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Citation for the published version

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Epilogue - Service Innovation Actor Engagement: An Integrative Model
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Abstract

Purpose: While (customer) engagement has been proposed as a volitional concept, our structuration theory/S-D logic-informed analyses of actors’ (e.g. employees’) engagement in service innovation reveal engagement as a boundedly volitional theoretical entity. Engagement’s boundedly volitional nature arises from actors’ structural and agency-based characteristics and constraints that are addressed and further developed in a conceptual model of actor (i.e. customer, firm, employee) engagement with service innovation.

Design/methodology/approach: Based on the observed gap, we propose an integrative S-D logic/structuration theoretical model that outlines three particular service innovation actors’ (i.e. customers’, the firm’s, and employees’) engagement, which comprises institution-driven (i.e. fixed) and agency-driven (i.e. variable) engagement facets. In addition, we integrate the key expected characteristics of positively (vs. negatively) valenced service innovation engagement for each of these actor groups in our analyses.

Findings: We develop a 12-cell matrix (conceptual model) that outlines particular service innovation actors’ institution-driven and agency-driven engagement facets, and outline their expected impact on actors’ ensuing positively and negatively valenced engagement.

Research limitations/implications: We discuss key theoretical implications arising from our analyses.

Originality/value: Outlining service innovation actors’ structure- and agency-driven engagement facets, our model can be used to explain or predict customers’, the firm’s, or employees’ service innovation engagement-based activities.

Keywords: Customer engagement, service innovation, conceptual model, research agenda.

Paper type: Conceptual paper.
Introduction

We are confident this Special Issue will generate scholarly discussion and debate on Customer Engagement in Service Innovation, and act as a catalyst advancing further research in this area. We thank each of the contributing authors, and in this paper, synthesize our reflections on the Special Issue.

In concluding this issue, we adopt an integrative S-D logic/structuration theory-informed perspective, building on Alexander et al. (2018). Structuration theory examines the creation and reproduction of social and institutional systems (Giddens, 1984), and thus exhibits a high level of theoretical fit with S-D logic’s institutions and institutional arrangements in driving actors’ cognitions, emotions, and behaviors, and ensuing value creation (Vargo and Lusch, 2016). Institutions, which denote “humanly devised rules, norms, and beliefs that enable and constrain action, and make social life predictable and meaningful” (Vargo and Lusch, 2016, p. 6) are key for service innovation. For example, innovating firms operate within specific (e.g. safety-, pricing-related) legislative environments that exist for the protection of relevant other actors (e.g. consumers, staff). Institutional arrangements are “interdependent assemblages of institutions,” p. 11), thus denoting institutions’ typically networked nature. Therefore, while institutions incorporate particular sets of networked actors, institutions will also tend to link to, or collaborate with, other relevant institutions in the societal value chain (e.g. GPs linking to hospitals, Income Support UK’s connection to HM Revenue and Customs UK). Here, we take a multi-actor, S-D logic/structuration theory-informed perspective on service innovation that incorporates the actors of customers, the firm, and employees into its analyses (Alexander et al., 2018; Hollebeek, 2016; Brodie et al., 2016).

While marketing-based engagement literature to date has focused on dyadic (e.g. customer/brand) interactions (Brodie et al., 2016; Alexander et al., 2018; Hollebeek et al., 2016b/c/d, 2017), the need to explore actors’ engagement beyond the dyad is increasingly recognized. For example, a forthcoming (2018) Journal of Service Management Special Issue titled Engagement in Increasingly Networked Environments devotes a set of papers to this observed issue (e.g. Keeling et al., 2018). A key premise underlying these analyses is that actors operate in particular social or institutional environments that act as key drivers of their engagement (i.e. rather than operating in isolation), thus highlighting the importance of structuration theory and S-D logic to inform engagement-based analyses (Alexander et al., 2018). Relatedly, these analyses also corroborate engagement’s context-dependent nature, as proposed in earlier literature (e.g. Brodie et al., 2011; Hollebeek et al., 2016a). Consequently,
there is a growing need to better understand networked or ecosystem-based, multi-actor engagement and its drivers, characteristics, and outcomes (Vargo and Lusch, 2016; Bednall et al., 2018; Groeger et al., 2016; Hollebeek and Brodie, 2016).

This paper propose an S-D logic/structuration theory-informed perspective of differing actors’ (e.g. customers’, the firm’s) service innovation-related engagement. These analyses supplement our S-D Logic-Informed “Hamburger” Model of Service Innovation proposed in the Editorial (Hollebeek and Andreassen, 2018), which takes a broad, macro-view of service innovation and its capability to create engagement and value for particular actors. Subordinate to this macro-perspective, the present analyses take a micro, actor-based view that outlines the hallmarks of different actors’ (i.e. customers’, the firm’s, and employees’) service innovation engagement, as affected by their respective institutions and institutional arrangements. We propose the existence of institution-driven (i.e. relatively fixed), and agency-driven (i.e. more variable) service innovation actor engagement (SIAE) facets. In addition, we distinguish between these actors’ positively (vs. negatively) valenced service innovation engagement expressions (Bowden et al., 2017; Hollebeek and Chen, 2014; Alexander et al., 2018), which are synthesized in a conceptual model.

Our contributions are as follows. First, taking an integrative S-D logic/structuration theoretical approach, we recognize the networked nature of engagement, which remains under-explored to date (Brodie et al., 2016; Alexander et al., 2018). In our analyses, we also integrate the notions of positive (vs. negative) engagement, which remain subject to limited insight to date. Second, we advance insight on actors’ service innovation engagement, which has also received sparse conceptual or empirical attention in the literature (Ordanini and Parasuraman, 2011). Given service innovation’s multi-actor, interactive nature, the development of enhanced understanding in this area is pivotal for securing current and future service innovation success.

We next review literature on our theoretical foundations of S-D logic, structuration theory, and engagement, followed by the development of a conceptual model. The paper concludes with an overview of important theoretical and managerial implications arising from this research.

**Theoretical Foundations: S-D Logic, Structuration Theory & Engagement**

Vargo and Lusch (2016, p. 3) propose the importance of structuration theory as an underlying foundation for S-D logic. We synthesize S-D logic as follows: By integrating resources (Axiom 3), actors derive (perceived) value (Axiom 2) that is uniquely experienced by the recipient (beneficiary) of particular activities (Axiom 4). In so doing, actors provide
service, either to themselves or others (Axioms 1; Alexander et al., 2018; Brodie et al., 2016). This generic analysis applies to any type of ecosystem actor, including customers deriving customer (cocreated) value from focal service interactions, employees deducing psychological (e.g. self-enhancement) and financial value from their jobs, etc.

Structuration theory examines the creation and reproduction of social systems, or “social practices ordered across space and time” (Giddens, 1984, p. 189), including actors’ phenomenology (experience) and social dynamics. Social practices are routinized, repeated actions that are purported to generate value for particular actors, and that have meaning to those in the in-group, while having little meaning to those in the out-group (Schau et al., 2009; Alexander et al., 2018; Akaka and Vargo, 2015). Structuration theory deploys two core elements (Cohen, 1989):

1. **Structure** denotes specific patterned social arrangements in society that provide order (e.g. the justice system; Alexander et al., 2018), and
2. **Agency** reflects agents’ capacity to act independently and make their own free choices (i.e. free will; Giddens, 1984).

Tension can exist between structure and agency. For example, while structure offers security, safety, predictability and associated (psychological) benefits to actors (Battilana et al. 2009), it may at times render actors feeling constrained from pursuing their desired course of action that emerges through agency (Algesheimer and Gurau, 2008). In everyday life, actors are continuously resolving tensions between what they ought to do (i.e. institutional requirements), and what they want to do (i.e. agency). Actors may also adopt multiple roles (i.e. rather than a single role) that are each characterized by unique demands, or which may compete for the actor’s resources (e.g. time, monetary resources), thereby introducing further choice-related complexity (Alexander et al., 2018). Overall, each actor decision will reflect a particular level of institutional engagement, and a specific level of agency-based engagement.

S-D logic’s resource integration is a key antecedent of engagement (Hollebeek et al., 2016a). Like engagement, resource integration occurs within, and is governed by, particular sets of institutional (e.g. organizational, ecosystem-based) expectations, rules, norms, and regulations that will affect actors’ value perceptions. Resource integration is also key for service innovation success, as outlined in the proposed S-D logic-informed “Hamburger” Model of Service Innovation in the Editorial (Skålén et al., 2015; Naidoo and Hollebeek, 2016). That is, service innovation performance is contingent on the way in which particular resources are assimilated in the service innovation process, including focal operant (i.e. skills,
knowledge) and operand (e.g. equipment) resources. Thus to optimize service innovation success, managers require a clear understanding of those resources key to, available to, and preferred by, particular actor groups (e.g. service design employees’ effectiveness being enhanced by using iMacs, vs. Windows computers).

Given its value-seeking nature, S-D logic has been heralded as a suitable meta-theoretical foundation for engagement (Vargo and Lusch, 2017; Brodie et al., 2011, 2016). Engagement has been defined as an actor’s “motivationally driven, volitional investment of operant/operand resources in interactions” (Hollebeek et al., 2016a, p. 6). Actors’ operant resource investments may be cognitive (i.e. thought-based), emotional (i.e. feeling-based), behavioral (i.e. activity-based), and/or social (e.g. altruistic) in nature (Baldus et al., 2015; Hollebeek et al., 2014, 2016a; Brodie et al., 2013; Brodie and Hollebeek, 2011; Hollebeek, 2011a/b, 2013; Viswanathan et al., 2017). Thus, Hollebeek et al.’s (2016a) pioneering analysis defined customer engagement with explicit reference to resource integration.

Here, we extend the theoretical link between S-D logic and engagement by adding structuration theory, and its key notions of structure and agency that will affect actor engagement (Alexander et al., 2018). We challenge Hollebeek et al.’s (2016a, p. 6) contention of engagement as a volitional (voluntary) concept (Kumar et al., 2017), which while potentially applicable to many customer contexts (e.g. in free market settings), may not common for other ecosystem actors (e.g. employees, the firm, etc.). For example, employees - while having a level of choice regarding which company to work for, which field to work in, etc. - will often find themselves working on tasks they feel they did not choose to do, or do them in a way they did not choose.

As another example, while the firm has a choice regarding what market to be in, it may be unable to implement each of its preferred operating elements (e.g. due to government or industry regulations, etc.). Both examples show that ecosystem actors do not operate in isolation, but are part of broader networks that will in some way affect their needs, objectives, and level, valence, and expression of engagement (Brodie et al., 2016). For example, a consumer in an individualist culture will tend to exhibit different purchase-related needs, relative to a collectivist consumer (Hollebeek, 2018). Consequently, we argue that engagement is a boundedly volitional (i.e. rather than entirely volitional) concept that may be constrained by actors’ relevant institutions or institutional arrangements (e.g. ecosystems). The nature and extent of particular actor-based constraints will vary across ecosystems, actors, and other contextual contingencies.
In addition, while actors may wish to engage with specific objects, they may lack the operant or operand resources to do so (e.g. a customer desiring a McLaren car, but lacking the resources to purchase one; Ward et al., 2017). Therefore the desire to engage and actors’ actual engagement are conceptually distinct entities, similar to the conceptual distinction between desired value and value attained (Woodruff, 1997). Consequently, conceptualizations defining engagement as a ‘willingness’ to interact (or invest resources) are, at a minimum, conceptually naïve.

Conceptual Model

We next propose a model that can be used to explain or predict actors’ (i.e. customers’, the firm’s, and employees’) boundedly volitional service innovation engagement (Baumööl et al., 2016). The model also summarizes these actors’ positive and negative engagement-related facets, as shown in Table 1.

First, for customers (first full row of Table 1), institution-driven, positive engagement that affects their service innovation interactions includes perceived firm and/or innovation-related safety, security and comfort (e.g. the firm’s perceived innovation expertise will render customers feeling comfortable about participating in firm-based service innovation processes; see utmost left-hand, upper cell in Table 1; Hollebeek and Chen, 2014). By contrast, negative engagement includes customers’ perceived need to conform to firm-based innovation rules, guidelines or regulations, and pressure (e.g. to develop useful new ideas; Breidbach et al., 2014). The agency-driven aspect of customers’ service innovation engagement offers positive opportunities for actors’ creative self-expression (e.g. of new ideas; Mathies et al., 2018), including through co-design (Sembada, 2018). In addition, in this cell of the model, customers will tend to have a perception of being heard by the firm that is likely to positively impact their engagement (Carlson et al., 2018; Bowden et al., 2017; Chasanidou and Karahasanović, 2017; Ul Islam et al., 2017). However, on the downside, customers may feel unsure of what is expected in the service innovation process, or which of their ideas will be valuable to the firm, rendering them more reluctant to share their ideas. In addition, customers may regret making resource (e.g. time) investments firm-based service innovation process (e.g. because they feel they should be getting paid for their assistance, etc.; Zhang et al., 2018).

Insert Table 1 about here
Second, for the firm (second row of Table 1), positive institution-driven engagement is reflected in the organization’s results-oriented stance, including through systematic idea development, implementation, etc. in service innovation. Through this process, the firm will also be able to ascertain each actor’s service innovation contribution, thus ensuring service innovation actor accountability (Ordannini and Parasuraman, 2011). On the downside, the firm carries innovation-related risk (e.g. risk of failing to generate sufficient high-quality ideas, resource depletion risk in the case of unsuccessful innovation ideas; Reason et al., 2016). In terms of the firm’s agency-driven engagement (right-hand side of Table 1’s second column), firm-based actors - and the firm as an actor collective - will have the opportunity to explore and develop new ideas through service innovation, with the firm having the capacity to assign the most suitable actors to particular service innovation-related roles or tasks (Alexander et al., 2018). However, negative agency-based engagement can also emerge, including when the firm’s key actors (e.g. managers) feel threatened by the level of pressure that service innovation imposes on them (e.g. by requiring them to work overtime), or when they feel out of their depth given the newness and uncertainty surrounding particular service innovations, particularly for radical, new-to-the-world innovations (Kurtmollaiev et al., 2017).

Third, for employees (third row of Table 1), positive engagement occurs through the actor displaying (elevated levels of) employee engagement, implying (s)he enjoys their work, which will typically lead to them intending to stay with the company (Schaufeli et al., 2002). Employees may also perceive job security (e.g. after having have demonstrated innovation-related competence on an ongoing basis). In terms of negative institution-driven engagement, employees may feel bored with particular institutional procedures and/or processes, and face stress from high innovation-related standards, demands, and expectations, which can pose burnout risk to them (Hollebeek and Haar, 2012). In terms of agency-driven engagement, employees may perceive a sense of creative self-expression by contributing to the service innovation process, which can in turn fuel their sense of achievement, learning, self-improvement, and self-actualization. On the downside, however, they may experience work-related stress, limited work/life balance, and workaholism characterizing their service innovation engagement. We next discuss important implications arising from our analyses.
## Table 1: Model of Service Innovation Actors’ Engagement

<table>
<thead>
<tr>
<th>ACTOR</th>
<th>Institution-driven (fixed) SIAE facet</th>
<th>Agency-driven (variable) SIAE facet</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Positive</td>
<td>&lt;- VALENCE -&gt;</td>
</tr>
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</table>
| Customer    | o Security, e.g. through perceived firm expertise & reputation.  
  o SI-related learning opportunities, e.g. through resources available to use (e.g. in-store product trial). | o Perceived pressure to conform, e.g. to regulations, rules (causing stress).  
  o Tedium/boredom, e.g. resulting from (formalized) institutional environments. | o Co-design involvement, e.g. creative/individual expression of ideas.  
  o Being heard by the firm, e.g. by sharing ideas with the firm (e.g. for service/product improvement) or other SI actors (e.g. social exchange). | o Drifting, e.g. by feeling unsure of what ideas are worthy of contributing to, or needed in, SI.  
  o Perceived invasion of the customer’s spare time (waste of time).  
  o SI participation regret: Perception that one’s SI contributions will not be valued (e.g. social risk, such as a customer critiquing others’ ideas).  
  o Perceived lack of innovation contribution transparency (what the firm did with an idea; Chasanidou & Karahasanović, 2017). |
| Firm        | o Systematic SI contributing to enhanced firm efficiency and/or effectiveness.  
  o Clearly defined actor roles that aim to heighten actor accountability. | o Risk/pressure, e.g. arising from lacking SI ideas.  
  o Potential resource depletion through unsuccessful SI ideas.  
  o Cultural resistance to SI, e.g. when established firm structures require amendment for SI. | o Opportunity to explore new ideas and develop new services/products that can enhance future service innovation performance.  
  o Ability to assign the best actors to particular SI-related tasks and roles. | o Actors’ personal accountability for success in the SI process.  
  o Lacking actor experience with new ideas (particular for radical innovations).  
  o Risk of not generating sufficient high-quality SI ideas (mitigated through co-design). |
| Employee    | o SI contributing to enhanced employee engagement, thereby increasing job longevity/security (if successful).  
  o SI-related (legal) protection, e.g. through the employer’s (e.g. safety-related) responsibilities. | o Tedium, e.g. through repetitive work-related tasks.  
  o Stress/burnout, e.g. by working too hard for periods of time, from high performance expectations, perceived lack of support. | o Creative self-expression through SI, and contribution to one’s perceived achievement, self-improvement, learning, and/or self-actualization.  
  o Ability to receive pay increase through successful SI contributions. | o Stress/pressure to perform (e.g. in new idea generation, execution, fixing bugs in new service prototypes, etc.).  
  o Social risk, e.g. where an employee critiques an idea proposed by others.  
  o Limited work/life balance, potential for workaholism (and ensuing health risk). |

*Note*: SIAE: Service innovation actor engagement; SI: service innovation
Implications

This work generates several theoretical and managerial implications. Theoretically, it recognizes engagement’s *boundedly volitional* nature. That is, while engagement may be voluntary for specific actors in particular interactions (e.g. free market-based customer interactions with brands), it may be significantly less voluntary for other ecosystem actors (e.g. employees), thus challenging Hollebeek *et al.*’s (2016a) volitional nature of engagement.

By adopting integrative S-D logic/structuration theoretical analyses, we highlight engagement’s ecosystem-based, networked nature, rendering the key importance of relevant *institutions* and *institutional arrangements* (Vargo and Lusch, 2016, 2017) as important drivers of the concept’s *boundedly volitional* nature. From this finding, we identify several interesting avenues for further conceptual, qualitative, or quantitative research. For example, how do structure and agency interact to produce actor engagement in particular contexts? How can managers leverage actors’ perceived desirable institutional dynamics to foster or enhance actor engagement, including through automated (e.g. robotic) interactions? How can specific institutional rules, guidelines, etc. be managed to optimize actor engagement within relevant ecosystems throughout the service innovation process? How can negative service innovation actor engagement be turned into positive engagement (Muñoz-Leiva *et al.*, 2018; Bowden *et al.*, 2017)?

Several practical implications also arise from this work. For example, we draw practitioners’ attention to the importance of managing *each* service innovation actor group based on its unique operant and operand resources, needs and preferences (e.g. by conducting regular research with different actors to ascertain their innovation-related perceptions or wants; Leckie *et al.*, 2018). In addition, while insight into the needs of these actor groups individually will be important, understanding their relevant interactions to create value will also be key.

In addition, specific actor roles may coincide, or occur concurrently (e.g. an employee (i.e. engaging with their job) that is also a customer of the firm (i.e. engaging with their purchased innovation); Alexander *et al.*, 2018), thereby creating an additional dynamic and potential tension for the adequate management of service innovations. Moreover, this work highlights the potential tension between actors’ institution-driven and agency-based engagement, which can reflect vastly differing actor objectives, needs, preferences, and outcomes. Managers therefore need to carefully manage this tension, and optimize their alignment where possible to safeguard ensuing service innovation-related value creation.
(Tuzovic et al., 2018). We hope you enjoyed reading this Special Issue, and hope it will foster discussion, debate and further research ideas within your communities.
Acknowledgment

The lead author acknowledges Prof Steve Vargo, Dr Matthew Alexander and Dr Elina Jaakkola for a discussion on S-D logic and structuration theory (see also Alexander et al., 2018).

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