

INNOVATING THROUGH VALUE CO-CREATION: A VIABLE (ECO) SYSTEMS PERSPECTIVE

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Abstract

The work proposes a conceptual framework that integrates Service-dominant logic (S-D logic) and service ecosystems view with Viable systems approach (VSA) to advance some management steps for decision-making aimed at encouraging innovation and challenging complexity. Starting from a theoretical overview, the common points and the dissimilarities between the two perspectives are discussed.

Based on their complementarity (S-D logic focuses on an interactive level of analysis, whereas VSA is grounded on a managerial viewpoint) the key management drivers to foster innovation in viable ecosystems are introduced and debated. Then, four stages of a circular pathway for innovation are identified: 1) proactive and innovation-oriented mind-set for stakeholder's selection; 2) relationships and resource integration management for value co-creation optimization; 3) objectives/goal alignment; 4) multi-level decision-making for the renewal of innovation.

The study provides insights on the relationship between value co-creation and innovation and sheds light on the potential antecedents and consequences of innovation by analysing the circularity of the innovation process. Moreover, revealing the potential steps of innovation process can aid managers to elaborate strategies to encourage actor's engagement, resource integration and to turn the knowledge acquired into new knowledge to gain competitiveness and renew the process over time.

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Introduction

In contemporary hypercompetitive markets, organizations should adopt flexible layouts based on the redefinition of the traditional value exchanges and of the “old” unbalanced relationships between consumers and providers, in order to embrace a networked view grounded on the collaboration among users (Duit and Galaz, 2008).

Contemporary digitalized service era is characterized by high environmental complexity. The fast pace of technological change and the constantly evolving user’s needs show the necessity of reframing businesses processes (Chesbrough and Spohrer, 2006; Chesbrough, 2007) from the early strategic stages. Based on the urgency of adapting to rapid technological advancements, over the course of time innovation is reframed as a key lever for challenging complexity. This leads to the recognition of the need to include innovation management into businesses strategies (Nambisan and Baron, 2013).

It follows that the implementation of new open and collaborative models implies not only the acceptance of a new relational mind-set but also the redefinition of governance and power structures (Polese et al., 2018a), which should be grounded on successful knowledge exchange and on an orientation to technology proactivity.

Current service research focuses mainly on value co-creation as the core of service provision. Therefore, according to a service-oriented approach, innovation has been conceptualized gradually as a collaborative outcome of new value generation. Therefore, the conceptualization of the relationship between the creation of new value and innovation emerges gradually from literature. Over time, the need to classify some strategic tools for service improvement and for new service and value development is expressed.

One of the most relevant theories, which defines value co-creation and the shift from Good-dominant logic (and closed organizational models) to service-oriented view (and open business models), is Service-Dominant logic (S-D logic, Vargo and Lusch, 2004; 2008). In its latest developments, S-D logic research conceptualizes Service ecosystems view (Chandler and Vargo, 2011; Akaka et al., 2013). Ecosystems, as sets of actors, interactions and resources exchange, are considered as the most suitable layouts enabling value co-creation emergence. By conceptualizing ecosystems, the connection between value co-creation and innovation is highlighted (Lusch and Nambisan, 2015) and it is hypothesized the existence of a link between actor’s engagement, resource integration and innovation (Storbacka et al., 2016; Ketonen-Oksi and Valkokari, 2019).