CONCEPTUALIZING ONLINE VALUE CO-CREATION AND CO-DESTRUCTION IN SOCIAL ENTERPRISES

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Conceptualizing Online Value Co-Creation and Co-Destruction in Social Enterprises

Research in progress

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Abstract

Value co-creation as a collaborative effort in creating value provides an innovative model of collaboration for organizations. While online communities are considered a valuable source of value co-creation, factors such as the absence of trust and lack of transparency may lead to the emergence of value co-destruction. Social enterprises (SEs) are growing business models in social entrepreneurship, and widely use information and communication technologies like online communities to spread the word about their social impact. The main aim of this research in progress paper is to understand the role of online communities in value co-creation and co-destruction in social enterprise context. In particular, this paper will: (1) investigate the factors that influence online value co-creation and co-destruction in the ecosystem of SEs (2) understand the outcomes resulting from value co-creation and co-destruction for SEs, and (3) explore the challenges SEs are facing that can be addressed through online value co-creation. We propose an initial conceptual framework identifying online value co-creation and co-destruction in the ecosystem of SEs and show how they relate to the specific challenges of SEs. This work advances current theoretical knowledge in SEs research and will guide practitioners to build more efficient communities and scale their work.

Keywords: Social Enterprises, Online Communities, Value Co-creation, Value Co-destruction

1 Introduction

Social Enterprises (SEs), as organizations with hybrid and innovative business models (Battilana and Lee, 2014, Luisa and Magdalena, 2017), have gained a considerable amount of attention during the last decade in entrepreneurship sector. SEs play a significant role in modern societies as they address the rise for ethical consciousness of citizens and the need for businesses to be socially responsible (Agostinelli, 2010). In addition, it is argued that SEs are important for future of communities because they fill the gaps in providing community services for the public by governments or private companies and support groups of people who are marginalized due to their disadvantages (Mason et al., 2007, Gray et al., 2003). Although SEs benefit society in different ways such as providing employment and training opportunities for marginalized people, few studies have focused on SEs as organizations with limited resources (Bridgstock et al., 2010), who need to interact with their stakeholders to co-create value (Romero and Molina, 2011), which can positively affect their growth and sustainability (Ge et al., 2019).

Value creation happens through the collaboration of the actors’ network rather than firm and customer only (Vargo and Lusch, 2016). Participation of multiple stakeholders in value co-creation can create
valuable knowledge and resources for organizations since each type of stakeholder has their own set of unique capabilities, experiences and resources (Kazadi et al., 2016) and can have a contribution of financial or altruism to fulfill stockholders’ needs (Bidar et al., 2017). These unique capabilities, experiences, and resources are important for SEs because they typically rely on multiple and diverse stakeholders to co-create value to gain competitive advantages in their dynamic and complex ecosystem (Barrett et al., 2016). However, in some cases, value co-creation practices can have adverse impacts, which means that not all interactions between actors lead to positive outcomes (Järvi et al., 2018). Previous research has shown that where value is co-created through interactions, value co-destruction can also emerge as an opposing phenomenon (Plé and Chumpitaz Cáceres, 2010, Echeverri and Skålén, 2011). It is stated that researchers in Information Systems (IS) research should consider value co-destruction, as an emerging topic, when they study value co-creation concept (Vartiainen and Tuunanen, 2016).

Online Communities, as an information system, support organizations to co-create value by facilitating collaboration and communication of members as well as providing tools to manage the co-created knowledge (Fuller et al., 2009). Online communities are considered as valuable source of value co-creation for their members (Gebauer et al., 2013, Eggert et al., 2018) by allowing their members to participate in collaborative networks (in a cost-effective and widespread way) to share knowledge, integrate resources, support each other, increase trust and create an identity to the community (Romero and Molina, 2011). However, previous research has shown that where value is co-created through interactions, value co-destruction can also emerge as an opposing phenomenon (Plé and Chumpitaz Cáceres, 2010, Echeverri and Skålén, 2011), which has received less attention in comparison with value co-creation research during last years.

While most of recent research on value co-creation through online communities has focused on relationships between customers and organizations (e.g. Fuller, 2010, Gebauer et al., 2013), less attention has been paid to the interactions between multiple stakeholders, in the ecosystem of SEs in particular, who can co-create value by using online communities and also what factors may lead to value co-destruction. In addition, to date, little is known about the outcomes of online value co-creation and co-destruction behaviors and their potential impact on the challenges that SEs are facing. To address these gaps in the literature, we aim to answer three research questions in this study: (i) “What are the factors that influence value co-creation and co-destruction behaviors through online communities in the ecosystem of SEs?”, (ii) “What are the outcomes resulting from online value co-creation and co-destruction behaviors of stakeholders?”, and (iii) “What challenges do SEs face in their ecosystem that can be addressed through online value co-creation?”

The importance of this study is that it is one of the first studies investigating value co-creation and co-destruction behaviors through online communities in the social enterprise context. In addition, this study leads to enhancing collaborations of SEs in online communities to improve their performance and sustainability. The outcome of this study will also lead to implementing a successful online community, as an information system for SEs, to optimize their engagements and use of resources. This research, therefore, brings an interesting perspective to value co-creation and co-destruction in information systems literature. This study also has the potential to develop a better understanding of social enterprises with a unique feature of having dual objectives (social missions and financial objectives).

The remainder of this paper flows as follows. First, a literature review on the definition, challenges of SEs, and the potential of online value co-creation and co-destruction will be provided. Next, we will discuss the theoretical background of this research which will be followed by presenting an initial conceptual framework for online value co-creation and co-destruction in the ecosystem of SEs. Lastly, we explain the contributions of this study and future research plan as the next steps of this research in progress.
2 Literature Review

We conducted a search in the existing literature to find the relevant works of previous researchers on social enterprise, online communities, as well as value co-creation and co-destruction to understand the definition of SEs, the factors influencing value co-creation and co-destruction behaviors as well as outcomes associated with using online communities as a facilitator for value co-creation for SEs. ABI/Inform, Emerald Management eJournals, and Google Scholar were used to find the most relevant studies as they cover most of the literature in SE subject area. In addition, we did a target search on “Social Enterprise Journal” as it focuses mainly on social enterprise sector. We applied a combination of the terms “social enterprise”, “online communities”, “virtual communities”, “online platforms”, “value co-creation” and “value co-destruction” in our search with the timeframe limited to 2003-2018.

The results of our search in the literature indicate that previous research has studied the effect and role of value co-creation as well as networks in SEs context (e.g. Ge et al., 2019, Luisa and Magdalena, 2017), however, they have not investigated the role of online communities to support value co-creation in SE context. Moreover, while numerous studies have been conducted to explore value co-creation through online communities in different contexts and disciplines (e.g. Akman et al., 2018, Boon et al., 2015, Yan et al., 2016, Lai and Chen, 2014, Gebauer et al., 2013, Barrett et al., 2016, Booth and Kellogg, 2015), little is known about the role of online communities as the facilitator of value co-creation in SE context. Furthermore, during the last years, SEs have used Information and Communication Technologies like online communities for different purposes such as marketing (Mitchell et al., 2015), Scaling up (Braud and Schwittay, 2016), human and community development (Gurstein et al., 2009), and communication amongst social enterprise employees (Keane et al., 2017). However, the main focus of these cases has not been on value co-creation because based on Vargo and Lusch (2016), value co-creation is defined as “a process where actors are involved in resource integration and service exchange”, rather than a dyadic interaction process between two entities (Pera et al., 2016). According to this definition of value co-creation, two essential elements of value co-creation are the existence of multiple actors as well as resource integration and exchange of services or resources. Therefore, we aim to fill this gap in the literature by investigating the role of online communities as the facilitator of value co-creation in SE context.

2.1 Social Enterprises

There exists a lack of agreement on how SEs can be distinguished from other types of organizations (Powell, 2015). Although different researchers have provided various definitions for “social enterprise”, there is no consistent definition for SE in the literature (Gibson et al., 2010, Wry and York, 2017). However, there are some definitions and characteristics for SEs that have been stated in recent research.

For example, a social enterprise is defined as an organization that attempts to deal with social and/or environmental missions in the society and achieve financial performance by applying innovative business models and commercial strategies to create social value (Mair and Marti, 2006, Battilana and Lee, 2014). SEs do business in a different way in comparison with traditional for-profit enterprises, charities and Not-for-profit organizations by offering innovative products/services to benefit social economy and their stakeholders as well as social as well as environmental impacts (Kay et al., 2016). SEs have been identified as an important element of modern economy and societies because they benefit communities by providing different employment and training opportunities for marginalized people and offering different services to the public (Mason et al., 2007).

SEs like any other organizations have a network of multiple stakeholders including communities, groups, other enterprises as well as individuals and interact with them in their ecosystem (Hatch, 2018, Smith et al., 2013). According to previous studies, SEs have a diverse ecosystem with multiple stakeholders including founders and/or managers, employees, and volunteers as internal stakeholders and other SEs, Non-profit organizations, government agencies, donors, private and public investors, beneficiaries, customers, academics, trade unions, political parties, commercial banks, media and the

One of the most important proposed features of SEs in the literature is their effort to achieve social and environmental outcomes as well as financial performance simultaneously (Maibom and Smith, 2016, Mason and Barraket, 2015, Castellas et al., 2018). This intention leads to a hybrid structure and business model for SEs combining two or more distinguishable goals (Battilana and Lee, 2014, Doherty et al., 2014, Castellas et al., 2018) which can cause some challenges for SEs.

2.2 Challenges of SEs

Seeking to achieve their objectives, SEs need to address a number of various challenges. To begin with, Doherty et al. (2009) explain that SEs tend to serve a combination of social and financial returns at the same time (Dual Objectives) which can lead to the challenge that success in addressing a social or environmental problem as part of social missions of SEs can result in failure in financial return, and contrariwise (Jay, 2013). Furthermore, Smith et al. (2013) state that the existence of different goals, logics, and values across multiple stakeholders of SEs can lead to diversity management challenge for SEs. In addition, Bridgstock et al. (2010) state that SEs, due to their limited resources, are not able to guarantee job security or pay competitive salaries which usually cause human resources management challenges for SEs like talent management or the loss of workforce (Bornstein, 2007). SEs also struggle with measuring their social impact because achieving their social mission may not actually be possible or might be difficult to measure (Lee and Nowell, 2015). It is highly important for SEs to be able to measure their social impact since it enables them to deal with some of their challenges including: difficulties with applying for more funding (Martikke, 2008), scaling up their impact (Lyon and Fernandez, 2012) and legitimacy among stakeholders (Doherty et al., 2014). The other identified challenges that SEs are facing include difficulties with accessing financial resources, staffing and governance, representing value as well as market development (Barraket et al., 2016), legal constraints (Kernot and McNeil, 2011) and limited information regarding the size and importance of the SEs sector (Barraket et al., 2010).

As online communities are a valuable source of facilitating relationships and collaboration among actors for value co-creation (Barrett et al., 2016, Füller et al., 2009), among all the challenges that SEs are facing, we focus specifically on the challenges that we expect can be addressed through online communication and value co-creation. For example, sharing information and knowledge among stakeholders can address the challenge of SEs related to the lack of information in this sector (Barraket and Collyer, 2010) or an effective marketing strategy for introducing SEs’ innovative products/services through online communities can address market development challenge of SEs (Barraket et al., 2016).

2.3 Online Value Co-creation in SEs

Organizations need to collaborate with other organizations and their stakeholders to not only build competitive advantages (Romero and Molina, 2011) but also to create networks and partnerships which allow them to access new resources, revenue streams and knowledge as well as reducing their risk (Hynes, 2009, Romero and Molina, 2011). The interactions between actors in these networks and partnerships can lead to value co-creation in different aspects including: “co-produced, co-manufactured, co-developed, co-designed, co-serviced and/or co-processed” (Romero and Molina, 2011). Shaw and Carter (2007) state that it is highly crucial for SEs to be a member of these networks and partnerships to develop their market, access to information of customers, identify opportunities, apply for funding sources and gain local support.

Users in online communities interact and collaborate with other like-minded peers with common interests to achieve different goals (Barrett et al., 2016) such as co-creation and innovation (Füller et al., 2007), health-related purposes (Erfani et al., 2013a), knowledge sharing (Lai and Chen, 2014, Charband and Navimipour, 2016), and prompt diffusion of information (Abedin and Babar, 2018). The value
perception toward co-creation is identified as informational, personal-psychological (e.g., Hedonic, Utilitarian, Financial, Social) and service-related (e.g., Quality, Support) values (Bidar, 2018). Since the emergence of online communities, because they offer numerous cost-effective and multi-way interaction opportunities, they have gained a considerable amount of attention as a valuable source of value co-creation (Nambisan, 2010, Füller et al., 2009). Grover and Kohli (2012) stated that Information Technology (IT) can help organizations co-create new value through knowledge sharing, increasing transparency, identifying and integrating resources or capabilities as well as reducing transaction costs that either organization is not able to do so on its own. This value co-creation for SEs usually happens on resource-based networks (Füller et al., 2007) that can be facilitated by online communities (Luisa and Magdalena, 2017). According to Luisa and Magdalena (2017), SEs are willing to use online communities and networks to access to different information namely: best practices, available opportunities, marketing, avoiding repetition and the latest news relating to the sector and other SEs.

2.4 Online Value Co-destruction in SEs

While previous research has emphasized on value co-creation through interactions among actors, it is essential to consider the fact that value might be co-destroyed through relationships between actors (Plé and Chumptitaz Cáceres, 2010). Value co-destruction has been defined as an interactional process between actors that causes a decline in at least one of the actors’ well-being (tangible or intangible) (Plé and Chumptitaz Cáceres, 2010, Järvi et al., 2018). According to Vafeas et al. (2016), value co-destruction can be rooted in resource deficiencies and resource intentional or unintentional misuse by involved actors, separately or jointly. While information and knowledge exchange in online communities can lead to value co-creation, value co-destruction can emerge when the integration of resources such as information (Vafeas et al., 2016), knowledge (Robertson et al., 2014) and skills (Zhang et al., 2018) are not achieved in online communities. Unsuccessful integration of resources in online interactions can be caused by different factors such as absence of trust (Vafeas et al., 2016, Järvi et al., 2018), insufficient communication (Vafeas et al., 2016, Bidar, 2018), lack of transparency (Frau et al., 2018) and low quality information (Frau et al., 2018, Robertson et al., 2014, Erfani et al., 2013b, 2006, Bidar, 2018) to name a few.

In line with calls for further research on value co-destruction in different industries and business models (Prior and Marcos-Cuevas, 2016, Echeverri and Skålén, 2011) as well as in different online platforms (Frau et al., 2018), we aim to study value co-destruction concept in the context of SE through using online communities.

3 Conceptualizing Online Value Co-creation and Co-destruction in Social Enterprise Context

In the entrepreneurship literature, SEs and their ecosystem have been theorized complex and unique (Wry and York, 2017) which can result in a need for generating new theories or extending existing theories (Haugh, 2012, Dacin et al., 2010) to apply to SE context. To contribute to this need, we aim to apply and extend current theories to SE context. Therefore, we developed an initial conceptual framework (figure 1) based on Social Exchange Theory. Social Exchange Theory (SET) was applied to understand the process through which actors participate in online value co-creation and co-destruction (Grissemann and Stokburger-Sauer, 2012). According to SET, the interactions between actors are formed by a cost-benefit analysis (Emerson, 1976). SET explains that actors engage in value co-creation process only if the perceived benefits of participation are equal or outweigh the perceived costs (Grissemann and Stokburger-Sauer, 2012, Kankanhalli et al., 2005). Although previous studies have applied SET to study online value co-creation behaviors of users in online communities (Chou et al., 2016, Füller, 2010, Hemetsberger, 2002, Fuller et al., 2004), scant research is available on understanding online value co-creation behaviors of the users in social enterprise context. Moreover, less attention has been paid to online value co-destruction behaviors in different contexts which needs to be taken into account by researchers in this field of study.
In addition, we apply Service-Dominant (S-D) Logic lens in social enterprise context to demonstrate that value is co-created through the integration of resources and interaction among multiple actors (Vargo and Lusch, 2004). However, Plé and Chumpitaz Cáceres (2010) criticize the “optimistic” view of S-D logic and argue that value might be co-destroyed through lack of resource integration in relationships among actors. We based the theoretical foundation of our study on SET because we aim to understand online value co-creation and co-destruction behaviors of stakeholders in the ecosystem of SEs. Moreover, previous researchers have employed SET in information systems (Gefen and Keil, 1998), marketing in business-to-business relational exchange (Lambe et al., 2001), information sharing (Hall et al., 2010), risk reduction (Molm et al., 2000) and knowledge sharing (Yan et al., 2016) which are the major identified outcomes in social enterprise sector in our initial conceptual framework.

According to previous research, the most important resources for the co-creation of value through interactions between actors are knowledge, information, and skills (Lusch et al., 2007, Vargo and Lusch, 2004) which can also be co-destructed during interactions (Echeverri and Skålén, 2011). In the following initial conceptual framework, we illustrate that based on SET cost-benefit analysis, SEs and other stakeholders interacting in online communities expect to achieve values in return for the resources they offer to the online community. In this study, there are two different types of benefits and costs for stakeholders. In the first type, the positive impacts of value co-creation on the challenges that SEs are facing and adverse impacts of value co-destruction on the challenges are considered as benefits and costs of participating in online interactions respectively. In the second type, the outcomes of online value co-creation and value co-destruction can be considered as benefits and costs respectively. We seek to understand if stakeholders in the ecosystem of SEs expect to experience the benefits of engagement in online communities such as information and knowledge sharing, they are likely to participate in online communities, however, if they expect to face negative outcomes like failure to share resources, they will not interact through online communities. We demonstrate that there are some factors (Influencers) which have influence on the behaviors of stakeholders in online communities that can lead to value co-creation or co-destruction including trust, clear expectations, transparency and quality of information (Vafeas et al., 2016, Frau et al., 2018, Järvi et al., 2018, Robertson et al., 2014). These environmental factors influence the formation of value or destruction of value (Bidar et al., 2016) and will lead to the outcome of the SEs` participation in online communities. The proposed framework can be used as a foundation and a research guideline for future research emerging from online communities and SE context in different ways. To begin with, the framework focuses on both online value co-creation and co-destruction behaviors (positive and negative behaviors of stakeholders) based on social exchange theory in the context of SEs. It is important to note that one of the objectives of this research in progress paper is to develop an initial conceptual framework representing how online value co-creation and co-destruction through online communities in the ecosystem of SEs can impact the challenges of SEs. The framework can also be used as the basis for the development of a scale for the validation of the use of online communities by SEs and can be incorporated into the assessment and development of the actual social business models.

Subsequently, we identified four types of relationships in the following conceptual framework between (i) influencers and outcomes, (ii) influencers and behaviors, (iii) behaviors and outcomes and (iv) the consequences of interactions between stakeholders through online communities and SEs` challenges. These relationships will form the research questions for our future work including 1. “What is the relationship between influencers and outcomes?” 2. “What is the relationship between influencers and behaviors?” 3. “What is the relationship between behaviors and outcomes?”; and 4. “What is the relationship between outcomes of interactions between stakeholders through online communities and challenges of SEs?” Another critical point to be considered is to understand the nature of these relationships, whether they are one-way or two-way.
Discussion, Contributions and Future Research

SEs, as organizations with limited resources (Bridgstock et al., 2010), need to interact with their stakeholders to co-create value (Romero and Molina, 2011). This can lead to generating new knowledge and accessing new resources as well as new markets (Hynes, 2009). Online communities as a tool for supporting value co-creation (Füller, 2010, Nambisan, 2010, Nambisan, 2009) can facilitate the interactions between SEs and their stakeholders. It is crucial for SEs to build a network and interact with their stakeholders because each stakeholder has their own unique knowledge, skills, capabilities, and resources which are essential and useful in value co-creation process (Kazadi et al., 2016). However, it is also important to take value co-destruction into account when SEs interact with their stakeholders through online communities.

This research in progress paper is one of the first studies that contributes to theoretical knowledge by extending value co-creation and co-destruction concepts to SE context and also by providing guidelines for both research and practice on how SEs can deal with their challenges by using online communities as the facilitator of value co-creation. We specifically seek to address the need to consider value co-destruction in different contexts and environments provided by (Plé, 2017, Plé and Chumpitaz Cáceres, 2010, Vartiainen and Tuunanen, 2016). We present an initial conceptual framework representing the

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Figure 1. An initial Conceptual Framework for Online Value Co-Creation and Co-destruction in Social Enterprises.
key constructs involved in the interactions between SEs and their stakeholders through online communities in the ecosystem of SEs and the relationships between these constructs. The practical implication of this study is identifying the values that SEs can be obtained by participating in the online value co-creation process and the challenges that SEs are facing in their ecosystem. The proposed initial conceptual framework will be the basis of future studies where it will be extended to depict the relationship between online value co-creation and co-destruction behaviors, influencers, and outcomes as well as the relationship between the consequences of interactions between stakeholders through online communities and the challenges of SEs. Furthermore, the outcome of future studies can be applied as the basis of creating an online community as an information system to enable and support SEs interaction with each other and their stakeholders to co-create value. This can contribute to improving the performance of SEs in their operations by enhancing the collaboration of SEs and resource integration among them through online communities. In addition, this study contributes to the body of knowledge by extending social exchange theory to SE context to understand online value co-creation and co-destruction behaviors of stakeholders in the ecosystem of SEs.

This research in progress paper has three limitations that will be addressed in future works. First, we did not conduct an empirical study to validate the presented conceptual framework. Second, the provided list of the challenges, outcomes of value co-creation and co-destruction as well as influencers may not be comprehensive and can be further developed during future empirical studies. Third, regarding our third research question “what challenges do SEs face in their ecosystem that can be addressed through online value co-creation?” we could only cover a limited list of challenges that SEs are facing, however, for our future research, an extended list of challenges in addition to an in-depth and validated understanding of the impact of online value co-creation and co-destruction on the challenges of SEs is needed through an empirical investigation.

As the next steps, we firstly plan to conduct a case study in the ecosystem of SEs to validate the proposed initial conceptual framework by investigating the four research questions that we mentioned for our future studies (refer to section 3, page 6). Secondly, we seek to explore whether the identified relationships in the initial conceptual framework are one way or two way in nature. Moreover, we aim to extend the provided lists for the challenges, outcomes of value co-creation and co-destruction as well as influencers. Furthermore, we plan to extend the proposed initial conceptual framework to include stakeholders’ perspectives to investigate how each stakeholder in the ecosystem of SEs can both benefit other stakeholders and be benefited through participation in online communities in the ecosystem of SEs. To do so, we will use stakeholder theory as a fundamental theory that enables organizations to define, identify and categorize their stakeholders (Fassin, 2009, Laplume et al., 2008) and helps them understand how managers of a firm behave with stakeholders (Phillips, 2003). Interview will be used as a method for data collection as little is known about the impact of online communities on SEs’ operation, and also views, ideas, and experiences of stakeholders can be investigated in a specific social enterprise (Gill et al., 2008). In addition, we will carry out a focus group study since it not only enables participants from different groups of stakeholders to share their ideas, opinions, experiences, and knowledge in multi-way and face-to-face communications, but it also helps us validate the findings through the interviews (Krueger, 2014, Nili et al., 2017). The participants in the interviews and focus group will include the stakeholders of the SEs that interact with SEs who form the online communities in this context (refer to section 2.1).

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