software was completed, end users tested it and provided feedback and further acted as supporters.

These negotiators and supporters were directly involved in the software design and development. However, the business culture for both actors was set by shareholders and higher-ups in the manner business was conducted. Application designers and developers mainly used online forums to seek help from online community. These unknown peers who supported throughout the co-creation process acted as *sourcers*.

## 8.5 Interpretation Frame 3: Nature of Interactions

Interactions among participants in case B were of co-operative nature focused on an objective as revealed in case A. Empirical material was saturated and no new information was uncovered. Dialogue was observed as the language of co-creation. Dialogue was used to blend the thoughts of participants. This blend of thoughts was resulted in practice. Different ideas and thoughts were brought together and communicated through dialogue and practiced jointly.

Participants were involved in four different types of dialogues. The *initiating* types of dialogues were conducted in the early stages of the co-creation project. However it was noted, that specific attention was given to the relationship building by both actors. This resulted in the *building* type of the dialogues. Vendor participants conducted a special meeting with the focus on answering any issues faced by client. The objective of this meeting was to make sure that a regular communication was in place between vendor and client. Furthermore, since it was the first time both actors worked together on a project. The culture of co-creation was not automated. Efforts by vendor were made to make the process natural. Regular emails, meetings, participant to participant interactions were part of the efforts made by vendor to build the dialogue culture among participants. Similarly, dialogues were used to provide feedback and suggestions for improvement towards the end of the co-creation.

## 8.6 Interpretation Frame 4: Stages in Co-Creation

Case B reveals same four stages of co-creation as presented in case A. Empirical material provided support to these stages created earlier. However in addition to the existing four stages created before, it was observed that the risk of failing was evident in the empirical material. It was observed in the case A also, but the evidence was not sufficient.

Due the emerging relationship nature of case B actors, client participants pointed out an alternative outcome to the value co-creation. For instance Project Manager-Client before the first meeting quoted:

“There is a sense of failure when you work with other people. You don’t know the way they work and if they are capable of providing us with what we want on time. Don’t get me wrong, they do have a good market reputation though but until we are somewhere with this software, there is always a fear”

However as the relationship emerged and evolved, the fear of failing decreased. This fear of failing is realized mainly at the *value realization* stage. Relationship Manager-Vendor was approached for an interview before he was about to attend the meeting focused on the relationship building opportunities. He quoted it in his own words as:

“So many things can go wrong so we have to be really careful. We are dealing with some sensitive information and if anything gets out, I am sure they (client) will not be happy about it. We are very careful and taking different measures to remove any inconsistencies”

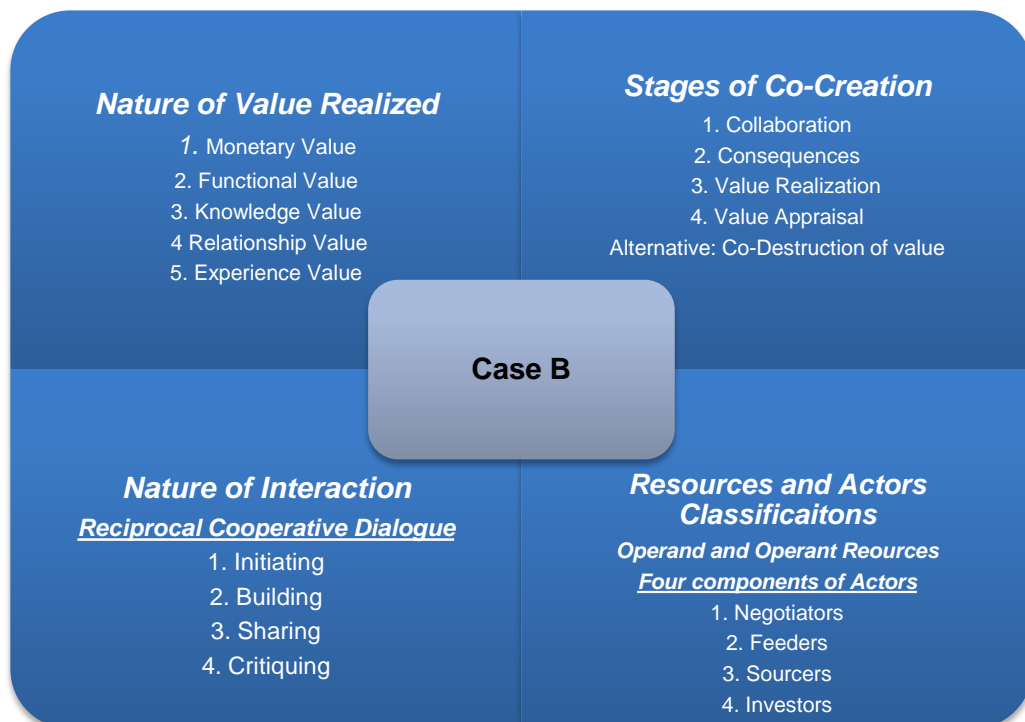
So along with four stages of value co-creation which are collaboration, consequences, value realization and value appraisal. An alternative

outcome of the value co-creation process is the *co-destruction of value*. If participants who are involved in the co-creation project realize the value in negative, it results in the co-destruction of value rather than the creation.

## 8.7 Chapter Review

The objective of case B was to find the support and differences for categories generated from case A along with finding new and re-occurring patterns. Case B empirical material provided an extensive support to the categories and concepts generated before in case A. Saturation in empirical material was reached. Various re-occurring patterns were emerged from the interpretation of both cases which are now presented in next chapter. The only difference in the outcome of case B interpretation was the support from empirical material for co-destruction of value. Co-destruction is presented as an alternative to the co-creation of value. Figure 8.23 presents an overview of categories developed through case B empirical material.

Figure 8.23: Case B Conclusion





# Chapter 9.0 Discussion of the Findings

## 9.1 Chapter Overview

This chapter presents the discussion of four patterns which emerged from empirical material interpretation of both cases. These patterns are observed across cases. These patterns are used as the building blocks of value co-creation framework. These building blocks are discussed individually and then findings are presented in the form of a framework of value co-creation. Furthermore, this chapter also relates back to the current understanding of value co-creation reviewed in literature review chapter in the form of facets and the issues. In light of these contributions and conclusions, implications for theory, practices and future research are formulated. 4 E's of value co-creation marketing matrix is suggested for managers.

## **9.2 Discussions: Patterns Review**

### **9.2.1 Pattern 1: The Interface of Value Co-Creation**

*Negotiators of vendor and client engage in interface interactions through dialogues to co-create consequences.*

The first pattern emerged from case study suggests that the representatives of vendor and client interact and integrate resources which leads to the consequences of collaboration. Dialogues are used for interactions among participants. The observation of both case studies further reveals that there are two levels of interactions at the collaboration stage. First level of interactions happens at actor level where different participants who were part of client or vendor integrated resources through dialogue among themselves. The second level of interactions occurs among different actors. Participants from vendor and client dealt with each other and integrated resources through dialogue. This pattern is integrated in to the four roles of actors which were revealed earlier in this report. Participants acting as negotiator, sourcers, supporters and investors use dialogue to interact. This exercise of resources integration leads to the second level of interaction which is dialogue in between negotiators of both actors. Negotiators from vendor and client meet, interact, collaborate, provide feedback, generate ideas, innovate and it result in the consequences. These consequences are then realized by actors which result in the value of co-creation. Participants use operand and operant resources to support their co-creation activity at inter and intra firm level.

Further exploration into this pattern reveals that value co-creation is a combination of systematic processes. It has inputs in the form of actor's willingness to participate. Then there are processes in the form of collaboration where dialogue is used among actors. In the end, the output is in the form of consequences. These consequences are experiences, relationships, services offerings and fluctuations in the resources and skills of the actors. The observation of pattern is now converted in a graphical form below and will be used as the first building block of value co-creation framework.

Figure 9.24: Value Co-Creation Interface



### **9.2.2 Pattern 2: Dynamic Nature of Value Facets**

*All facets of value at realization stage are interrelated. One facet of value affects the other. These facets contribute to the overall experience value.*

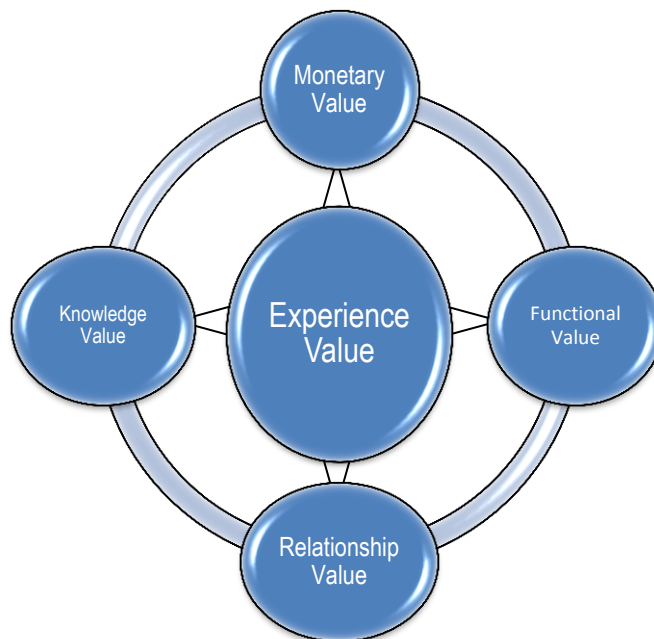
The value which is realized by actors is not of static nature, but dynamic. Brodie, Whittome, & Brush (2009) also recognizes customer value creation as a dynamic process. This interrelation is recognized in a way that functional value, affects other facet such as knowledge value. It was observed that by using the ICT software, participants realized the functional value in use, but they also gained new skills based on updated software functions which resulted in knowledge value. Furthermore, the functional value also had effects on the financial fulfillment. With the realization of functional value, client also realized that it's the value for money. This leads to the realization of monetary value. Similarly, the connectivity and accessibility of participants during co-creation generated relationship value, but also affected the level of involvement of participants in the evaluation of IT software in terms of price. Self-involvement in pricing was realized as the concept of monetary value at the interpretation stage earlier.

This interrelation among different facets of value is extended to a more macro level which suggests that the four facets (Knowledge, Functional, Monetary, and Relationship) contribute to the overall experience value. Experience value was developed as a separate facet earlier with its own concepts leading to the category. But it was observed that these four facets actually contribute to increase or decrease the experience value.

For example if relationship value is not realized, that affects the experience value also. Similarly if monetary value or knowledge value is not realized, that affects the experience value

This revelation from empirical material suggests that value facets are dynamic. One facet changes with the change of other facets. This pattern provides a different view on the concept of value. Current literature presents value as a static concept with a list of value types realized by customers. This pattern observation is now converted in the graphical form below:

Figure 9.25: Interrelation of Value Facets



### **9.2.3 Pattern 3: Value Realization and Value Generation**

*Value is first realized by client. Client then appraises the value, which results in the generation of value for vendor.*

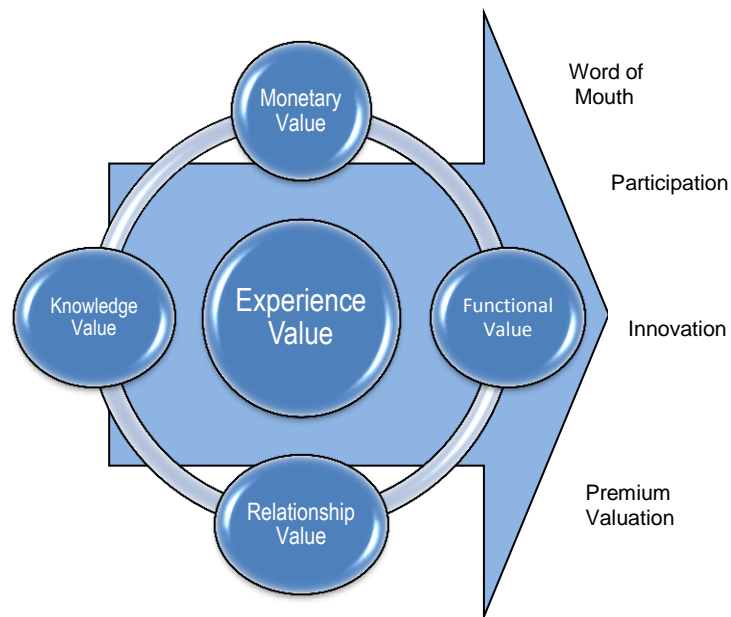
This pattern suggests that value is realized by client primarily. Vendor facilitates client during collaboration stage so value can be realized by client at the value realization stage. Once value is realized, it leads to the appraisal.

All the stages in value co-creation are grounded in the client realization processes. Empirical material reveals that client had always been the driver of co-creation. Vendor role was as a mere facilitator. With the facilitation of vendor, client was involved in the process of realizing the value as an experience. Once value was realized, client then appraised the value in comparison to its previous experiences. This appraisal resulted in the value for vendor. Value appraisal by client is in the form of positive word of mouth, premium valuing of service, willing to participate in the future and innovation through learning.

Positive word of mouth is generated as the value for vendor when client discusses its experience with others. Furthermore, when the experiences of client are valued, this results in a premium evaluation of the co-creation experience. In both cases, it was observed that even though the competition was offering a better price for the software, but reason of selection was made up of either previous experiences, or expectations of generating positive experience based on vendor's market impression. It was also observed that positive realization of value by client led to the

willingness of participation in co-creation for future. The reason for this willingness is due the trust developed in vendor by client. The fourth value for vendor originated from client value realization is innovation through learning. It was observed that by working together with client in an event space where co-creation happens, vendor participants learned new ideas and skills. This is presented in a graphical form below and will be used as one of the building blocks of value co-creation framework.

Figure 9.26: Value for Client and Vendor



#### **9.2.4 Pattern 4: The Outcome of Co-Creation**

*There are two outcomes of co-creation. If value is realized, then the outcome of co-creation is improved situations. If value is not realized, it results in the co-destruction of value.*

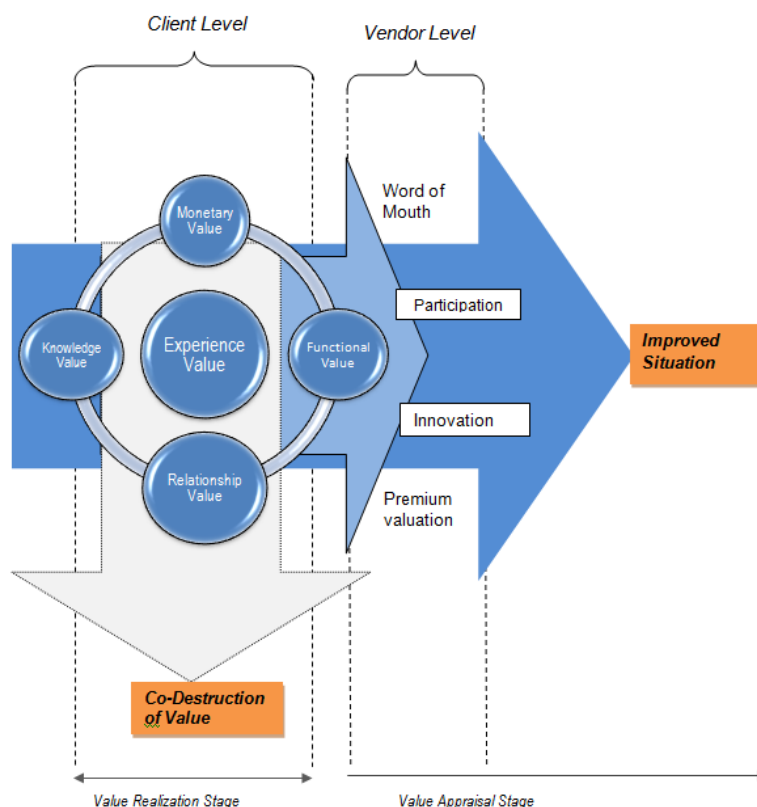
The outcome of the co-creation activity is either observed to be in improved situations which can be classified as value co-creation, or decline in situation which can be classified as co-destruction of value. This also answers the question raised by Kleinaltenkamp, Brodie, Frow et. al. (2012) which was “Is value the outcome of resource integration or intrinsic within the interaction experience?”. Value is the outcome of resource integration which is in the form of improved situation. Improved situations here refer to as increase in resources, actors satisfaction, successful service delivery and long term partnerships. On the other hand, if value is not realized, then value is not generated which results in co-destruction of value for both actors.

This is an important pattern in a sense as it provides an answer to the question of why should firms co-create. The goal of value co-creation is to improve situation of actors. However all co-creation activities doesn't mean that it will result in an improved situation. Empirical material suggests that the “What If” factor is always present among actors. As some of the participants observed saying “If this doesn't work”. This fear of “If” is not major, as the goal for both actors is to improve the situation. However there is an alternative outcome of the co-creation activities which is co-



destruction. Once the situation is improved, the value is co-created. However the process of value co-creation is not finished here. In this study, due to time restriction what goes on after the software is acquired and used over time was not studied. It's an ongoing process, but once trust is developed, likely outcome of the future interactions are positive. On the other hand, what happens after co-destruction of value was not established. Empirical material did not provide enough material revealing any patterns of the process after co-destruction. It's highly likely that the co-destruction activity finishes and doesn't resume. However further research is required in co-destruction aspect. The observation of pattern is now converted in a graphical form below and will be used as the fourth building block of value co-creation framework.

Figure 9.27: Outcome of Co-Creation



### 9.3 Value Co-Creation Framework

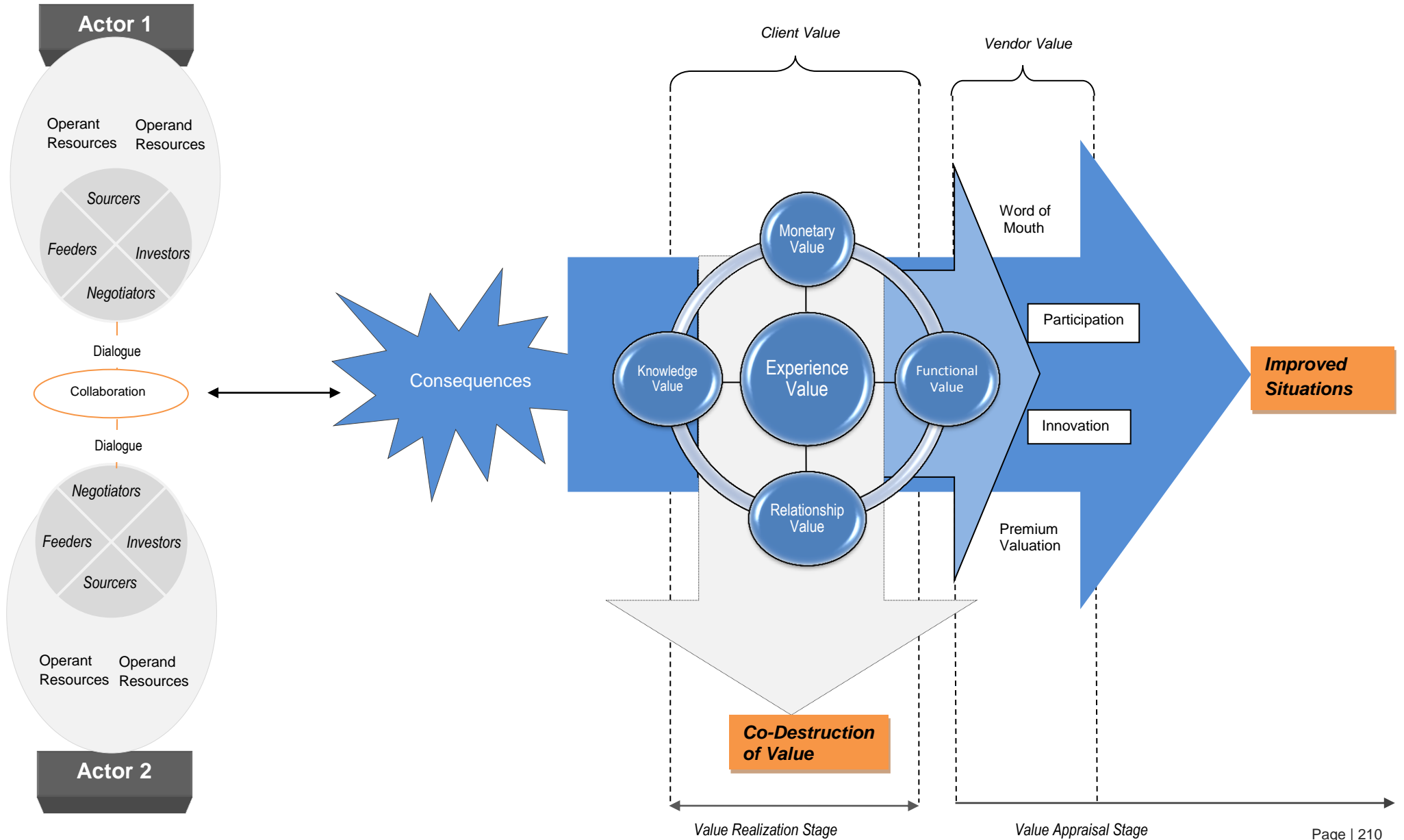
The building blocks of framework developed from patterns and categories are now arranged in figure 9.28. Upon arrangement, it now provides a systematic view of value co-creation. It further reflects that value co-creation is a *system* which has various processes in it.

The first stage is *collaboration* where actors involve in dialogues in order to co-create. Negotiators from both actors are on the forefront. Negotiators gain help from supporters, investors and sourcers in order to negotiate effectively. Collaboration is circular in nature, as actors collaborate on more than one occasion to co-create consequences. Once both actors are satisfied initially with the collaboration results, consequences are emerged. *Consequences* are classified as experiences, service offerings, relationships and fluctuations in resources and skills. These consequences are realized first by client at client level value realization. Client realizes value from consequences in the form of knowledge, functional, monetary, relationship and experience value. All of these value facets are inter-related and contribute to the overall experience value. If value is not realized by client, it results in co-destruction. If value is realized by client, client appraises the value through which value for vendor is generated. Client appraises value in the form of positive word of mouth, willingness to participate, premium valuation and innovation through learning. Once value is generated individually for vendor and client, then the ultimate outcome of co-creation activity is resulted in improved situations for all actors. Improved situations are increase in monetary resources,

satisfaction of all actors who were involved in the co-creation activity, long term and sustainable partnerships, actors satisfaction and successful service delivery.

Following figure 9.28 on the next page presents a graphical representation of value co-creation system.

Figure 9.28: Value Co-Creation System Framework



## **9.4 Conclusion and Contributions**

Literature review suggested six facets of value co-creation. Furthermore three knowledge contribution calls were also observed after the literature review. Research questions were developed based on value co-creation facets and the call for knowledge contribution. After the interpretation of empirical material and framework generation, it is important to revisit the value co-creation facets and issues. Following table 9.38 on next page revisits value co-creation facets extracted from literature, and compares it with the empirical material interpretation findings and contribution.

Table 9.38: Study Contributions

No	Value Co-Creation Facets (p.48)	Reference	Current State of Understanding	Contributions from my study	Operationalization Elements
1	Value co-creation is a process encompassing customer, encounter and supplier processes. The focus is on the firm's role and understanding of what is value for the customer.	Payne, A. F., Storbacka, K., & Frow, P. (2008). Managing the co-creation of value. <i>Journal of the Academy of Marketing Science</i> , 36(1), 83-96.	A mono framework which provides a dyadic process of value co-creation is presented by the authors. It provides a very simple and basic view of what value co-creation is. Empirical material was collected from the firm, rather than all actors.	A concise, elaborative and empirical material driven framework suggests that value co-creation is a <i>system</i> which has various processes. It incorporates the perspective of firm, as well as customer. The outcome of value co-creation system is improved situations for actors.	<p><i>Value Co-Creation Stages:</i></p> <ul style="list-style-type: none"> <li>a) Collaboration</li> <li>b) Consequences</li> <li>c) Realization</li> <li>d) Appraisal</li> </ul>
2	Customers are considered value creators when value in use is used as a foundational value creation concept. Value is realized in use, rather than exchange alone.	Grönroos, C. (2008). Service logic revisited: who creates value? And who co-creates?. <i>European Business Review</i> , 20(4), 298-314	A conceptual understanding of value in use is presented. Detail elaboration of what are the different natures of value which an actor is realizing is missing.	Value co-creation system framework puts forward a practical approach of conceptualizing value co-creation. Actors collaborate and co-create the consequences. These consequences lead to value realization. If value is realized, it is appraised.	<p><i>Value Realized for Customers:</i></p> <ul style="list-style-type: none"> <li>a) Monetary Value</li> <li>b) Functional Value</li> <li>c) Relationship Value</li> <li>d) Knowledge Value</li> <li>e) Experience Value</li> </ul> <p><i>Value Generated for Firm:</i></p> <ul style="list-style-type: none"> <li>a) Word of Mouth</li> <li>b) Willingness to participate</li> <li>c) Innovation</li> <li>d) Premium valuation of offerings</li> </ul>

3	Actors involve in an objective oriented environment during resource integration. In order to achieve the objectives, resources are used as means.	<p>1. Korkman, O., Storbacka, K., and Harald, B. (2010). Practices as markets: Value co-creation in e-invoicing. <i>Australasian Marketing Journal (AMJ)</i>, 18(4), 236-247</p> <p>2. Peters, L. D., Löbler, H., Brodie, R. J., Breidbach, C. F., Hollebeek, L. D., Smith, S. D., Sörhammar D., Varey, R. J. (2014). Theorizing about resource integration through service dominant logic. <i>Marketing Theory</i>, 14(3), 249-268.</p>	Operant and operand resources are used by each actor to facilitate the co-creation process. Research however suggests that resource integration in S-D logic is at a very early stage of development. A practice based approach supported by empirical material is required to understand, how resources are integrated among actors.	Value co-creation system framework provides a detailed discussion on actors, resources and the process of resource integration. Four roles of actors are presented. These four roles are negotiators, feeders, sourcers and investors. The thesis report provides a comprehensive list of operand and operant resources extracted through the interpretation of empirical material.	<p><i>Value Co-Creation Actor Roles:</i></p> <ul style="list-style-type: none"> <li>a) Negotiators</li> <li>b) Feeders</li> <li>c) Sourcers</li> <li>d) Investors</li> </ul> <p><i>Value Co-Creation Resources:</i></p> <p><u>Operand Resource</u></p> <ul style="list-style-type: none"> <li>a) Co-Creation Space</li> <li>b) Co-Creation Tools</li> </ul> <p><u>Operant Resources</u></p> <ul style="list-style-type: none"> <li>a) Co-Creation Operator</li> <li>b) Co-Creation Firm</li> </ul>
4	Dialogue is seen as the language of co-creation process.	Ballantyne, D., & Varey, R. J. (2008). The service-dominant logic and the future of marketing. <i>Journal of the Academy of Marketing Science</i> , 36(1), 11-14	Dialogue is used at inter and intra firm level. Actors use dialogue to integrate resources among themselves during collaboration stage.	My study first identifies the nature of interactions among actors and classifies it as “reciprocal co-operative dialogue”. Furthermore, it provides different types of dialogues at different stages of co-creation.	<p><i>Value Co-Creation language:</i></p> <p>“Reciprocal co-operative dialogue of four types”</p> <ul style="list-style-type: none"> <li>a) Initiating</li> <li>b) Building</li> <li>c) Sharing</li> <li>d) Critiquing</li> </ul>

5	Value co-creation process is not limited to firm and customer. Other actors such as network partners play an important role in the process. All economic actors access, adapt, and integrate resources to co-create value for themselves and for others.	Akaka, M. L., Vargo, S. L., & Lusch, R. F. (2012). An exploration of networks in value co-creation: A service-ecosystems view. <i>Review of Marketing Research</i> , 9,13-50.	Value Co-Creation remains in its early stages. Akaka et. al. discussion on the role of network provide an important avenue for studying the way in which networks influence value co-creation process.	Value co-creation system framework empirically suggests that all actors are network partners. Actors integrate resources while adopting different roles. These roles are influenced by other network partners.	One of the roles of actors is Investors. Network partners are investors who invest their resources to facilitate co-creation process indirectly.
6	If the process of resources integration is not managed properly, that can result in co-destruction of value.	<p>1. Plé, L., &amp; Cáceres, R. C. (2010). Not always co-creation: introducing interactional co-destruction of value in service-dominant logic. <i>Journal of Services Marketing</i>, 24(6), 430-437.</p> <p>2. Echeverri, P., &amp; Skålén, P. (2011). Co-creation and co-destruction: A practice-theory based study of interactive value formation. <i>Marketing Theory</i>, 11(3), 351-373.</p>	The alternative outcome of resource integration is deteriorated situation of actors.	The outcome of this study confirms that an alternative to value co-creation exists in the form of co-destruction. The fear of "IF" relates to co-destruction of value.	



The contributions from this study are not only limited to the review of value co-creation facets from literature. The knowledge contribution call made by literature was compiled in three issues at the end of literature review. Following section discusses each point individually, and assesses how the outcome of study addresses these issues:

1. *There is a lack of consensus on “how resources are integrated in different contexts which result in co-creation of value”. Most of the research lies on conceptual level. Empirically, there are limited studies which show the process of co-creation in service contexts.*

Value co-creation framework presented at page 210 is developed through empirical material interpretation. This empirical material was in the form of text and was collected through interviews, observations and documents collection. Literature review discusses the need to contribute to co-creation literature empirically, and this study addresses this call. The context used to explore co-creation was among vendor- client relationship. The working culture among vendor and client is naturally co-operative. This allowed me to generate rich text for interpretation and to develop value co-creation framework. This framework is the empirical contribution to value co-creation literature and takes discussion from mere conceptual to empirical.

2. *Even though S-D logic suggests that all actors co-create value and customer is one of the key co-creator of value. There are limited numbers of studies that present value co-creation concept from customer’s point of view. Most studies present a firm based view on co-creation rather than customer based view.*

This study takes both firm (Vendor) and customer (Client) view to understand the value co-creation. It is revealed that value is realized by customer first, and then customer appraises the value which results in the generation of value for firm. Customer is considered to be the main driver of co-creation, and firm job is just to facilitate. Even though literature currently suggests that firm is a facilitator, but there was a need to develop an understanding of co-creation where customers were given a chance to interpret the co-creation in their own language. This study addresses this knowledge call by including participants from clients and vendors.

*3. Other actors including network partners of customers and firm are believed to be an important part of co-creation process. Empirical research in value co-creation is limited in presenting the stage where the network has more influence during the co-creation process.*

The distinction of firm and customer disappears at the collaboration (interface interaction) stage. Firm and customer become actors who use dialogue to integrate resources. However, on the backend these actors are indulged in four roles where integration of resources happens. Network partners are the investors, which is one of the roles of actors. Investors invest their resources to facilitate actor to perform better during the collaboration stage. However, this study suggests that at the interface interactions, there are mainly two actors who collaborate. Network partners are actor specific, and play role in the back end.

In the end, the answer to the main research question “How is value co-created through resource integration among actors?” is answered. Based on the findings of this study, the description of value co-creation is presented below:

*Value co-creation is a system where actors engage in dialogue with the aim of improving self-situations. This system is comprised of various processes such as resources integration among actors to co-create consequences through reciprocal co-operative dialogue, value realization and value appraisal. Improved situation is recognized through increase in resources, actors satisfaction, successful service delivery and long term partnerships.*

## 9.5 Limitations

It is acknowledged that there are limitations which should be addressed in future studies. The empirical material was mainly interpreted by one researcher. However, discussions were conducted with supervisors, peers and research participants on a regular basis. Personal subjectivity is expected in studies with interpretive philosophical stance. Due to this, future studies should be conducted by other researchers in order to verify if the findings of this study are relevant.

Furthermore, the findings of this study are based on two case studies. A limited amount of empirical material was collected and interpreted. During a PhD project, time is a constraint which needs to be managed effectively. With time being the major hurdle, all efforts were made to make sure that enough empirical material was collected to gain saturation restricted to these two cases.

The context where value co-creation was observed was among vendor and client in ICT software development projects. The discussion and findings are developed on a higher abstraction level, but the fact that this is a context specific study is a limitation of this study. Further research is required in other service oriented contexts. This framework should be used as a starting point in other contexts employing alternative research methods.

## 9.6 Implications for Theory

Current literature on value co-creation is experiencing new contexts where empirical research is being conducted. By conducting this research in a context where service is already present and natural, it gave interesting outcomes, and hence recommendations for the theory.

Firstly, the empirical exploration and successful completion of framework from observing the practice is the validation that value co-creation does exist in practice. It is not only a conceptual concept, but also can be seen among actors in real life. Furthermore, the main assumption of value co-creation concept is that customer is the co-creator of the value. However as literature review suggests, the empirical research still focuses on the facilitator rather than the customer. There is no doubt that facilitator is an important part of value co-creation, but there is a need to understand that if the goal for facilitator is to create value for the customer, then the customer should dictate the terms. This study addresses this crucial issue. The stages of value co-creation presented above are customer (client) focused, and not facilitator (vendor) focused. This provides suggestions and ideas for future researchers to look at the alternative, and employ such research methods which can approve, extend or critique the findings of this study.

Secondly, this study endorses the observation from literature review that dialogue is the language of value co-creation. This is observed in practice and reported in the findings of this study. Furthermore, due to the in-depth

nature of this study, it reveals the four types of dialogues which are at different stages of value co-creation. These types are Initiating, Building, Sharing and Critiquing. Dialogue is an important and the most crucial part of value co-creation system. This revelation of nature and types asks an important question from literature if there is a need to develop specific marketing strategies addressing these types of co-operative dialogue. Practice confirms that value co-creation exists, but does literature provide dialogue specific marketing strategies to support the practice?

Thirdly, this study also reveals that value co-creation is not the only outcome of resources integration. The alternative to value co-creation is the co-destruction of value. However there is a need to further explore what happens if resource integration goes wrong. Now since there is an alternative, there is a need to further explore and develop strategies for practice to avoid this unfavorable co-destruction outcome.

Fourthly, this study considers the customer as the driver of resource integration which either co-creates or co-destruct value. By adopting this approach, it reveals that value which is generated for facilitator is grounded in the value realization of the customer. Customer realization leads to the appraisal which creates value for the facilitator. This outcome asks the relevance of 4P's which traditional marketing literature rely on. Marketing as a course, is still taught in universities based on the principle that 4P's are the marketing mix and need to be developed for marketing

strategy. However this study presents four stages through which value is generated for facilitator. The question here is that if 4P's are relevant?

A static marketing strategy which originates from facilitator is probably not the reality of marketing anymore in the practice. There is a need to develop a resource integration focused marketing mix which facilitates the customer to realize the value. Based on the value generated for facilitator in the framework, I propose 4 E's of value co-creation matrix. These four E's are not product or exchange focused, but focus on the resources integration. These four E's are presented on the next page as recommendations to the practice.

## 9.7 Recommendations for Practice

The findings of this study provide motivations for marketing practice to adapt experiences and interactions based marketing strategies. The empirical framework of value co-creation presented before is developed from observing practice. Managers should use the findings of this study and focus on building interactions, experiences, relationships and play the role as a helper or facilitator to improve situations for their own firms, as well as customers. I propose 4 E's of value co-creation that should be used by managers to develop a marketing strategy focusing on experiences. These 4 E's are the empirical expression of value co-creation understanding presented as 'service' by Vargo & Lusch (2008a), 'interactions' by Grönroos & Voima (2013), 'experiences' by Ramaswamy (2009) and 'resource integration' by Hilton, Hughes, & Chalcraft (2012).

Figure 9.29: 4 E's of Value Co-Creation Matrix

<h3>Engage</h3> <p><u>Causes:</u></p> <ul style="list-style-type: none"> <li>- Culture of facilitation within firm.</li> <li>- Opportunities to engage customers.</li> <li>- Firm access to required operand and operand resources.</li> </ul> <p style="text-align: center;"><b>1</b></p>	<h3>Evaluate</h3> <p><u>Effects:</u></p> <p>Customer is likely to evaluate the co-creation experience positively and pay premium price.</p> <p style="text-align: center;"><b>3</b></p>
<h3>Event Space</h3> <p><u>Causes:</u></p> <ul style="list-style-type: none"> <li>- Positive experience at the co-creation space.</li> <li>- Availability of required operand and operand resources to customer.</li> </ul> <p style="text-align: center;"><b>2</b></p>	<h3>Encourage</h3> <p><u>Effects:</u></p> <p>Customer is encouraged because of a positive co-creation experience to spread positive word of mouth.</p> <p style="text-align: center;"><b>4</b></p>
<b>Manager Dominant</b>	<b>Customer Dominant</b>



The dynamic nature of 4E's of value co-creation matrix differs it from the well-known 4P's of marketing mix. As shown in the matrix above, managers are only able to control first two E's (Engage, Event Space). Managers create causes, which produce effects in the form of remaining two E's (Evaluate, Encourage). These remaining two E's are customers dominant.

**Engage:** First E is the alternative to 'Product' strategy of marketing mix. Product strategy focuses mainly on developing a product which embeds value for customers. This value embedded product is exchanged by the firm and value is believed to be gained from both actors. But since S-D logic suggests that value is not in exchange, but in use, 'Engage' strategy should be developed by managers. Managers should develop a culture of facilitation among the employees and provide opportunities to engage customers in the process of services or goods development. As suggested also by Brodie, Hollebeek, Juric, & Ilic (2011), customer engagement occur within a dynamic, iterative process of service relationships that co-creates value. It is the firm job to provide a dynamic environment and motivate customer in the engagement process. In addition to this, firm should have access to necessary operand and operant resources which are required for the engagement of customers. Developing the right product should still be an important activity, but focus should be on educating customers so they can themselves be involved in developing what they want. Vargo, Lusch, Akaka & He (2010) argue that firms gain competitive advantage by engaging customers and value network partners in co-creation activities.

**Event Space:** Second E is the alternative to 'Placing' strategy. Placing strategy presents a fixed mechanism of product delivery. This suggests that rather than placing strategy, manager should develop the appropriate event space where experiences are personalized rather than standardized. If appropriate and necessary resources are provided to customers, it helps in generating positive experiences. Resource integration happens in this space. With resource integration being an event, the event space should be the focus of managers rather than developing a fixed delivery mechanism.

**Evaluation:** Third E is an alternative to developing a fixed 'Pricing' strategy. Rather than asking customers to pay what is pre-determined based on the assumed value by the firm, a need to take a more dynamic approach to financial gains is required. Customer is the value co-creator, then customer should be the evaluator of service also. Customer evaluates the experience, and if value is realized, then customer is ready to evaluate the product at a premium price.

**Encourage:** As an alternative to the 'Promotional' strategy, managers should develop the 'Encourage' strategy. If a positive experience is created through manager dominant strategies, it encourages customers to spread the positive word of mouth about the firm. As also shown in the value co-creation framework, positive word of mouth is grounded in the experiences which customers acquire from resource integration. These 4 E's of value co-creation reflects the service dominant mindset of managers as oppose to the goods dominant perspective.

## 9.8 Implications for Future Research

The clarity of the research objectives and questions lead to a successful completion of this study. However, the knowledge exploration does not end here. Some of the implications for future research are given below

1. A systematic combining of abduction and case study method provided a comprehensive framework of value co-creation among actors. This framework was developed through qualitative research. There is a need to move the discussion further and develop propositions or hypothesis for testing. The elements of value co-creation system should be used as a starting point of deductive research. Measurement and scale development of value co-creation processes should be the next focus for researchers.
2. Co-destruction of value is one of the alternatives of resource integration. This study confirms that co-destruction can happen among actors. However there is a need to know;
  - a. What leads to the co-destruction of value among actors?
  - b. Is it a co-destruction of value for both firm and customers?
  - c. What are the steps which can be taken by actors to avoid co-destruction of value?
3. This study has proposed 4 E's of value creation for marketers. A comparative analysis should be done between the effect of 4 P's and 4 E's on
  - a. Customer satisfaction level.
  - b. Supportive nature of employees.

- c. Service mindset of high level executives.
- d. Financial performances of the firm.

4. Lastly, in order to develop value co-creation concept further, there is a need to conduct empirical research in different contexts globally. Value co-creation processes in Japan, might be different from the ones in New Zealand. Some sectors should include FMCG's, fast food sector, higher education, sales organizations, public administration and political organizations etc. Other crucial and important sectors such as disaster relief and emergency providing organizations, non for profit organizations, charity organizations and agricultural sector in the third world countries should be explored too. These sectors are not only unique, but very important to the economy and the betterment of human beings. For instance a comprehensive case study project should be done on how value is created by those organizations that provide rescue, emergency and relief in a disastrous situations such as earthquakes, tsunamis etc. The contribution of such study will allow emergency organizations to develop a marketing plan, incorporating value co-creation practices where affected affectees are involved in the rescue efforts, to minimize the damage.

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