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***A discursive view of value co-destruction:  
The dieselgate case***

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# Introduction

Although business and marketing studies have mainly adopted a normative view on how firms should conduct businesses and what represents value for customers, the business history provides several examples of negative firms' behaviours that often have become worldwide scandals, impacting not only on customers and firms themselves, but on the society as whole.

Nowadays, the complexity of relationships in business contexts has resulted in great attention to the large variety of ways in which actors interact with each other (e.g., Håkansson and Ford, 2002) and the outcomes of these interactions (e.g., Vargo et al., 2008).

The value creation based on the interaction is a core topic of the marketing discipline, in particular of Service-Dominant (S-D) logic – the new marketing perspective that marked the transition from a product-centred view to a service-centred view of markets, from which service becomes the fundamental basis of exchanges (Vargo and Lusch, 2004; 2008a). Service can be defined as “the application of specialized competences (operant resources – knowledge and skills) through deeds, processes, and performance for the benefit of another entity or the entity itself” (Vargo and Lusch, 2008c).

S-D logic has prompted the conceptual shift from value as embedded in firms' offerings to value as the phenomenological outcome of an experience created collaboratively by different actors within the service ecosystem (Lusch and Vargo, 2014). Value is co-created through resource integration by different service systems, that implies a process where service is exchanged for service in a mutually beneficial way (Vargo and Lusch, 2008a).

However, the definition of service, the foundational premises, and, in general, the lexicon utilized by S-D logic studies reveal an overoptimistic view of these processes (Plé and Chumpitaz Cáceres, 2010). The implicit assumption is that the interaction among actors results in value co-creation, thus most of the S-D logic studies fails to consider the potential negative elements and outcomes that may

emerge. Indeed, as noted by Echeverri and Skålén (2011), value co-destruction and value co-creation are both integral dimensions of the interaction.

Plé and Chumpitaz Cáceres (2010) provided a foundational work for understanding value processes overall, by distinguishing value co-creation from the its opposite: i.e. value co-destruction.

In line with the conceptual framework of S-D logic, they defined value co-destruction as “an interactional process between service systems that results in a decline in at least one of the systems’ well-being” (p. 431). What distinguishes the value co-destruction from service failures and their related studies is the focus on the collaborative process among actors rather than the service delivery of the supplier, that implies a one-way process through which the product is provided by supplier to the customer (Plè, 2016).

Although Lefebvre and Plè (2011) extended the early definition of value co-destruction by taking into account the focal firm and its network, a lack of consideration of the whole service ecosystem in which processes take place is detected.

A deeper understanding of the negative phenomena that may shake the service ecosystem is very important as they may increase dissatisfaction, conduce to the lack of coordination and cooperation. Hence, analyzing how value might be co-destroyed is relevant, in such a way that it can be identified, analyzed and repaired.

However, little research has addressed the topic of value co-destruction from S-D logic perspective and the notion remains still unclear.

To explore the value co-destruction concept and address calls for research in this area (e.g., Echeverri and Skålén, 2011), the study is organized as follows.

The first chapter outlines the theory gaps and the research questions, and then describes the research process through which the research has addressed them, consisting of the paradigmatic position of the research and the methodology adopted, the choice of the research approach and the process of data collection and data analysis. Then, the research context is presented.

The second chapter first proposes a literature review of the value co-creation process and its main dimensions, running from the origins of the concept and

then analyzing it from the Service-Dominant logic perspective. Second, the chapter analyze the S-D logic literature on the dark-side of co-creation, namely the value co-destruction, by providing an overview of the state of art of research about this topic.

The chapter three offers a literature review on the main negative relational constructs appear in the previous literature on business-to-business and business-to-consumer studies, focusing on opportunism, conflict, power, information asymmetry, institutionalized creativity, the dark side of Customer Relationship Management (CRM) activities, perceived unfairness, and consumer misbehaviours.

The last chapter of the thesis (chapter four) illustrates the findings of this research and their discussion. The study finally discusses the main theoretical contributions and the managerial implications; then, limitations and suggestions for further research are outlined.



# CHAPTER 1 – METHODOLOGY AND RESEARCH CONTEXT

## **1.1 - Theory gaps and research aim**

As it occurred in the co-creation debate (e.g., Vargo and Lusch, 2010; Lusch and Vargo, 2014), the literature on the dark side of the value processes needs to be addressed from a broader perspective, as advocated by Lefebvre and Plé (2011) that suggested for a more long-term dynamic analysis of the value co-destruction process with a focus on the whole network of actors involved in these dynamics. Most of the studies on value co-destruction or value diminution (Vafeas et al., 2016) focused on the dyadic relationships, especially those between the firm and its customers (e.g., Echeverri and Skålén, 2011; Plé, 2016). However, adopting an ecosystem approach allows to address different interactions take place and the domino effects that may occur in the service ecosystem as whole (Lusch and Vargo, 2014).

By addressing calls for research in these areas of Lusch and Vargo (2014) and Vargo and Lusch (2016a), Prior and Marco-Cuevas' (2016) study represents the first work performed at the service ecosystem level. At the actor-to actor level, scholars contribute to describe how actors' perceptions shape the value co-destruction; from the service ecosystem perspective, they suggest that the "[n]ormalizing process failures lead to value co-destruction through the misalignment of actor requirements and actor activities" (p. 545). They explore these failures, in fact, by explaining value co-destruction only in terms of the normalizing process, failing to consider the integrating and representing practices that - at the same time - shape a service ecosystem (Lusch and Vargo, 2014).

The research question based on the identified gap can be articulated as follows:

RQ1: How the dark-side of co-creation process can be unpacked?

Thus, with the aim to address the first research question (RQ1), the research analyzed the literature on the dark side from a B2B and a B2C perspective, by exploring the main negative constructs affecting relationships (e.g., Das and Rahman, 2010; Kang and Jindal, 2015).

Addressing the first research question allows to identify the main elements that shape the negative processes of relationships. Actors in an actor-to-actor network co-create in a mutual benefit way by developing a set of practices – categorized as representational, normalizing and integrative practices (Lusch and Vargo, 2014); the analysis of practices allow a deeper understanding of “how value is co-created and, more broadly, how markets are co-created through practices” (p. 137). However, the dark side of the market practices is still unexplored and the study address this gap through the research question two (RQ2).

The additional step of the research, in fact, was to answer the emerging second research question:

RQ2: How the dark-side of co-creation affects on the market practices?

Finally, the research addresses the third research question (RQ3), by analyzing the co-destruction process at the service ecosystem level.

RQ3: How the dark-side of market practices shapes the value co-destruction in service ecosystem?

The next sections explain the way in which the research was conducted.

## **1.2 - Research process**

One of the most important decisions of a research project is related to the methodology through which answer to research questions. However, in the choice of the most useful methodology, I taken into account the suggestions of Mackenzie and Knipe (2006) that argue that “[w]ithout nominating a paradigm as the first step, there is no basis for subsequent choices regarding methodology” (p. 194). The paradigmatic basis and methodology are closely interlinked and allow to delineate the research study.

### ***1.2.1 - The paradigmatic position of the research***

A paradigm is a bundle of assumptions that “represents a worldview that defines, for its holder, the nature of the “world”, the individual’s place in it, and the range of possible relationships to that world and its parts” (Guba and Lincoln, 1994; p. 170). A paradigm guides the research not only in terms of the choice of methods but legitimize the way in which a research is carried out, by providing direction for designing all stages of a research study (Creswell et al., 2003).

The social science has developed different paradigms for understanding social behaviours; the four dominant social research paradigms are positivism, post-positivism, pragmatism and constructivism - each of them characterized by a specific set of assumptions and different ontological and epistemological positions. Paradigms, in fact, delineate the nature of inquiries, focusing on ontology, epistemology and methodology (Durrheim, 2006).

This research is situated within the social constructivism paradigm.

What is constructionism? [...] What could be wrong with give a broad characterisation, offering a compact definition, and then going on to describe constructionism in detail? The problem is that this would be a profoundly anticonstructionist approach to this question (Potter, 1996; p. 2)

Social constructionism (Berger and Luckmann, 1966; Gergen, 1989) has its roots in sociology and in part in the interpretivist approach to thinking. However, while the interpretivism aims to understand the meaning of social phenomena (Andrews,

2012), constructivism considers the reality created rather than discovered (Schwandt, 2003).

The term constructivism and social constructionism often have been utilized interchangeably (e.g., Charmaz, 2000); however, as outlined by Phillips et al. (2006), "[t]he term constructivism, with roots in developmental psychology (Piaget, 1954), describes an epistemological perspective that emphasizes the notion of people as active constructors, rather than passive receptors, of knowledge: "reality" from a constructivist perspective is constructed in people's minds. Social constructionism builds on these ideas but emphasizes the social nature of reality - it is not constructed in people's minds but in their social interaction, and especially in their linguistic interaction because of the enduring traces that this form of interaction is particularly capable of producing" (p. 480).

The "social construction of reality" concept (Berger and Luckmann, 1966) sheds light on the processes in which people are engaged to negotiate understandings and create meanings and represents a useful approach widely adopted in the business and management studies.

Constructivism connects action to praxis (Denzin and Lincoln, 2011); likewise, social constructivism offers a paradigm that recognized the role of communication in transformation and sustainable change, because it represents a means of constituting reality rather than a way of its representing (Foster and Bochner, 2008). Social constructivism, in fact, focuses on interactions among actors and how they use language to construct their reality. The construction regards a subjective reality that is, however, "comprised of concepts that can be shared unproblematically with others" (Andrews, 2012; p. 41).

This implies the existence of shared meanings that simplify the understandings of the everyday conversation.

According to Guba (1990), the Constructionism paradigm is consistent with relativist ontology, subjectivist epistemology, and hermeneutic methodology – as shown in the Table 1.1

Table: 1.1 – The constructionism paradigm

<b>CONSTRUCTIONISM</b>	
<b>ONTOLOGY</b>	Relativist – realities exists in the form of multiple mental constructions, socially and experientially based, local and specific, dependent for their form and content on the persons who hold them.
<b>EPISTEMOLOGY</b>	Subjectivist – inquirer and inquired into are fused into a single (monistic) entity. Findings are literally the creation of the process of interaction between the two.
<b>METHODOLOGY</b>	Hermeneutic, dialectic – individual constructions are elicited and refined hermeneutically, and compared and contrasted dialectically, with the aim of generating one (or a few) constructions on which there is substantial consensus.

Source: Author’s elaboration from Guba (1990)

This paradigm assumes that “a researcher in social research should not simply collect facts and information to calculate frequencies and patterns, but should go beyond that to value meanings and constructions to make sense of what people convey about their experiences” (Refai et al., 2015; p. 319).

### ***1.2.2 - Discourse analysis***

Many of the empirical studies in S-D logic adopted a qualitative methodology that generally partners with the social constructionism approach. Qualitative research allows the exploration of complex phenomena and the discovering of relevant variables that could not have been predicted at the beginning of the study (Denzin

and Lincoln, 2005). Hence, qualitative methodology is well-established in the field of marketing and business studies.

Discourse analysis, in particular, represents a useful theoretical framework and a practical methodological approach for exploring the social production of organizational and interorganizational phenomena (e.g., Alvesson and Kärreman 2000; Hardy, 2001; Phillips and Hardy, 2002). It has been defined as “an increasingly popular method for examining the linguistic elements in the construction of social phenomena... [and] has been increasingly adopted by organization and management scholars” (Vaara et al., 2004, p. 3).

However, as noted by Phillips and Hardy (2002), Discourse Analysis represents a methodology - rather than just a method – that implies a strong social constructivist view of the social world (Gergen, 1999) and a set of metatheoretical and theoretical assumptions related to the constructive effects of language (Wood and Kroger, 2000).

With a broader aim than other qualitative methodologies, Discourse Analysis works not only for understanding the social world and discovering the reality behind the discourse but also for disclosing the way in which social reality is produced. What a discourse analyst should do is “to work with what has actually been said or written, exploring patterns in and across the statements and identifying the social consequences of different discursive representations of reality” (Jørgensen and Phillips, 2002, p. 21).

Despite different approaches to this methodology exist, they converge with respect to their views of the crucial role of language in the constitution of social reality as “[t]he linguistic turn suggests discourses produce and mediate organizational and social phenomena” (Leclercq-Vandelannoitte, 2011, p. 1247). Discourse analysis, in fact, is grounded in a social constructionist epistemology in which language plays a relevant role.

The main premises of social constructionism have their roots in post-structuralist theory and its main assumptions according to which discourse constructs social reality in meaning and a struggle between discourses – each of them expressing a particular way of understanding the social world - is fighting to achieve the hegemony of a discourse on another (Jørgensen and Phillips, 2002).

The hegemony represents a sort of stabilization as it implies a form of “organization of consent” (Barrett, 1991; p. 54)

Traditionally, language has been considered a tool to favour communication about pre-existing objects. Reality exists and it is independent from the language by which it can be communicated. This view was shared especially with the development of logical positivism (in the 1920s and 1930s), but in the sixties was challenged by structuralism, that emphasizes the role of language in social construction (Phillips and Oswick, 2012).

Discourse analysis is characterized by a focus on the relationship among text, discourse, and context; discourse is embedded in a specific context that makes it meaningful (Phillips and Hardy, 2002).

Discourse can be define as “a structured collection of texts (Parker, 1992) along with associated practices of textual production, transmission, and reception” (Phillips and Oswick, 2012; p. 436); it is embodied in a variety of texts, however it goes beyond any individual text from which it is formed (Phillips et al., 2004).

Discourse, in fact, is a set of representations, meanings and statements which only together realize a particular version of the social world (Berglund and Johnson, 2007).

Hence, discourse analysts adopt a broad theoretical concept of discourse; they conceive it as use of language but take into account “who use language, how, why and when” (van Dijk, 1997; p. 3).

From this perspective, Discourse Analysis involves collecting interrelated texts, analyzing the way in which they are linked each other and the social context in which they occur (Phillips et al., 2004). Texts can take different forms such as written text, spoken words, pictures and any other interpretable artefact (Grant et al., 1998).

According to Gill (2000), discourse analysis is not as a replacement for more traditional form of analysis - such as content analysis - as conducting a discourse analysis implies an epistemological shift.

“Faced with a transcript of a discussion among vegetarians, for example, the discourse analyst would not seek to discover from this why the people involved gave up eating meat and fish, but instead might be interested in analysing how the

decision to become vegetarian is warranted by the speakers, or how they orient to potential criticism, or how they establish a positive self-identity” (Gill, 2000; p. 177).

Adopting these epistemological assumptions, the discourse analyst is interested “on discourse as the vehicle through which the self and the world are articulated, and on the way different discourses enable different versions of selves and reality to be built” (Tuominen et al., 2002; p. 273).

Bryman and Bell (2003) identified some of the most important characteristics of Discourse Analysis, than can be summarized as following:

- ‘reading the details’ – crucial in discourse analytic studies as they are part of the accomplishment of some act or are related to the outcome of the interaction (Wooffitt, 1990);
- ‘looking for rhetorical details’ - that represents a researcher’s mental orientation rather than the basis for any certain procedure;
- ‘looking for accountability’ – as it can be considered a dimension of any stretch of discourse.

Some of these characteristics are related to texts while others concern the researcher’s skills; however, they are often overlapping issues (Potter and Wetherell, 1992).

Discourse is a very popular word that can assume different meanings both in the current language and in discourse analysis field; this prompted the adoption of a great variety of approaches to discourse analysis that have been categorized in several ways – with remarkable areas of overlapping between them (Fitchett and Caruana, 2015).

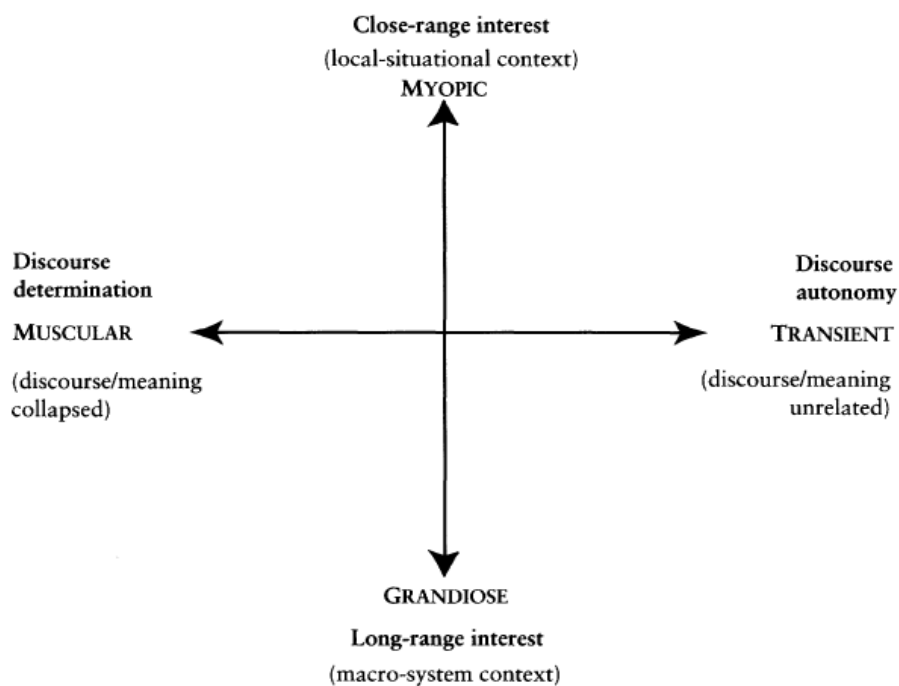
As opposite to the broad debate around the meaning of discourse in Discourse Analysis, Schiffrin (1994) identified two main approaches; the first – the formalist or structuralist approach - conceives discourse as a particular unit of language and focuses on the form which language take. The second – the functionalistic approach – analyzes discourse as language in use by taking into account also its purposes or functions (Brown and Yule, 1983); from this perspective, discourse analysis considers what people do with the language.



As noted by Phillips and Oswick (2012), a very common approach in the literature to categorization of discourse analysis is level-based (e.g., Johnstone, 2008); it distinguishes different level of analysis ranging from micro interactions to macro-level and grand narratives. Adopting a level-based approach, Potter and Wetherell (1987) identified four types of Discourse analysis: the micro-discourse approach, the meso-discourse approach; the grand discourse approach; the mega-discourse approach.

Likewise, Alvesson and Kärreman (2000) classified organizational discourse research according two main dimensions. The first - related to different conception of discourse and meaning – by differentiating organizational discourse studies that consider discourse as evidence of social and organizational phenomena from studies that view discourse as an only partial manifestation of such phenomena; the second dimension concerns the formative range of discourse, leading to a distinction between studies adopting a discourse’s conceptualization as highly local and context-based phenomenon and studies that conceive it as a wider way of structuring the social reality. From these two dimensions the matrix represented in Figure 1.1 results.

Figure 1.1 - Two core dimensions in discourse studies



Source: Alvesson and Kärreman (2000)

Another kind of categorization of discourse analysis is based on the different methods utilized; as argued by Grant and colleagues (2004), this great variety can be “attributed to its theoretical and disciplinary antecedents emanating from the broader domain of discourse analysis: discourse analysis is informed by a variety of sociological, socio-psychological, anthropological linguistic philosophical, communications and literary-based studies” (p. 1).

According to Phillips and Oswick (2012) the separation of the two kinds of categorization cited above (level- and method-based) is misleading because they are inextricably intertwined. The authors proposed a summary of levels of discursive analysis, each of them characterized by a dominant methodological approach – as depicted in Table 1.2

Table 1.2 - Summary of Levels of Discursive Analysis

<b>Level of discursive analysis</b>	<b>Dominant methodological approach</b>	<b>Primary discursive focus</b>
<b>Micro-level</b>	Conversation analysis	Analysis of real-time interaction
<b>Meso-level</b>	Narrative analysis	Interpretation of stakeholder accounts
<b>Macro-level</b>	Foucauldian discourse analysis	Study of discursive formations
<b>Multi-level</b>	Critical Discourse Analysis	Connecting local texts and wider social practices

Source: Author’s elaboration from Phillips and Oswick (2012)

Foucauldian discourse analysis has represented the dominant approach in management studies because of the strong social constructionist approach adopted in much of them. However, all approaches have roots in Foucault's work even if reject some parts of his theory (Jørgensen and Phillips, 2002).

According to Foucault (1972), discourse consists of "a limited number of statements for which a group of conditions of existence can be defined" (p. 117).

The basic assumption is that, although an infinite number of ways to make statements are available, the statements formulated within a certain domain of knowledge are limited; they are repetitive and delineate what is true and what is false (Jørgensen and Phillips, 2002).

Foucault's study has been traditionally distinguished in the archaeological stage and in the genealogical period. In the first stage, Foucault considered truth as the production and the diffusion of a set of statements within discrete systems of discourse; in line with this assumption, the researcher should analyze the discursive processes through which discourses are constructed (Burrell, 1988). In his second period, the genealogical phase, the author focused on the issue of power, which has been understood from the point of view of genealogy. Truth, in this case, is produced by systems of power and the researcher should be focused on how effects of truth are constructed in discourses (Jørgensen and Phillips, 2002).

As regards the style of discourse analysis studies, two main types can be distinguished: studies more focused on the detailed procedures through which reality's versions are constructed and works that instead focus on the resources that are utilized to construct discourse and enable the performance of specific actions. These latter share several characteristics with the Foucaultian analysis as they attempt to delineate "interpretative repertoires" which are used to support certain social practices (Potter et al., 1990; Potter and Wetherell, 1994).

Some criticisms have been done, related to the much attention by discourse analysts to style of discourse and the less emphasis on the content; however, as noted by Fairclough (1992), "contents are always necessarily realised in forms, and

different contents entail different forms” (p. 194); thus, style of discourse is part of content and vice versa (Wood and Kroger, 2000).

### ***1.2.3 - The research approach: the interpretative repertoires***

Following business and marketing studies that recognized the concept of the socio-cognitive constructions of the reality (e.g., Edvardsson et al., 2011; Storbacka and Nenonen, 2011), I adopted the methodological approach proposed by Ellis and Hopkinson (2010,) that use discourse analysis to explore the sense-making through which actors construct their reality.

This approach is embedded in the constitutive orientation to Discourse analysis (Fitchett and Caruana, 2015), in which discourse can be useful to provide the researcher with evidence of actions, intentions and interpretations (Hendry, 2000) and allows to unpack actors sense-making, by explicating thought processes of service ecosystem participants (Ellis and Rod, 2014).

Drawing upon discursive psychology, the research utilizes the concept of interpretative repertoire, defined as a cluster of terms frequently used by actors as building blocks of conversations (Gilbert and Mulkay, 1984; Potter and Wetherell, 1987) that “enable evaluative micro discursive constructions about the behaviors of the self and others” (Ellis et al., 2012; p. 405).

Interpretative repertoires are both practical and ideological resources, as they are linked to historical and cultural context in which arise (Wetherell, 1998). However, individuals can use understandings and meanings flexibility in order to create, reproduce or redefine a certain interpretative repertoire (Boréus and Bergström, 2017).

Frequently, these terms come from key metaphors; likewise, tropes and figures of speech can signal the presence of repertoires (Potter and Wetherell, 1988).

The idea of a repertoire, analogous to the repertoire of moves of a ballet dancer, say, encompasses the way that different moves (terms, tropes, metaphors) from the

repertoire may be invoked according to their suitability to an immediate context (Potter et al., 1990; p. 212).

They can be usefully thought of as books on the shelves of a public library, permanently available for borrowing. [...] [Repertoires] are like the pre-figured steps that can be flexibly and creatively strung together in the improvisation of a dance (Wetherell et al., 2001; p. 198).

Potter and Wetherell (1987) noted that conceiving discourse as construction highlights three characteristics of this approach. First, discourse is made by systems of terms, metaphors and commonplaces from which a specific phenomenon can be constructed (Potter et al., 1990). Second, the construction of a phenomenon implies the choice from different possibilities, thus the same phenomenon can be described in a multiplicity of different ways. Third, as related to the previous two characteristics, discourse analysis considers the world constructed rather than something of pre-existing (Gill, 2000). Language is constitutive of social practices which in turn have implications for social and power relationships (Gee, 2005).

As noted by Wetherell and Potter (1992), discourses may affect power relations in terms of establishing or supporting them, thus revealing an important consideration of the ideological effects that use of different interpretative repertoires may have.

In a broader perspective, I followed the suggestions of Potter et al. (1990), who argued that “the identification and analysis of interpretative repertoires is just one part of a larger analysis of discourse that includes, but is not bound by, analysis of discourse” (p. 213).

Furthermore, language changes with the actions performed, thus the variability (Cowan and McLeod, 2004) can be used to explore how actors employ different discursive constructions to accomplish different social actions (Onwuegbuzie et al., 2009).

#### **1.2.4 - Data collection and data analysis**

The empirical research relies on an exploratory case study (Eisenhardt, 1989; Miles and Huberman, 1994) characterized by the fact that the “fieldwork and data collection are undertaken prior of the final destination of study questions or specific methodological procedures” (Yin, 2012; p. 29). Case study allows a deeper understanding of a complex social phenomenon and its dynamics within its real-life context (Yin, 2003).

The case study presents a qualitative exploration of the value co-destruction process within a service ecosystem, considering the social constructions of different actors involved. The case is related to the emission scandal that in September 2015 has first involved the German Volkswagen, one of the largest automakers in the world, and then other actors within the service ecosystem.

The research utilizes texts collected in different ways. Following Kozinets’ (2002) suggestions, a set of secondary data has been collected. In particular, I have performed the Google and Yahoo searches using terms as “dieselgate”, “emissions scandal” and “Volkswagen” to gather data such as news on the affair and public statements of the main actors involved in the scandal; to appreciate the larger discursive “dieselgate” ecosystem (in line with some business studies as e.g., Vallaster and von Wallpach, 2013), the research considered available texts produced by the Volkswagen company, dealers, suppliers, government agencies, authorities, competitors in the diesel industry, environmentalists and environmental organizations.

Additionally, I analyzed consumers’ comments and posts related to the case on blogs and social network (such as Facebook and Twitter) and the Official Websites of the Volkswagen company and the governmental agencies – the CARB (California Air Resource Board) and EPA (Environmental Protection Agency) – looking for public actors’ statements and news on the affair (Elliott, 1996).

When the public statements were made by video – like those available on the official Youtube channel of the Volkswagen Group - I have transcribed the statements, following the suggestion of Potter (1996). This implied a deeper engagement with the material that allowed to make analytic notes in parallel to the transcription and to obtain some of the most relevant insights.

As primary source of data, from November 2015 to December 2016, I conducted 56 written online interviews to Volkswagen consumers in order to overcome time, financial and geographical constraints which often affect onsite interviews (Janghorban et al., 2014). Participants recruitment was achieved through social networking sites (Facebook and Twitter), while the interviews were done through Messenger, a tool of Facebook that permits the chat conversations. The interviews are unstructured, based on few issues to encourage respondents to talk around the case (Rowley, 2012) and to gain insights of the used language and the main themes addressed.

The data triangulation contributed to increase data reliability and validity (Yin, 1994) and allowed to “the development of converging lines of inquiry (Yin, 2003; p. 98).

As regards the sampling, qualitative research suggests different criteria with respect to quantitative sampling, because the aim is not to count people, opinions or utilized words but explore the different aspects and representations of a phenomenon (Gaskell, 2000).

The method sampling I adopted is related to the concept of saturation, that indicates that depth and breadth of information is achieved (Bowen, 2008). However, as noted by Strauss and Corbin (1998), saturation concerns “with reaching the point where it becomes ‘counter-productive’ and that ‘the new’ which is discovered does not necessarily add anything to the overall story, model, theory or framework” (p. 136).

Data have been collected as part of an on-going study since the September 2015 – when the Volkswagen scandal emerged – since January 2016, taking into account data related to the other automakers that have been involved in the scandal during this period.

Moreover, after a first phase of collecting data, a preliminary data analysis was conducted, to favour the achievement of saturation and guide the further data collection to incorporate emerging themes.

In line with the methodological choices, the texts analyzed have not been produced specifically to answer to research questions, but they emerge as form of “virtual” meta-discourse around the dieselgate affair.

The research adopted an abductive approach that involves a recursive process of double-fitting data and theories and the use of both inductive and deductive reasoning: “[i]nduction looks for the corroboration of generalizations, patterns, outliers, and salient themes in the data, while deduction suggests a reanalysis of existing data or new data-gathering rounds (Timmermans and Tavory, 2012; p. 180).

Initial analysis was undertaken following a deductive approach; in line with Ellis and Hopkinson’s (2010) work, first I adopted a content analytic approach where the main topics related to the literature on the dark side has been identified.

So, a first step of coding process took place and it led to the identification of seven main repertoire nodes – identified as second order themes. To manage a great amount of data, this stage of research was supported by NVivo 11 – a software for qualitative analysis that allows to carry out pattern searches relatively easily.

Then, my efforts focused on to develop an understanding of the way in which the repertoires were utilized by identifying different discursive forms of any repertoires and who used them, when and with reference to what.

In line with the choice of a double coding process of several studies (e.g., Russo-Spena et al., 2016), the second step of the coding strategy was based on an inductive approach, by taking the close examination of texts collected (Thomas, 2006); the analysis was carried out, in fact, through multiple readings of the collected texts to identify the others dimensions of analysis (Abrahamson, 1983) by capturing the “emic responses” of the service ecosystem actors (Ellis and Hopkinson, 2010).

As suggested by Dubois and Gadde (2002), the analysis has been characterized by a recurrently movement back and forth between theory and data observation and from general to particulars, to “be sensitive to the social constructive nature of discourse” (Sitz, 2008; p. 180). In this way fourteen “child” nodes (identified as first order themes) - each of them related to a specific “parent” node – have been detected.

Although the first research step implied to note the recurrence of terms and expressions within texts produced by different actors, I adopted the underlying assumptions that “the relative frequency of occurrence of each repertoire is not



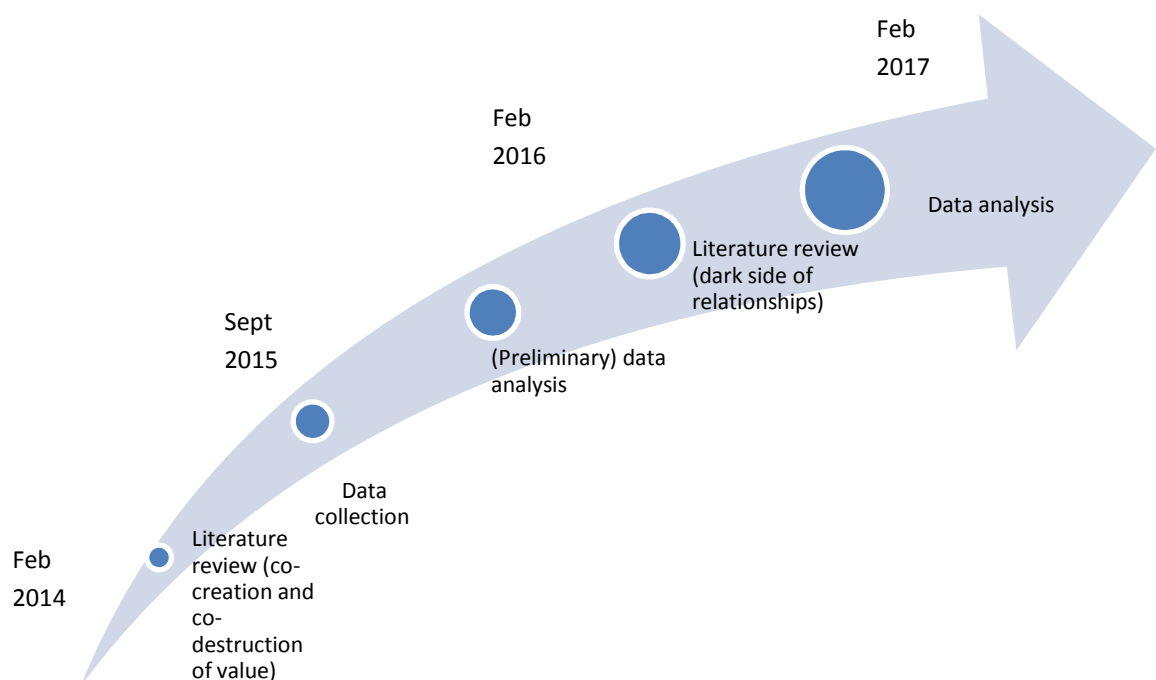
necessarily the most significant issue in DA; rather, it is the strategic use of language by speakers that matters more” (Ellis and Rod, 2014; p. 87). The aim of qualitative discourse analysis, in fact, is not to transform texts into quantitative data rather to gain a deeper understanding of the analyzed phenomenon and the discursive strategies utilized by actors in their talks (Géring, 2015). In this sense, a discourse “promotes particular attitudes and discourages others” (Oswick et al., 1997, p. 6).

As the final result of the coding process, seven parent nodes (second order themes) and fourteen child nodes (first order themes) have been identified.

Furthermore, the research followed the Wood and Kroger’s (2000) approach, to safeguard the reliability and validity, that implies to show “how the interpretations of individual segment of talk, as well as overall claims, are grounded in the data – hence the emphasis on illustrating excerpts of stretches of talk” (Rod et al., 2014; p. 607).

Figure 1.2 chronologically summarizes the timeline of the research<sup>1</sup>.

Fig. 1.2 – Doctoral thesis timeline



<sup>1</sup> The timeline indicates the starting point of each research stage.

### **1.3 - Research context: the case dieselgate**

The news that Volkswagen, one of the successful automobile companies in the world, rigged its diesel engines to falsify emissions tests spread quickly in business world as well as society in 2015, but the case dates back a couple of years earlier. The affair involving the German automaker began in May 2014, when the study on emissions from modern diesel cars, carried out jointly by the International Council on Clean Transportation (ICCT) and the West Virginia University's Centre for Alternative Fuels, was published. Its results were shared with the Environmental Protection Agency (EPA) and the California Air Resources Board (CARB), so prompting these government agencies to start an investigation. The EPA is an agency of the U.S. federal government that was born with the aim to protect human health and the environment. The CARB is a regulatory agency in the government of California, with goals similar to the EPA'S ones. In order to achieve such goals, these clean air agencies develop and enforce regulation and supports companies to understand environmental requirements.

After the first government agencies' admonishments and more than a year of stonewalling by the German company, on the sidelines of an academic conference focused on green transportation - the Asilomar 2015 Biennial Conference on Transportation & Energy – August 2015 - Volkswagen confessed; it has admitted to have installed a defeat software in some of its diesel car models in order to bypass environmental standards in terms of pollutant emissions.

The formal acknowledgment came on 3 September 2015, as reported in the official US government agency website.

*"EPA issued a Notice of Violation of the Clean Air Act to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc. alleging that model year 2009 – 2015 Volkswagen and Audi diesel cars equipped with 2.0 liter engines included software that circumvents EPA emissions standards for nitrogen oxides. This software is a defeat device as defined by the Clean Air Act" - EPA*

[(Source: [www.epa.gov](http://www.epa.gov); date: 3th September 2015)]

The first headlines announcing the affaire started to appear, so contributing to the rapid spread of the story.

At the news of explosion of the scandal, Volkswagen group tried to react. The VW's CEO - Martin Winterkorn - announced that he is to resign leaving to Matthias Muller, the former boss of Porsche.

Furthermore, Volkswagen commissioned a law firm to conduct a probe into how illegal software used to dupe emissions tests could have been installed on its cars. As reported by international newspapers, the German company also suspended a wider number of engineers than previously acknowledged, following a recommendation from the appointee legal department. The suspended employees range from board-level executives to low-level technicians.

In addition to the firm's investigation, the U.S. Justice Department and German prosecutors conducted criminal probes of still-unidentified people on suspicion of fraud in connection with the emissions scandal involving the German automaker.

In December 2015, the German automaker submitted a recall plan to the CARB in order to fix defeat vehicles, but the Board of California rejected it because of its inadequateness.

At the same time, the authorities' investigation involved Bosch GmbH, the world's largest auto supplier, as the supplier of the software installed in diesel engines to circumvent emission standards.

On January 11, 2017, the U.S. Department of Justice proclaimed \$4.3 billion in criminal and civil penalties and arrested six VW's executives declared involved in the scandal.

The achieved agreements resolve Volkswagen's liability under U.S. law, but not addressed the potential Volkswagen's liability under the regulations of any jurisdiction outside the United States ([www.Volkswagen-media-services.com](http://www.Volkswagen-media-services.com)).

In the wake of these events, government agencies have expanded their testing to detect any irregularities in the industry as whole, which in turn were publicized by the media, who spread the suspicion that the German automaker was not the only one to lie. Additionally, the ICCT - the same council which carried out the study that led to the Volkswagen scandal explosion - published a white paper that has shown how other diesel manufacturers systematically exploit inaccuracies and technical tolerances to make their tests' results look better.

Following the Volkswagen's scandal and the expanded tests conducted by the EPA, in April 2016 the Japanese company Mitsubishi admitted to have manipulated emissions test to make fuel consumption rates more favourable, causing negative effects on its market value. Soon after this scandal broke, the Mitsubishi president Aikawa resigned, despite he claimed to be not aware of the company's lies. The scandal has opened the way for another automaker - the Nissan Motor Company - to buy the de facto controlling stake in Mitsubishi, with which already cooperated since 2011.

At the beginning of January 2017, the New York Times has reported the news that FBI has arrested a Volkswagen AG executive on charges of conspiracy to defraud the United States.

The figure below provides the illustration of the Volkswagen's ecosystem, taken into account in the analysis.

Fig. 1.3 – The Volkswagen's ecosystem



Source: Author's elaboration

## CHAPTER 2 – Value co-creation

Summary. The traditional model of value creation focuses on firms' outputs and on the concept of value delivery by the manufacturer/supplier (e.g., Naumann, 1995). According to this view, value is embedded in firms' goods and delivered to customers – the passive recipients of firms' offerings. The firm's value chain represents the core element to understand what is valuable for the customer and how firms can achieve the competitive advantage, by delivering superior customer to its customers (Porter, 1980; 1985). Value is the amount customers are willing to pay for the output that a firm provide them and it "is measured by total revenue [...] A firm is profitable if the value it commands exceeds the costs involved in creating the product" (Porter, 1985; p. 38).

Despite the long tradition, since the early 2000's this perspective has been challenged by the concept of value co-creation (Prahalad and Ramaswamy, 2004a). The focus shifts from the production of outputs to a more participative process in which firms and customers collaborate to create value. The co-created value is intangible and goes beyond the physical characteristics of products, emerging in the sphere of the beneficiary.

### **2.1 - The concept of value in the marketing literature**

Value has been always considered from the marketing literature the core purpose of economic exchanges (e.g., Anderson and Narus, 1999; Woodruff, 1997). Despite the significant attention the topic has received, value "is one of the most overused and misused concepts in social sciences in general and in management literature in particular" (Khalifa, 2004; p. 646).

The traditional approach in marketing disciplines - developed at the beginning of the twentieth century – focuses on transactions and aims to attract customers and make profits (Ravald and Grönroos, 1996; Barile and Polese, 2009). The concept of value proposed by this approach appears as something embedded in an offering and created by the firm through production activities. As noted by

Shostack (1977), “[t]he classical ‘marketing mix’, the seminal literature, and the language of marketing all derive from the manufacture of physical goods” (p. 73). In the literature, value has been conceptualized in several ways, from the firm perspective and from the customer perspective.

More specifically, since the mid of 1980s, scholars have focused on the concept of customer value (e.g., Payne and Holt, 2001) as the ability of the firm to provide value to its customers has been considered the main source of sustainable competitive advantage (Ravald and Grönroos, 1996).

However, the shift of the foundation for marketing – from the transaction to the relation – implied that value for customers is broader than its conceptualization as something embedded in the exchange of a product for money, showing a role of the product more blurred (Grönroos, 1997).

Gummerus (2013) identified different conceptualizations in the literature on customer value - value as benefits/sacrifices (e.g., Zeithaml, 1988), value as means-end (e.g., Woodruff, 1997), and value as an experience outcome (e.g., Holbrook, 1994). Although they share a general agreement that customer value is determined by customers’ perceptions rather than by suppliers’ intentions (Khalifa, 2004), these conceptualizations reflect different perspectives. Some definitions, in fact, seem linked to the value obtained from exchanges while others are based on the value’s conceptualization as something obtained from the consumption (or use) process.

The Table 2.1 presents examples of customer value definition from the Use Perspective (UP) and from Exchange Perspectives (EP).

Table 2.1: Examples of customer value definitions from the Use Perspective (UP) and Exchange Perspective (EP)

CUSTOMER VALUE DEFINITION	PERSPECTIVE
<i>"Customer value is an interactive relativistic, preference experience. Value results from consumers' interaction with the object (product/service/event)" (Holbrook, 1994, p.27)</i>	UP
<i>"Value is not what goes into products or services; it's what customer gets out of them. Customer gets value over period of time, rather than a point of time. Value happens in customer's space" (Vandermerwe, 1996, p. 772)</i>	UP
<i>"By customer value, we mean the emotional bond established between a customer and a producer after the customer has used a salient product or service produced by that supplier and found the product to provide an added value" (Butz and Goodstein, 1996, p. 63)</i>	UP
<i>"Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from the use that facilitate (or block) achieving the customers goals and purposes in use situations" (Woodruff, 1997; p. 142)</i>	UP
<i>"Perceived value is the consumers overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithaml, 1988; p.14)</i>	EP
<i>"Perceived value represents a trade-off between buyers' perceptions of quality and sacrifice and is positive when perceptions of quality are greater than perceptions of sacrifice" (Monroe, 1991, p. 46)</i>	EP
<i>"Customer-perceived value can be defined as the difference between the benefits and the sacrifices (e.g. the total costs, both monetary and non-monetary) perceived by customers, in terms of their expectations, i.e. needs and wants" (Lapierre, 2000; p. 123)</i>	EP

Source: Author's elaboration

Although some definitions link benefits and costs/sacrifices to the usage process (e.g., Eggert and Ulaga, 2002), as recognized in the literature (e.g., Khalifa, 2004), value as a benefits-sacrifices trade off in particular is related mainly to the exchange perspective on value.

To question this view, Vargo and Lusch (2004) recalled Smith's (1776/1904) and Marx (1910)'s contributions, which distinguished between two different and interlinked kinds of value: use value and exchange value.

The traditional view - based on the value-in-exchange meaning of value – is referred to as Goods-Dominant logic by Vargo and Lusch (2004); the authors challenged the traditional orientation through the Service-Dominant (S-D) logic, the new service-centered view of marketing based on the concept of value-in-use, which reveals a conceptualization of value as phenomenological (Gummerus, 2013).

According to S-D logic, value is created with and determined by the customer during the usage process (Vargo and Lusch, 2006) as “value is always uniquely and phenomenologically determined by the beneficiary”<sup>2</sup> (Foundational Premise 10<sup>3</sup> - Vargo and Lusch, 2008a; p.7).

From this new logic, the key is that value-in-use is created through a collaborative process – value co-creation – that implies a breaking point with the past. The concept of value co-creation has its roots in the Prahalad and Ramaswamy’ s foundational work (2004a) that conceptualized value as embedded in personalized experiences; following this study, a large amount of research on this process has been conduct.

Most recently, S-D logic recognized the concept of value-in-use as better understood as value-in-context (Vargo et al., 2008), to outline the role of time, space and network relationships as critical elements in the creation of value. The context frames exchanges at different levels: micro-context (actors in dyads), meso-context (dyads in a triad setting), and macro-context (triads amongst complex networks and service ecosystems) (Chandler and Vargo, 2011). As noted by Kohtamäki and Rajala (2016), “[t]he value co-creation literature seems to put significant emphasis on the subjective experience of the customer, implying nominalist ontology. As the experience is created through interactions, an opportunity is opened to interpret the ontological stance of S-D logic as a social constructionist one” (p. 6).

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<sup>2</sup> Vargo and Lusch (2008) preferred the term phenomenologically rather than experiential; they “[found] the term ‘experience’ closer to [their] intended meaning” (p. 4,) because the “phenomenologically” seemed less subject to multiple meanings.

<sup>3</sup> In the further consolidation of S-D logic, Lusch and Vargo (2014) elevated to axiom status this foundational premise – as seen in the next section.



Edvardsson et al. (2011) elaborated on S-D logic's consideration of contextual value and proposed that "[v]alue has a collective and intersubjective dimension and should be understood as value-in-social-context" (p. 15), taking into account the ways in which contexts are constructed through formation and reformation of social structures. In a further development, Akaka et al. (2013) emphasized the role of cultural context "as a collection of practices, resources, norms, and meanings that frame the co-creation of value and guide the evaluation of an experience" (p. 270).

In keeping with the idea of value conceptualization as a subjective phenomenon, Helkkula et al. (2012) suggested the conceptualization of value as an experience, by identifying an ongoing and circular process of individual and collective customers' sense making that "enables a deeper understanding of (perceived) value in service customers' lifeworld contexts" (p. 70).

In summary, Table 2.2 proposes the main value definitions from S-D logic.

Table 2.2 – Value definitions in S-D logic literature

<i>"Value is a perceptual and experiential category" (Vargo and Lusch, 2006, p. 44)</i>
<i>"Value is a joint function of the actions of the provider(s) and consumer(s)" (Vargo and Lusch, 2006, p. 50)</i>
<i>"Value is a collaborative process between providers and customers" (Lusch et al., 2008, p. 5)</i>
<i>"Value is idiosyncratic, experiential, contextual, and meaning laden" (Vargo, 2009, p. 375)</i>
<i>"Value has a collective and inter-subjective dimension and should be understood as value-in-social-context" (Edvardsson et al. 2011, p. 333)</i>
<i>"Value in the experience is the value that is directly or indirectly experienced by service customers within their phenomenological lifeworld contexts" (Helkkula et al., 2012; p.3)</i>
<i>"Value" relates to the benefit(s) for some actor(s) and these premises suggest that value is cocreated through the establishment of new resources, from the resources provided by multiple sources (and their application, through service) and that it cannot be assessed except from the perspective of some beneficial actor, in the context of their other available resources" (Vargo and Lusch, 2012, p. 2)</i>
<i>"Value is co-created in cultural context through the enactment of practices and integration of resources, which are guided by social norms and collective meanings" (Akaka et al., 2013, pp. 276-277)</i>

*“Value is typically being created (or anticipated) for multiple actors, including not only those involved in dyadic exchange, but normally many others (Lusch and Webster, 2011). The value is different for each referent and must be assessed separately” (Vargo and Lusch 2016a; p. 10)*

Source: Author’s elaboration

However, as argued by Gummerus (2013), although S-D logic addresses both value outcomes and value creation processes, a lack of clarity on the distinction and ties between the two concepts emerges.

By analyzing the definition of value co-creation provided by Vargo and Lusch (2008a)<sup>4</sup>, the author noted that two different activities shape this collaborative process - co-creation through resource integration and value determination as value outcome.

Current research on value co-creation is addressed from a multitude of approaches that share a broader perspective on the value-related phenomena and a shift of the value’s meaning that forms the basis of the analysis; customers are no more perceived as passive targets of marketing actions and firms offerings (Saarijärvi et al., 2013) and value is what they get out of goods and services rather than something embedded in physical goods (e.g., Gronroos, 2014).

As highlighted by Ramaswamy (2011), co-creation of value is an all-encompassing term to identify a mutual creation of value by actors who are engaged in this collaborative process.

In the next sections the value co-creation process will be analyzed from the main theoretical perspectives to summarize contributions which led insights into the value creation phenomenon.

## **2.2 - The origins of the co-creation concept**

For a long time, value creation has been conceived of as a process occurring within the firm through activities that added value then provided to customers – seen as passive recipients of firms’ value offerings. According to this logic – the

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<sup>4</sup> “[Value co-creation] always involves a unique combination of resources and an idiosyncratic determination of value” (Vargo and Lusch, 2008a; p.8)

so called Goods-Dominant (G-D) logic – value is created and provided by firms and destroyed by consumers; the focus is on the exchange of (tangible) goods – in which value is embedded – that represents the purpose of economic activities (Vargo and Lusch, 2004).

G-D logic can be found in the work of Smith (1776), which analysed tangible goods as sources of value and the price paid for them as value-in-exchange. Transactions are the core of all economies and value is considered embedded in tangible products and exchanged for money (Vargo and Lusch, 2008a).

This traditional perspective – which relies on value delivery activities – was first challenged by Normann and Ramirez (1993). The authors highlighted the fallacy of the current market theory by arguing that “traditional thinking about value is grounded in the assumptions and the models of an industrial economy” (p. 65), in line with what Levitt (1960) defined as *marketing myopia*. Similarly, other authors invoked an alternative marketing paradigm to grasp the real nature of relationships among marketing actors (e.g., Sheth and Parvatiyar, 2000).

Normann and Ramirez (1993) defined the value creation process in terms of coproduction among the company and business partners, suppliers and customers. The co-production logic applied to consumer markets has its roots in several works (e.g., Grönroos, 1990; Gummesson, 1991) that lead to a rethinking of the firm-customer interaction. It’s a relationship that goes beyond the moment of exchange by extending to design and development, production, marketing and consumption (Wikström, 1996) as the company provides “a complement to the knowledge, resources and equipment possessed by the customers themselves. From this co-ordination in time and place there emerges a new value which is jointly produced” (p. 9).

Recognizing the customer as an active players (Prahalad and Ramaswamy, 2000) - co-creator of her/his experiences (Prahalad and Ramaswamy, 2004a; Carù and Cova, 2007) - the roles of the company and the consumer converge. They are both collaborators in co-creating value and competitors for extracting economic value.

Prahalad and Ramaswamy (2004a) drew inspiration from older studies, such as those conducted by the sociologist Alvin Toffler (1980), that first proposed the

term “prosumers” (resulting from crisis of “producers” and “consumers”) to identify consumers who produce some of the goods and services by taking part in the production process of what they consume.

Consider the digital camera. It represents an amazing technological breakthrough with many powerful advantages for the consumer. The digital camera works without film, eliminating trips to the store for more film or development, and users can view pictures immediately. They can delete unwanted pictures, crop and edit the good ones, print copies at home, and share images with friends on the Internet.

Despite these wonderful features, the real value for consumers lies in the ease, intuitiveness, seamlessness of this experience, not in the product itself (Prahalad and Ramaswamy, 2004b; p. 38).

The approach of value co-creation becomes individual-centred and the role of the customer changes from isolated to connected, from passive to active, due also to the greater amount of available information and the power of consumers’ communities, which reverses the traditional top-down process (from the firm to consumers) of marketing communications (Prahalad and Ramaswamy, 2004b).

The co-creation experience of the consumer – conceived of as the theoretical foundation of value – is based on elements of the DART (Dialogue, Access, Risk assessment, and Transparency) model (Prahalad and Ramaswamy, 2004a). The model consists of four building blocks:

- Dialogue, occurring between two interacting parties through shared learning, communication and rules of (implicit or explicit) engagement to foster productive interaction.
- Access, as an element that involves tools and information for facilitating value co-creation.
- Risk assessment, as the evaluation from a customer view of the personal and societal risk he/she can face by accepting value propositions.
- Transparency, aimed at the accessibility of all needed information for customers to avoid information asymmetries favourable to firms and enable the development of trust among interacting actors.

The experience gains meaning through the context and customer involvement, hence, the uniqueness of the co-created value (Prahalad and Ramaswamy, 2013).

From this perspective, the locus of value creation becomes the interaction; so, “[a]cronyms like B2B and B2C miss the point. If we must use an acronym, then let’s use I2N2I which represents the flow from individuals to the nodal firm and its network and back to the individual” (Prahalad and Ramaswamy, 2004b; p. 96). These contributions acknowledge the need for a Service logic for marketing (e.g., Normann, 2001) centred on co-creation of value with (not for) customers.

### **2.3 - The concept of value co-creation within Service-Dominant logic**

A real paradigmatic shift in the marketing occurred with the publication of “Evolving to a new dominant logic for marketing” of Vargo and Lusch (2004), in which the authors shed light on the way in which the new emerging perspectives on intangible resources, value co-creation and relationships converged to form a new logic for marketing – Service-Dominant (S-D) logic – according to which the unit of exchange in all economies is the service rather than the tangible goods.

S-D logic is based on ten foundational premises that are modified in the further development of this service perspective (Vargo and Lusch, 2004; 2008a) and consolidated into a set of core axioms (Vargo and Lusch, 2016a) – as shown in Table 2.3.

Table 2.3 - Service-Dominant logic foundational premises development

	2004	2008	Update
<b>FP1</b>	The application of specialized skill(s) and knowledge is the fundamental unit of exchange	<b>Service is the fundamental basis of exchange</b>	No Change <b>AXIOM STATUS</b>
FP 2	Indirect exchange masks the fundamental unit of exchange	Indirect exchange masks the fundamental basis of exchange	No Change
FP 3	Goods are a distribution mechanism for service provision	Goods are a distribution mechanism for service provision	No Change
FP 4	Knowledge is the fundamental source of competitive advantage	Operant resources are the fundamental source of competitive advantage	Operant resources are the fundamental source of strategic benefit
FP 5	All economies are services economies	All economies are service economies	No Change
<b>FP 6</b>	The customer is always a co-producer	<b>The customer is always a cocreator of value</b>	Value is cocreated by multiple actors, always including the beneficiary. <b>AXIOM STATUS</b>
FP 7	The enterprise can only make value propositions	The enterprise cannot deliver value, but only offer value propositions	Actors cannot deliver value but can participate in the creation and offering of value propositions
FP 8	A service-centered view is customer oriented and relational	A service-centered view is inherently customer oriented and relational	A service-centered view is inherently beneficiary oriented and relational.
<b>FP 9</b>	Organizations exist to integrate and transform microspecialized competences into complex services that are demanded in the marketplace	<b>All social and economic actors are resource integrators</b>	No change <b>AXIOM STATUS</b>
<b>FP 10</b>		<b>Value is always uniquely and phenomenologically determined by the beneficiary</b>	No change <b>AXIOM STATUS</b>
FP 11			New Value cocreation is coordinated through actor-generated institutions and institutional arrangements. <b>AXIOM STATUS</b>

Source: Vargo and Lusch (2016a)

This new perspective aims to outline the way in which marketing has moved from a view in which transactions and tangible products are central, to, instead, a service-centered view in which intangibles and relationships are crucial.

S-D logic, in fact, considers service the fundamental basis of all economies. The term “services” used in Foundational Premises 6 and 9 has been revised to clarify that S-D logic does not consider them as units of output in a deceptive dichotomy goods-versus-services; the singular “service” was adopted to identify “the application of specialized competences (knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself” (Vargo and Lusch, 2006; p. 283); it represents a super-ordinate concept to both goods and services (plural).

As noted by Gummesson (1995), some years before, “activities render services, things render services” (p. 250). From a service-centred view of marketing, in fact, goods are vehicles to provide the service not for customers but jointly with customers (Vargo and Lusch, 2004). This implies that goods have not value per se and a service provider alone cannot produce value.

The collaborative co-creation of value between parties is a key premise of S-D logic (Vargo and Lusch, 2008b) that goes beyond involving customers to participate in the production process (Vargo, 2008).

Interestingly, Vargo et al. (2008) highlighted the various perspectives adopted from G-D logic and S-D logic on value co-creation. Table 2.4 provides an overview of the main differences between the two logics.

Table 2.4 - G-D logic vs. S-D logic on value creation

	<b>G-D logic</b>	<b>S-D logic</b>
<b>Value driver</b>	Value-in-exchange	Value-in-use or value-in-context
<b>Creator of value</b>	Firm, often with input from firms in a supply chain	Firm, network partners, and customers
<b>Process of value creation</b>	Firms embed value in “goods” or “services”, value is “added” by enhancing or increasing attributes	Firms propose value through market offerings, customers continue value creation process through use
<b>Purpose of value</b>	Increase wealth for the firm	Increase adaptability, survivability, and system wellbeing through service (applied knowledge and skills) of others
<b>Measurement of value</b>	The amount of nominal value, price received in exchange	The adaptability and survivability of the beneficiary system
<b>Resources used</b>	Primarily operand resources	Primarily operant resources, sometimes transferred by embedding them in operand resources-goods
<b>Role of firm</b>	Produce and distribute value	Propose and co-create value, provide service
<b>Role of goods</b>	Units of output, operand resources that are embedded with value	Vehicle for operant resources, enables access to benefits of firm competences
<b>Role of customers</b>	To ‘use up’ or ‘destroy’ value created by the firm	Co-create value through the integration of firm provided resources with other private and public resources

Source: Vargo et al. (2008)

Within S-D logic, the locus of value creation moves from exchange to use, from units of output to processes based on resource integration through “the



combined efforts of firms, employees, customers, stockholders, government agencies, and other entities related to any given exchange” (Vargo et al., 2008; p. 148).

In their seminal work, Vargo and Lusch (2004) ambiguously used the term “co-production” to identify this collaborative creation of value (Original foundational premise 6), but were criticized for having adopted an expression grounded in G-D logic. However, through further clarification (Lusch and Vargo, 2006; Vargo and Lusch 2006; 2008a), the authors adopted the expression “co-creation of value” to highlight the active role of customers in value creation and to distinguish it from a pure customer participation in the development of firms’ offerings. The role of the customer as co-producer is optional while that of co-creator is necessary because “there is no value until an offering is used – experience and perception are essential to value determination” (Vargo and Lusch, 2006, p.44). Co-production occurs only when the service beneficiary contributes to the development of service offerings by providing resources.

The firms’ offerings can be co-produced and consumed by a consumer – as highlighted by the expression “prosumer” (Toffler, 1980; Normann, 2001) – or co-produced by a consumer and consumed by another consumer – as in the case of the open innovation (Chesbrough, 2004).

[E]xamples include a service beneficiary advising the hairstylist about a particular hairstyle or a student asking the professor questions that, when answered, also help other students to understand. (Lusch and Vargo, 2014; p.145)

Lusch et al. (2007) identified six factors that determine the extent to which the customer plays an active role in co-production of the service offerings; the customer is more likely to be engaged in co-production the greater the level of the requisite expertise and physical capital he/she holds, the need to exercise control over the process and the outcome of the service, the propensity to be risk-taking, and the possibility of obtaining psychic (experiential) and economic benefits.

Instead, co-creation occurs when “[t]he service beneficiary integrates a service offering with other market, private, and public resources and in the process the beneficiary determines value” (Lusch and Vargo, 2014; p. 144). The term “co-creation” is the most encompassing term that can imply co-production but not necessarily involves it.

As with the tax preparation example, value is not created until the beneficiary of the value proposition (in this case, the person who needs his or her taxes prepared) has actually had his or her taxes prepared and has somehow integrated this new resource into his or her life (e.g., felt relieved because of effort saved, mailed the return, received a refund, etc.). That is, the customer’s (service system’s) well-being has somehow been improved (Vargo et al., 2008; p.150).

The idea of customers as resource integrators (Arnould et al., 2006; Vargo and Lusch, 2006; 2008) is the requirement for collaboration; resource integration, in fact, is a multidirectional process (Vargo, 2008) that represents the core of value co-creation (Mele, 2009; Mele and Polese, 2010).

### ***2.3.1 - Resource integration***

The process of resource integration aims to co-create value and create new resources potentially exchangeable with other actors (Lusch and Vargo, 2014).

As “the service (direct or through a good) provided by one service system (e.g., the firm) represents a subset (often a small one) of the resources that have to be integrated to create value for another service system (e.g., a given customer)” (Vargo and Akaka, 2009; p. 38), resource integration is conceptualized as the incorporation of an actor’s resources into other actors’ processes (Gummesson and Mele, 2010).

The combination of resources from different sources for a certain situation – such as for the customer’s satisfaction – was illustrated first by Normann (2001), who proposed the density concept: density expresses “the degree to which such mobilization of resources for a ‘time/space/actor’ unit can take place” (p. 27) and implies that any economic actor at any time has an unique available combination of knowledge and specialized assets.

The density improvement is achieved due to a dematerialization of resources that takes two forms: unbundability (as the separation of activities previously held together in time and place by an actor) and liquification (as the separation of information from the physical resources).

Within S-D logic, all actors are resource integrators (Vargo and Lusch, 2006; Vargo and Lusch, 2008a, Foundational Premise 9) as value co-creation involves a unique combination of resources and represents an idiosyncratic process for each actor (Gummesson and Mele, 2010).

Producers and consumers are not perceived more as two different types of actors; they represent two roles played at the same time by all actors involved in exchange relationships, so value is reciprocally created (Lusch and Vargo, 2011; 2014).

Nevertheless, resources are integrated not only by the focal firm but also by private sources (as friends and other customers), public sources (as the government), and market-facing sources (as other firms and service providers) (Vargo and Lusch, 2011) in accordance with their aspirations, needs, and capabilities (Mele, 2009). Furthermore, resource integration involves self-generated resources like those generated through personal cerebral processes (McColl-Kennedy et al., 2012).

S-D logic distinguishes between operant resources (such as knowledge and skills) and operand resources (such as goods and materials) (based on Constantin and Lusch, 1994). Operant resources are generally intangible and dynamic resources that act on others, while operand resources require some actions to be performed on them to co-create value.

As stressed by Peñaloza and Mish (2011), the distinction between operand and operant resources can be fuzzy. While the same resource can be used as an

operand or an operant resource depending on how it is treated, customers (as well as employees and other stakeholders) are always conceived of as operant resources because they are involved in value-related processes in acting on operand resources (Lusch and Vargo, 2014).

Likewise, Kleinaltenkamp et al. (2012) required further clarification of operant-operand resources categorization, as they noted that S-D logic regards resources like a function of human evaluation, so the distinction can become disorienting.

S-D logic attributes to operant resources the role of primary source of competitive advantage (Lusch and Vargo, 2006). From this perspective, Arnould et al. (2006) analyzed consumer operant resources, classifying them into cultural (i.e., specialised knowledge, imagination), social (i.e., friendships, consumer communities), and physical (i.e., energy, emotion).

Stampacchia (2013) proposed a different classification, dividing them into operational *stricto sensu* resources (e.g., labor, time, space), psychophysical resources (e.g., feelings, passions, attitudes), knowledge/competencies resources, and relational resources (e.g., esteem, trust, brand). They represent both input and output of the service provision activities and can be further classified as operant resources (the operational *stricto sensu* and psychophysical resources), with knowledge/competencies and relational resources as operand (Stampacchia et al., 2015).

Adopting a broader perspective, Löbler (2013) stated that everything (and everyone) can become a resource if it is integrated through the process of integrating resources; he added that actors can be operant or operand resources depending on the respectively more active or passive roles they play in the process.

From this perspective, resources do not have an intrinsic value. . Rather, they become valuable when integrated with other resources in a process to benefit a party involved in the value co-creation process (Mele et al., 2010). “[R]esources are not; they become” (Vargo and Lusch, 2004; p. 2) is, in fact, a key statement for understanding the nature of S-D logic (Lusch and Vargo, 2014), as also highlighted by Pels et al. (2009), which depicted them as becoming more than being.

Vargo et al. (2011) suggested that “[t]he usefulness of any particular potential resource from one source is moderated by the availability of other potential resources from the other sources, the removal of resistances to resource utilization, and the beneficiary’s ability to integrate them” (p. 184).

In summary, resources are becoming only when they are integrated with other resources through interactions (Löbner, 2013).

Related to this, “resourceness” (Lusch and Vargo, 2014) is the term used to outline the quality and accomplishment of potential resources into realized resources through human actions and evaluations.

For example, humans could not draw on timber as a source of energy and building materials unless they developed and applied their physical and mental skills. Humans could not draw on iron one and other minerals deposits to produce artifacts to leverage human muscle unless they had developed the know-how to do so. (Lusch and Vargo, 2014; p. 121).

#### **2.4 - Reconceptualising the actors’ roles in value co-creation: A criticism of S-D logic**

The seminal article of Vargo and Lusch (2004) prompted an international debate over the potential of Service logic applied to marketing. Following this work, Grönroos (2006) pointed out that before 2004 there had been significant research in the field of service marketing from two schools of thought – the Nordic School (e.g., Grönroos, 1982; Gummesson, 1979; 1991) and one based in France (Eiglier and Langeard, 1976; Langeard and Eiglier, 1987).

By drawing upon the Nordic School, Grönroos (2006; 2008) proposed the Service-logic of marketing and highlighted the differences and touch-points, with S-D logic advanced by Vargo and Lusch (2004). He preferred the term “Service-logic” to identify a perspective on marketing that is also based on service but is not only determined by it (Grönroos, 2011).

Like S-D logic, Service logic emphasizes the processual nature of service and focuses on the interaction; furthermore, both S-D logic and Service-logic take as their key premise that customers (or, in general, service beneficiaries) employ resources in personalized, physical or virtual practices (Grönroos and Gummerus, 2014). However, a primary diverging view involves the role of customers in the value creation process.

Service logic conceptualizes service as value-supporting processes, as not the goods alone enable services; goods constitute one kind of resource that contributes to the service supporting value creation (Grönroos, 2006). From this perspective, customers can be co-producers of vehicles to transmit the service, but “[s]uppliers only create the resources or means required to make it possible for customers to create value for themselves. [...] However, customers are also sole creators of value” (Grönroos, 2006; p. 324).

Hence, by focusing on the value-in-use concept, production is not involved in the co-creation process (Grönroos, 2008).

Grönroos and Ravald (2011) suggested that a further clarification of the roles of different actors in the process of value co-creation within S-D logic is required.

Considering value co-creation as an all-encompassing process involving firms’ and customers’ activities, a lack of clarity about the ontological basis of this process arises (Grönroos and Voima, 2012). The concept of value-in-use – core in S-D logic – implies “that value creation is the customer’s creation of value-in-use during usage” (p. 8), so when the expression value creation is used to refer to the customer’s creation of value, the customer is the unique value creator while the role of the firm can be seen as facilitator of this process. The supplier, in fact, can provide to its customers resources that they use– with other resources – to create value for themselves (Grönroos, 2011).

This service provider produces resources – utilized by customers – in the provider sphere by assuming the role of value facilitator, while no direct interactions between the firm and the customer occur.

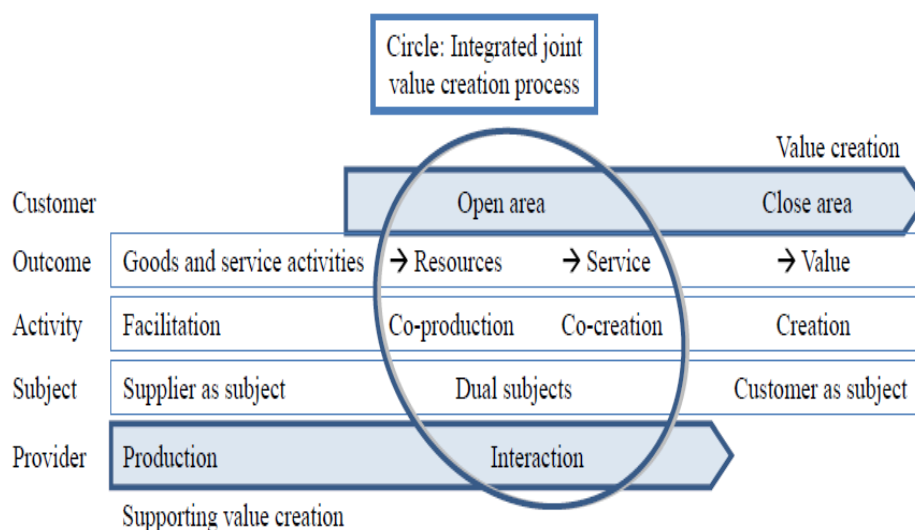
Value spheres are crucial in Service-logic thinking (Grönroos, 2006; Grönroos and Gummerus, 2014), as the value generation process comprises three spheres: a value provider sphere in which the provider collects and organizes resources to

be offered to customers; a joint sphere in which the direct interaction between the service provider and its customers occurs; and a customer sphere in which the customer independently create value.

Hence, the value formation process<sup>5</sup> can assume three forms: (1) the firm acts as facilitator of customers' value (-in-use) creation and no direct interactions among parties occur; (2) the customer integrates resources in a process – closed to the firm – aimed at creating value-in-use for himself or herself; and (3) the firm and the customer interact in a process aimed at (co-)creating value for both parties (Grönroos, 2012; Grönroos and Ravald, 2011).

In Figure 2.1, the processes of both value creation and value co-creation are depicted as are the different roles the customer and the service provider can assume.

Figure 2.1: Value creation and co-creation in supplier-customer relationships



Source: Grönroos and Ravald (2011)

In line with these premises, Gummerus (2013) suggested that value creation may be an individual or a shared process; that is, value can be created by the

<sup>5</sup> Grönroos prefers “value formation” as a more encompassing term than “value co-creation” – the latter reserved to identify only joint collaborative activities during direct interactions between the firm and its customer.

customer (or by the firm) independently during his/her (its) activities – the customer (firm) as unique value creator – or jointly as value co-creation when the firm and the customer interact in a dialogical and coordinated process to co-create value (Grönroos, 2008). Only in the joint sphere – when the customer assumes both the roles of co-producer of resources and co-creator of value and the firm is engaged with its value creation process by becoming a value co-creator – does the process of co-creation take place (Grönroos and Voima, 2013).

## **2.5 - The A2A perspective of S-D logic: The network approach**

In the development of S-D logic (Vargo and Lusch, 2008), the original premise<sup>6</sup> was changed to “[a]ll social and economic actors are resource integrators” (p. 7), utilizing the term “actor”, often used by the IMP group (e.g., Håkansson and Snehota, 1995).

Adopting a generic view of actors – rather than of providers and customers – enables the overcoming of some limits and the development of a broader logic involving the economy and society (Lusch and Vargo, 2014).

The prefix co- in the term “co-creation” highlights the fact that more than one actor is involved in the process as the additional resources – integrated by customers, firms, brand communities, and so on – are put together to enable value co-creation (Saarijärvi et al., 2013).

Even the traditional distinction between “producer” and “consumer” becomes less meaningful, as it implies that one actor (the producer) creates and delivers value and one actor (the consumer) destroys it. Instead, according to the service-centered view, all actors are simultaneously producers and consumers, as value is mutually created.

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<sup>6</sup> “Organizations exist to integrate and transform microspecialized competences into complex services that are demanded in the marketplace” (FP 9 – Vargo and Lusch, 2006; p. 53).



The Actor to Actor (A2A) perspective overcomes the restricted focus on a single actor or a dyadic interaction, leading to a consideration of a broader network of actors in which all exchange dyads are embedded. Actor exists in a network of interdependencies with others that, at the same time, enables and constrains its development and change (Håkansson and Ford, 2002). The IMP research has developed an interaction framework for business-to-business exchanges and it has taken relationships in networks as unit of analysis (Håkansson and Snehota, 1995).

However, Vargo and Lusch (2011) suggested that “it’s all B2B” to emphasize the fact that all actors should be conceived of as involved in resource integration and mutual service provision activities shaping value-creation networks (Vargo and Lusch, 2010). As noted by Gummesson (2008), “network theory allows us to take a multi-party approach to marketing” (p.16), moving away from one actor-centric logic (e.g., the customer- or firm- based view) to adopt a broader perspective.

The idea that value creation takes place in a network dates back to studies such as those of the sociologists Granovetter (1973) and Burt (1992); however, S-D logic added fresh insights to these network conceptualizations.

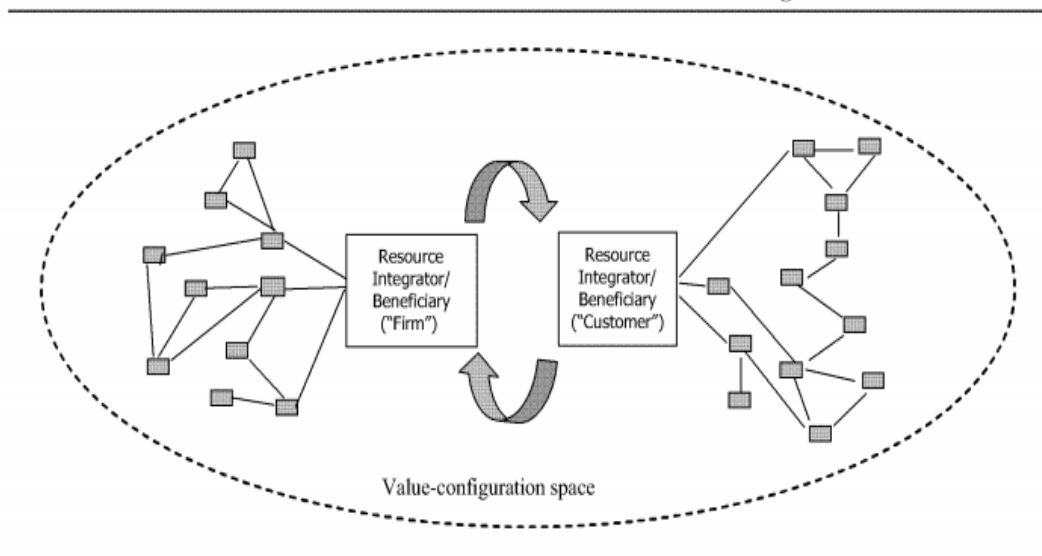
Networked actors are characterized by weak ties among them that create a fluid and adaptable macro structure; hence, the network perspective seems useful to enable opportunities that may not be otherwise observable (Lusch and Vargo, 2014).

Vargo (2008) argued that the FP 10<sup>7</sup> and the resource integration conceptualization, combined with each other, imply a network-to-network perspective – that facilitates a better understanding of the co-creation of value. Each actor as resource integrator acts through the exchange of service in a broader value-configuration space - in which it is embedded - consisting of a network of public, private, and market-facing service providers, as depicted in Figure 2.2

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<sup>7</sup> “Value creation is always uniquely and phenomenologically determined by the beneficiary” (Vargo and Lusch, 2008; p. 8).

Figure 2.2 – The contextual nature of network-to-network exchange

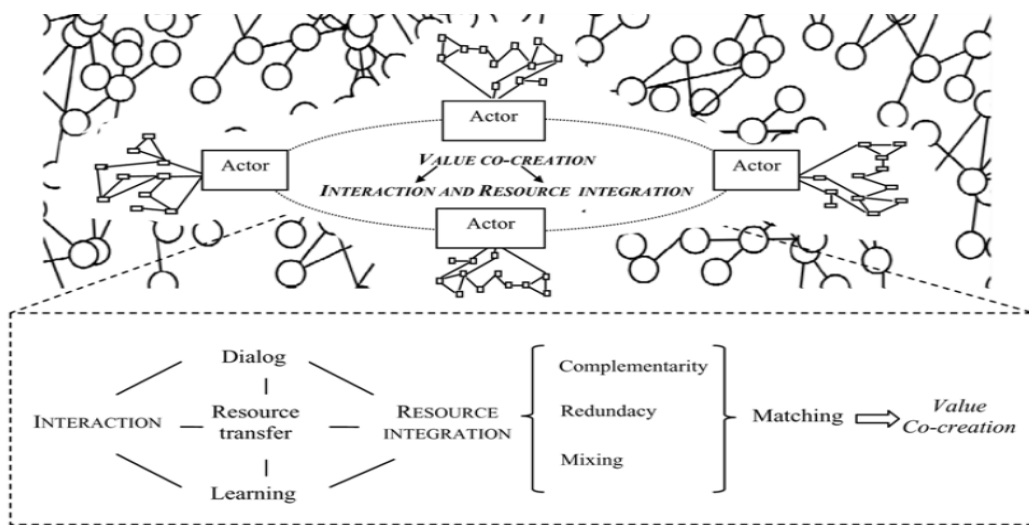


Source: Vargo (2008)

This many-to-many view – which also involves A2A conceptualization – is useful for addressing the real complexity of actors’ interactions. The process of value co-creation implies a complex web of value-creating relationships (Vargo and Lusch, 2010), as it occurs among an entirety of actors as a multi-actor phenomenon (Vargo and Lusch, 2016a). To clarify the fact that value is not completely individually (or dyadically) created, Vargo and Lusch (2016a) further modified the FP6, by stating that “[v]alue is cocreated by multiple actors, always including the beneficiary” (p. 9); this premise and the proposed axiom status for the FP9 (“All social and economic actors are resource integrators”) allow one to zoom out from dyadic interactions and take into account these networks seen at various levels of aggregation such as macro, meso, and micro (Vargo and Lusch, 2016b).

In this regard, development of the model proposed by Vargo (2008), is provided through the conceptualization of value co-creation in an A2A network by framing interaction as the most relevant antecedent to resource integration - the other process that shapes co-creation (Gummesson and Mele, 2010).

Figure 2.3 - Value co-creation through A2A interaction and resource integration in a many-to-many network setting



Source: Gummesson and Mele (2010)

To supplement the value co-creation model depicted in Figure 3, Gummesson and Mele (2010) provided five propositions (Pn) explaining the main elements and characteristics of this process.

Table2.4 – Five propositions for value co-creation

P1	Interaction enables an actor to enter and support the value creating processes of other actors
P2	Interaction is an antecedent of resource integration as steps in a never-ending spiral.
P3	Resource integration is the main mechanism for value co-creation.
P4	An actor's resources become valuable when they are matched and positioned in a value-creating network in order to provide benefits to all network actors.
P5	Matching is the guiding principle for resource integration; the value creation potential of an actor arises from its ability to match, to position itself in a network and to contribute to its success and evolution.

Source: Author's elaboration from Gummesson and Mele (2010)

Interactions take place within a network of relationships among actors through dialogue, resource transfer, and learning.

- Dialogue promotes interactions based on shared meanings that make available knowledge and resources from different parties.
- Resource transfer implies access to different resources that are further matched together.
- Learning is the natural outcome of dialogue and resource transfer as these processes foster the creation of new (explicit and tacit) knowledge.

Therefore, interaction is the process that precedes resource integration in which the integrated resources can be complementary, similar, or a mix of both.

Adopting this view, matching becomes the core principle for integrating resources as it contributes to a successful value co-creation process.

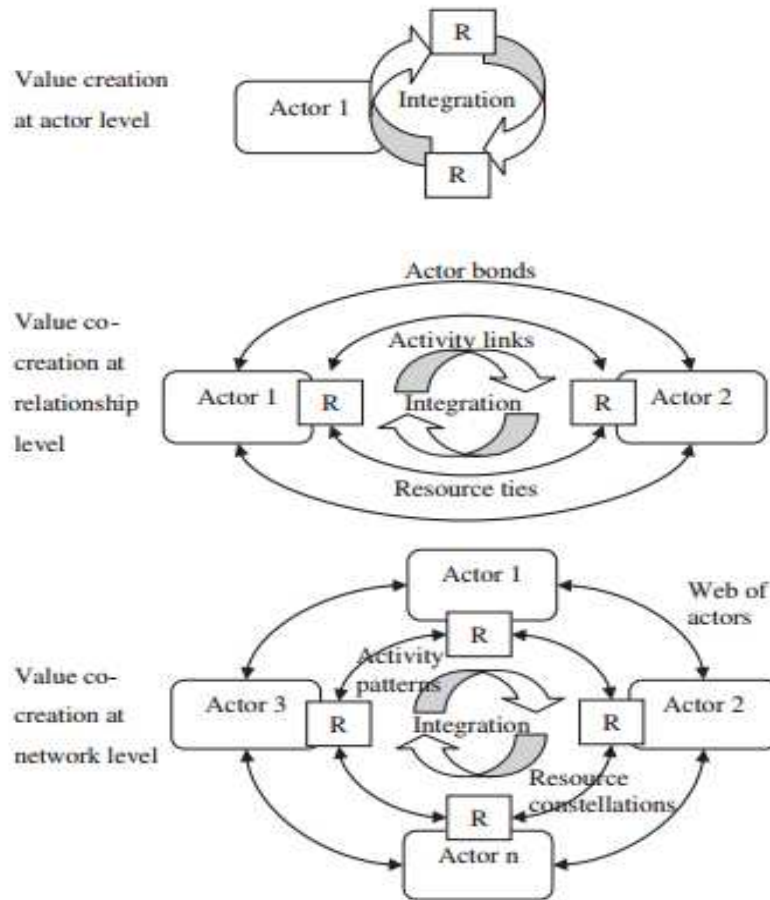
Likewise, by taking a customer-based perspective, McColl-Kennedy et al. (2012) defined customer value co-creation as the “benefit realized from integration of resources through activities and interactions with collaborators in the customer’s service network” (p. 375).

Jaakkola and Hakanen (2013) conceptualized value co-creation as a collaborative process that takes place at three interrelated levels: the individual, relationship and the network level. They adopted the ARA (Actors-Resources-Activities) model<sup>8</sup> (Håkansson and Johanson, 1992) as useful framework to study interactions among actors who are, as noted by Gummerus and Mele (2010), the underlying mechanisms in value co-creation within network.

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<sup>8</sup> The ARA model proposes that the outcome of an interaction process (as well as the content of a business relationship) can be analyzed in terms of three interconnected layers: actors’ bond, activity links and resource ties (Håkansson and Johanson, 1992).

Figure 2.4 - Value co-creation at actor, relationship and network levels ('R' denotes resources)



Source: Jaakkola and Hakanen (2013)

At the micro level, actors participate in processes by providing and receiving resources; at the relationship level, actors interact with each other within a collaborative process; at the network level, resource integration occurs through a configuration of activities performed by a web of actors who contribute to the creation a resource constellation (Jaakkola and Hakanen, 2013; Håkansson et al., 2009).

However, the network vision has been criticized in the literature: “these networks are more than just linked actors; they are dynamic systems that must be understood in terms of the full meaning of system” (Gummesson and Mele, 2010; p. 175).

The concept of network, in fact, lacks the grasping of changes in the context of interactions occurring because of interactions themselves. The potential of the dynamic system view's adoption is perceived by the service science, as noted by Wieland et al. (2012).

## **2.6 - The service ecosystem approach**

Service system thinking in S-D logic has its roots in some works (e.g., Alderson, 1957 – with the functionalist approach to marketing theory) formally traceable in Goods-Dominant logic, but applicable to the service-centered view; furthermore, it has a long tradition in many disciplines, such as biology, sociology, and psychology (Ng, Maull and Yip, 2009).

The service system approach fosters a deeper understanding of both each parts and the systemic context by and in which activities take place (Gummesson, 2007).

By adopting Service-Dominant logic as the philosophical foundation of service science, Maglio and Spohrer (2008) introduced the concept of service systems defined as a “value configurations of people, technology, value propositions connecting internal and external service systems, and shared information” (p. 18) that represents the basic unit of analysis of service.

Examples of service systems are hospitals, universities, cities as they constitute a configuration of integrated people, technologies and other resources (Edvardsson et al., 2011) mainly characterized by permeable boundaries (Jaakkola and Alexander, 2014).

Service ecology represents a population of these service systems as entities “that, as whole, are better off working together than working alone” (Spohrer and Maglio, 2010; p. 175).

However, in comparison to S-D logic, service science promotes a more macro perspective on value co-creation (Saarijärvi et al., 2013).

Edvardsson et al. (2011) pointed out similarities between the concepts of service system and social system by arguing that “[l]ike social systems, service systems

adapt and survive through interaction and the integration of resources that are mutually beneficial” (p. 10).

In summary, all actors are at the center of their own systems, but at the same time are connected to other actors and so, indirectly, to other actors’ networks or systems through an intricate web of relationships and service exchanges (Lusch and Vargo, 2014).

However, as noted by Chandler and Vargo (2011), at the meta layer, processes by which actors’ networks become institutionalized – that is, legitimized with respect to the societal systems in which they are embedded (DiMaggio and Powell, 1983) – should be considered.

Recognizing the necessity to investigate about norms and values that exert a strong influence on individual perceptions and relationships among actors, Edvardsson et al. (2011) suggested the expression “value-in-social-context”, based on the assumption that “[i]n some instances, collective social forces will play a dominant role” (p. 333). By applying key principles of social construction theories (Berger and Luckmann, 1966; Giddens, 1984; Linton, 1936; Merton, 1957) to S-D logic, the authors highlighted the idea that value co-creation takes place within social systems implying norms and values that more deeply influence the value-related processes.

Actors’ activities become meaningful within a specific context of shared understandings that shape all interactions occurring within it (Deighton and Grayson, 1995). These insights have several implications for value co-creation as it is influenced by social structures that enable and constrain actors’ behaviours. Furthermore, from this perspective a point of view is implied that emphasizes the ways in which service exchanges and actors’ roles are variable throughout time because “all roles, positions, structures, systems and social interactions are dynamic in nature” (Edvardsson et al., 2011; p. 20).

In recognition of the importance of social context that enables and constrains the complex web of interactions among different actors, Vargo and Lusch (2010) introduced within S-D logic the concept of a service ecosystem.

Alderson’s study (1965) advocated for an ecological framework to apply for a deeper understanding of marketing systems.

The service ecosystem notion was derived from biology and zoology (Lusch and Vargo, 2014). Just as a biological ecosystem consists of interconnected actors who depend on each other for survival, a “service ecosystem is a spontaneously sensing and responding spatial and temporal structure of largely loosely coupled, value-proposing social and economic actors interacting through institutions, technology, and language to (1) co-produce service offerings, (2) engage in mutual service provision, and (3) co-create value” (Vargo and Lusch, 2010; p. 176).

Service ecosystems are nested within three levels: micro, macro and meso (Akaka et al., 2015). The micro level – focused on the interaction among individual actors – allows a service ecosystem to emerge across the meso and macro levels. Hence, emergence and self-organization are crucial characteristics of a service ecosystem (Vargo and Lusch, 2016b).

Taillard et al. (2016) prompted the adoption of the verb emerge because it is “a process that results in new properties that are more than the sum of their constituent parts alone” (p. 2972). By adopting an interdisciplinary approach, these scholars concentrated their efforts on understanding how the individual agency contributes to the emergence of a collective agency and, thus, of a service ecosystem. An individual agency identifies the personal capacity to act while a collective agency manifests itself when more actors act as a group. When actors are engaged in interactions, ephemeral features of these interactions emerge; these ephemeral characteristics become more stable throughout the time during which interactions take place, leading to more socially normative characteristics that shape the relationships and the service ecosystem as a whole. In brief, a bi-directional process occurs: an upward process aimed at creating sociality and norms consisting of the building of shared intentions<sup>9</sup> from actors (Bratman, 1999; 2014) and a downward process, through which new individual intentions – more articulated – arise from interactions.

According to Vargo and Lusch (2016a), a service system and service ecosystem are similar concepts; however, the latter emphasizes the role of institutions,

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<sup>9</sup> According to Bratman (1999; 2014), shared intentions are to be identified with the state of affairs consisting of a set of interrelated individual intentional states that implies the existence of common knowledge among actors.



recently recognized as a core aspect of value co-creation as it acknowledges how social structures evolve (Chandler and Vargo, 2011).

In the further development of this topic, Vargo and Lusch (2016a) defined a service ecosystem as a “relatively self-contained, self-adjusting system[s] of resource integrating actors connected by shared institutional arrangements and mutual value creation through service exchange” (pp. 10-11) as, like within the biological ecosystem, interacting organisms evolve to adapt to their physical environments.

According to Vargo and Lusch (2016b), by considering the role of institutions in these processes, S-D logic becomes more than a simple marketing perspective or framework as the authors characterized it in the earlier conceptualization.

### ***2.6.1 - Value co-creation within the service ecosystem: the role of institutions***

By exploring the role of institutions in S-D logic, Vargo and Lusch (2016a) added a fifth axiom/ the eleventh foundational Premise – “[v]alue cocreation is coordinated through actor-generated institutions and institutional arrangements” (p. 8).

Institutions are norms, meanings, symbols, and practices that enable and constrain the actors’ behaviour. The American sociologist Everett Hughes (1939) identified them as “a set of mores or formal rules, or both, which can be fulfilled only by people acting collectively, in established complementary capacities or offices. The first element represents consistency; the second concert or organization” (p. 297).

They are characterized by a regulative dimension (as institutions regularize human behaviours), a normative aspect (as they introduce a prescriptive and obligatory dimension into social behaviours), and cognitive elements (as institutions shape the meanings that actors attribute to objects and activities) (Scott, 1995).

Nevertheless, “institutional arrangements are interdependent assemblages of institutions” (Vargo and Lusch, 2016a; p. 6) that facilitate the value co-creation process.

These social rules, in fact, represent the building blocks of collaborative activities (Ostrom, 2005) - like resource integration and service exchanges - that provide the social context in which all interactions occur (Edvardsson et al., 2011).

By focusing on meaning system, Silverman (1971) argued that “[t]he Systems approach tends to regard behaviour as a reflection of the characteristics of a social system containing a series of impersonal processes which are external to actors and constrain them. In emphasizing that action derives from the meanings that men attach to their own and each other’s actions, the Action frame of references argues that man is constrained by the way in which he socially constructs his reality” (p. 141).

Likewise, drawing upon the structuration theory (Giddens, 1984), S-D logic (e.g., Vargo and Lusch, 2016a) pointed out that structural properties are both the outcome and the context of actions so showing the recursive characteristic of social structures.

Vargo and Akaka (2012) highlighted the idea that institutions – within which particular systems are embedded – continually face institutions of other interacting systems and, hence, are often subject to change. In this way, from an ecosystem perspective, the way in which symbols are manipulated is outlined, as they are integrated with other resources from different service systems.

Akaka et al. (2014) argued that the role of symbols – defined as the combination of signs and practices – is crucial to value co-creation; when service ecosystems interact, different institutional logics become integrated and symbols are reinterpreted based on the new social context created. Consequently, resource integration and service-for-service exchanges require communication and coordination (Maglio and Sphorer, 2013) based on the co-creation of mutual understandings. Hence, shared symbols enable the coordination of interactions, communication, resource integration, and, finally, value determination.

## 2.7 - The co-creation of service experience

Since Holbrook and Hirschman's (1982) seminal work, experience has become a primary topic of service research. Earlier conceptualizations of customer experience (e.g., Arnould and Price, 1993; Verhoef et al., 2009) conceived of it as an individual phenomenon; however, further development of the literature has highlighted the collective and interactive nature of the experience, seen as a co-created phenomenon (Prahalad and Ramaswamy, 2004a; Ramaswamy, 2011).

The firm-customer interaction is the trigger for co-creating personalized experiences that reflect how the customer chooses to interact with the company (Prahalad and Ramaswamy, 2004a) and can activate a bi-directional learning process (from the firm to the customer and vice versa) through shared understandings among actors (Russo Spena et al., 2012).

By adopting a phenomenological approach, S-D logic emphasized the experiential nature of value (Vargo and Lusch, 2008a), focusing on how the individual experiences service. However, Helkkula (2011) argued that S-D logic emphasizes the roles of all actors in a service experience as "co-creators of value both individually and as a part of a social group" (p. 381); from this perspective, the interaction becomes the locus of the experience – considered essentially relational even though specific to the individual.

As noted by Jaakkola et al. (2015), the terms "customer experience" and "service experience" are increasingly utilized as synonyms, but some differences between the two concepts can be identified. The expression "service experience" does not necessarily imply a customer perspective; the experience in a service context is shaped by direct interactions between service provider and customer as well as interactions involving other actors in the service encounter (Tax et al., 2013). It is co-created in an interaction between different actors who jointly integrate resources.

Jaakkola et al. (2015) offered an overview of the main research perspectives<sup>10</sup> on service experience co-creation and proposed a conceptualization of this process. "Service experience co-creation occurs when interpersonal interaction with

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<sup>10</sup> The main research perspectives are Service-Dominant logic and Service logic, Consumer Culture Theory, Service management, Service Innovation and Design.

other actors in or beyond the service setting influences an actor's subjective response to or interpretation of the elements of the service. Service experience co-creation may encompass lived or imaginary experiences in the past, present, or future, and may occur in interaction between the customer and service provider(s), other customers, and/ or other actors" (Jaakkola et al., 2015; p.15); a deeper understanding of service experience co-creation is necessary for a deeper understanding of value co-creation because the two processes are strictly linked. They influence each other, as value is experientially determined (Helkkula et al, 2012) and service experience moves beyond the present encounter among actors by considering past and future experiences and thus affecting the actor's value creation processes (Jaakkola et al., 2015).

To complement studies on the co-creation of service experience, another stream of research analyzed the ways in which consumer-to-consumer interactions shaped the co-creation of service experience (Cova and Salle, 2008; Prahalad and Krishnan, 2008). More recently, Carù and Cova (2015) recognized the active role of communities that become active subjects in the co-creation of the collective service experience. Collective practices – performed to enable the collective service experience – can stem from community, company, or joint initiatives and can lead to value co-creation, co-destruction, or a mix of them.

## **2.8 - The practice approach on value co-creation**

As suggested by Korkman et al. (2010), a practice-based approach can contribute to a deeper understanding of the main mechanisms underlying the value co-creation process, by allowing for a focus on the processual dimensions of usage and consumption rather than on the outcomes of exchanges of goods and services.

Practices are not simply synonymous with actions; they can be conceived of as "more or less routinized actions, which are orchestrated by tools, know-how,

images, physical space and a subject who is carrying out the practice” (Korkman, 2006; p. 27).

In line with these assumptions, scholars (e.g., Araujo et al., 2008; Kjellberg and Helgesson, 2006) conceptualized markets as performed by actors engaged in market practices.

The practice-based approach sheds light on value co-creation as a process embedded in a specific socio-cultural context, as a practice is nested in a context of interlinked subjective and objective elements (Schatzki, 2001). As noted by Vargo and Lusch (2016b), practice theory represents a generalized approach of great importance to institutional theory in sociology, as it relates to S-D logic. The work of the practice theorist Giddens (1984), provided insights to S-D logic, by arguing that social structures and institutions are both the outcome and the context for human behaviours; this feature allows us to explain how individuals’ actions are influenced by social rules of conduct and likewise how these social rules are reproduced and evolve through the individuals’ actions (Edvardsson et al., 2011).

Korkman et al. (2010) argued that “(a) practices are a fundamental unit in value creation – value is created as actors engage in practices; (b) practices are resource integrators – value is created as customers integrate socio-cultural resources; (c) firms are extensions of customer practices – customers are not extensions of firm’s production processes: value co-creation happens as firms participate in customer practices; (d) value propositions are resource integration promises – firms enhance value creation by providing resources that ‘fit’ into the practice constellations of customers” (p. 246).

Following practice theory, Echeverri and Skålen (2011) identified specific practices performed by providers and customers to co-create value. These “interacting value practices” have been elaborated on in the work of Schau et al. (2009), the first to adopt the practice theory to study value co-creation in the marketing research (as noted by Laamanen and Skålen, 2015) and that identified procedures, understandings, and engagement as core elements of practices. Procedures refer to rules, principles and precepts that represent the discursive

knowledge; understandings identify knowledge of what to say and do skills and know-how; engagements are ends and purposes of people.

Practices can be viewed as units of value creation (Holttinen, 2010) as they contribute to reveal people's behaviours in their everyday lives (Helkkula et al., 2012)

According to Echeverri and Skålen (2011), interactive value practices may foster both the co-creation and co-destruction of value. Value co-creation occurs when the elements of practices are congruent. In other words, this occurs when actors – providers and customers – agree with which procedures, understandings and meanings should shape a certain interaction.

Hence, practices must be collectively shared to result in value co-creation (Laamanen and Skålen, 2014). From this perspective, value is “a bidirectional construct that takes the assessment of both provider and customer into account” (p. 31).

McColl-Kennedy et al. (2012) took a practice-based approach to identify different value practices performed by customers; their study suggested that customers can co-create value differently as diverse activities and ways of integrating resources by customers through interactions can take place.

Building on works emphasizing the collective dimension of the service experience (e.g., Helkkula et al., 2012; Vargo and Lusch, 2011), McColl-Kennedy et al. (2015) provided a co-created service experience practices (CSEP) framework by articulating three main practices (based on the works of Kjellberg and Helgesson, 2006; Holt, 1995; Gittel and Vidal, 1998; Woolcock, 2001):

- Representational practices that involve the use of resources by actors to construct the imagery expressing the way they see the world. The language acts as enabler for the emergence of actors' relationships and the co-creation. The same meanings of the words are seen as co-created, facilitating service-for service exchange. Representations are “images of schema that actors develop” (Kjellberg and Helgesson, 2007; p. 139) affecting service provision and markets in a performative process (Kjellberg and Helgesson, 2006).

By fostering shared images and dialogue, representational practices contribute to form the phenomenon they represent (Latour, 1986) such that the performative character emerges (Butler, 1990).

- normalizing practices, that establish the way actors interact with each other. Bonding, bridging (Gittell and Vidal, 1998) and linking (Woolcock, 2001) are the core processes describing the form of interactions. The first identifies the process of drawing on the resources of personal networks, bridging is related to the obtaining of resources from weak-tied individuals who form the available social capital of an actor, and linking consists of mobilizing resources from institutional relationships.

- exchanging practices that represent activities in which actors are engaged in a value creating service experience as searching and selecting resources; sorting and assorting them against personal and uniquely determined criteria; appreciating practices through which actors make symbolic gestures; and communing with others and entertaining.

According to Araujo et al. (2008), these represent “bundles of practices including material arrangements that contribute to perform markets” (Araujo et al. 2008, p. 8).

Following Vargo and Akaka’ s study (2012), which considered resource integration as a central practice for value co-creation, Lusch and Vargo (2014) argued that by developing social practices, actors collaborate and co-create for mutual benefits. The authors added integrative practices to those practices proposed by Kjellberg and Helegesson (2007) – that is, representational and normalizing practices.

Integrative practices refer to the routinized activities of integrating market, public and private resources to co-create value as “sometimes decoupling from an assemblage and recoupling with a different assemblage” (Lusch and Vargo, 2014; p. 141).

Recognizing which resources are needed and which are not available for one actor, he/she can address his/her resource deficiencies by choosing to interact – within a specific ecosystem – through co-creation practices (Frow et al., 2016).

Service ecosystems are not fixed but are continually changed and adapted through the enactment of these practices (Vargo and Akaka, 2012).

Drawing upon the notion of translation (Callon, 1986; Latour, 1986), Kjellberg and Helgesson (2006) outlined the way in which different practices are interlinked. Translation refers to the “process by which something – a token, an idea, a rule, a text, a product, a technique, a truth – spreads across time and space (p. 2) and is useful for explaining how practices within the same category or spanning wide categories are interrelated.

As an example, the process of crafting a market strategy – which we consider to be a normative practice – may produce intentions that become translated into prescriptions for future exchange practices and into new methods for measuring and describing the market (Kjellberg and Helgesson, 2006; p. 3).

The literature review proposed in this chapter has shown that according to S-D logic the collaboration and resource integration have an inherent tendency to result in value co-creation and positive outcomes (Plé and Chumpitaz Cáceres, 2010). This implicit assumptions neglect the possibility of problems and challenges of co-creation, thus excluding realistic potential outcomes of the collaboration. In fact, despite the most recent contributions have brought much needed nuance and critique to the excessive positive research into value-co-creation, the literature on the dark side of the process and the related practices and its potential negative outcomes is still in its infancy. The next section provides a synthesis of the state of art of research about the value co-destruction process.

## **2.9 - The dark side of co-creation: Value co-destruction**

Plé and Chumpitaz Cáceres (2010) provided a foundational paper for understanding value processes overall, by distinguishing value co-creation from the its opposite: i.e. value co-destruction. In keeping with the conceptual



framework of S-D logic (Vargo and Lusch, 2014), they defined value co-destruction as “an interactional process between service systems that results in a decline in at least one of the systems’ well-being” (p. 431). Such co-destruction can occur because of an intentional or unconscious misuse, namely a failure to integrate or apply resources in a way that is appropriate and expected by the other service system involved in the interaction. The mismatching between parties has also been recognized in terms of non efficient resource integration due to consumers’ resource deficiencies (Robertson et al., 2014; Plé, 2016).

Echeverri and Skålén (2011) employed the co-destruction concept and suggested that value co-creation and value co-destruction are two key dimensions of five interactive value practices they identified<sup>11</sup>. The authors adopted a practice-based approach, aiming to investigate how interactive value formation can result in co-creation or co-destruction and, drawing upon Schau and colleagues’ (2009) conceptualization of elements of practices<sup>12</sup>, they respectively linked value co-creation and co-destruction to congruent or incongruent elements of practices between providers and customers.

This body of literature focused mainly on the relationship between the service provider and its consumers considering it the key interaction.

By recognizing that this view of value co-destruction takes a dyadic perspective at the forefront, lacking in the consideration of relationships that actors may have with third parties, in a further study Lefebvre and Plé (2011) extended the analysis of value co-destruction from a focal firm to its network. As another antecedent of the co-destruction phenomenon, they proposed the misalignment among business processes: “the situation in which one actor of a focal relationship has failed to adapt and coordinate (e.g. align) his processes with the ones of the other focal actor, and/or of the latter’s network, and/or of his own network in a manner that is considered “appropriate” or “expected” by these other actors.” (p.13).

In such contexts value is not reciprocally created in interactions: co-creation for one actor may represent co-destruction for another especially when the process

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<sup>11</sup> The interactive value practices are informing, greeting, delivering charging, and helping.

<sup>12</sup> Procedures, understandings, and engagements represent the core elements of practices.

happens intentionally (Stieler et al., 2014; Carù and Cova, 2015). One part involved in a relationship can deliberately adopt distorted behaviours, from the perspective of the other interacting actors, aiming to improve its own well-being to the detriment of that of the others.

However, the idea of others remains vague and does not take into consideration a service ecosystem approach, that instead is in focus in value co-creation debate whereas the viability or the well being value can be considered an increase in the viability or wellbeing of a system.

Laamanen and Skålén (2015) explored the collective-conflictual nature of value co-creation by considering not only collaborative practices in the co-creation process but also elements such as coercion, contention, and compromise as results of conflict embedded in goals and interactions among actors. Conflict implies that resources employed in the value co-creation process can represent a means to overturn inequitable power relationships.

Regarding to the utilized lexicon, Laamanen and Skålén (2015) invoked for a more neutral language in S-D logic that considers the potential negative processes and outcomes of the collaboration. Greer (2015), for example, noted that Foundational Premises 6 and 9 (respectively - “The customer is always cocreator of value” and “All social and economic actors are resource integrators” Vargo and Lusch, 2004; 2008a) could be expanded to recognize the idea that value co-creation is not always optimal.

Vafeas et al. (2016) proposed the adoption of the expression “value diminution” as “*destruction* is inadequate as an all-encompassing term, because it implies irreparable loss. While *destruction* can be applied to the element of the value proposition that is lost for the good, the process of interaction and resource integration, however imperfect, may still result in the realisation of some of the value promised and expected” (p.3).

These scholars defined value diminution as a process of (perceived) sub-optimal value creation that has its antecedents in the misuse or deficiencies of resources by one or more interacting actors. Hence, the causes can be related to one single actor, by making problematic the utilization of the prefix co-, which implies the joint participation of actors in the indicated processes; furthermore, the value

determination is idiosyncratic and can be perceived differently by different actors (Holbrook, 2006).

In summary, a need exists to move beyond the focus on dyadic relationships among actors (e.g., Worthington and Durkin, 2012) - or within a company's network - to adopt a broader approach that can catch the adverse processes during interactions and its determinants, and to address the domino effect that may occur in the service ecosystem as whole (Lusch and Vargo, 2014).

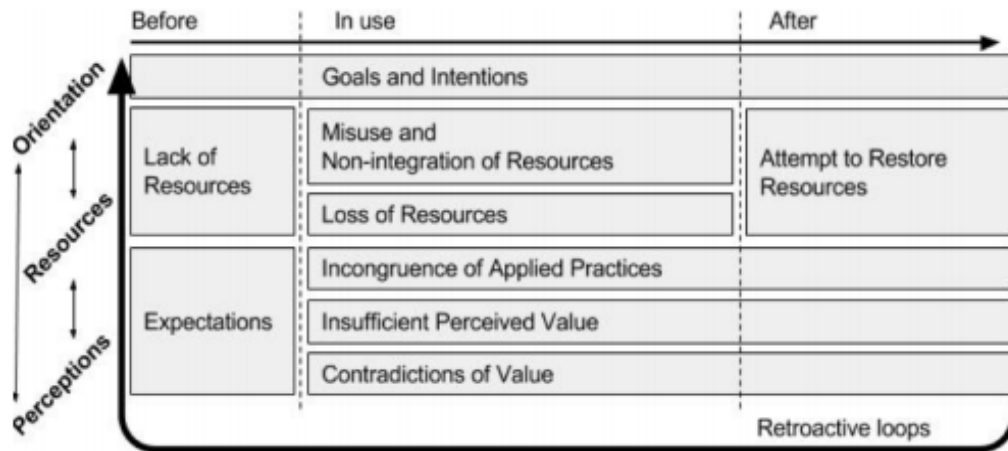
Prior and Marco-Cuevas (2016) considered both the actor-to-actor interaction and the service ecosystem perspective; at the micro level, the authors addressed the role of actor perceptions in the value co-destruction process that consist of goal prevention and/or net deficits. Goal prevention is related to "the actor's belief that they are unable to achieve their desired outcomes from engaging in a collaborative process with other actors" (p. 8). This can occur because of resources and/or practices misalignment and due to relevant resources and/or practices deficiencies. Net deficits identify a situation in which the perceived benefits are lower than the perceived costs from collaboration due to resources misuse.

Instead, at the ecosystem level, value co-destruction comes from normalizing practices (Lusch and Vargo, 2014) failures that may involve cultural inconsistencies among the interacting actors and a failure to negotiate.

However, the study of Prior and Marco-Cuevas (2016) analyzed only some influences on normalizing processes as well as the roles of representing (Kjellberg and Helegesson, 2007) and integrating practices (Lusch and Vargo, 2014) are still missing.

By reviewing the scarce literature on the value co-destruction, Lintula et al. (2017) proposed a framework for value co-destruction process for service systems – as shown in Figure 2.5.

Figure 2.5 - Framework for value co-destruction process for service systems



Source: Lintula et al. (2017)

The authors identified the key components of this negative process and summarized them into three interlinked dimensions: orientation, resources and perceptions.

Orientation involves actors' intentions and goals before, during and after the use and has been recognized in the literature as a main element in determining the co-creation or co-destruction of value. In particular, value co-destruction can be an intentional process for a service system involved in the interaction (Plé and Chumpitaz Cáceres, 2010; Kashif and Zarkada, 2015) and may be driven by an incongruence of goals (Ertimur and Venkatesh, 2010).

Resources play a crucial role in creating (or not creating) value, as before the use, their lack by one or more actors negatively affects the process (Robertson et al., 2014; Frow et al., 2016); furthermore, the S-D logic literature conceptualized value co-destruction as a misuse of resources (Plé and Chumpitaz Cáceres, 2010) – labelled by Plé (2016) as a “misintegration of resources” – or through the non-integration of available resources (Plé, 2016).

Even the loss of resources has been crucial in conceptualizing value co-destruction; if expected resources are not obtained or the expected loss of resources is exceeded, value co-destruction takes place (Smith, 2013). After an experienced loss of resources (so, after the use), a service system can engage in

negative behaviours by attempting to restore its first loss; however, this can result in a secondary loss of resources for one or more service systems involved in the interaction (Smith, 2013).

In the literature, expectations have been considered drivers for intentional misbehaviours; if one service system does not receive the expected value, it can deliberately prompt value co-destruction (Smith, 2013; Kashif and Zarkada, 2015). Nevertheless, during the use, mismatching of performed practices (Echeverri and Skålén , 2011), insufficient perceived value (Stieler et al., 2014) or different value perceptions for different actors (Vartiainen and Tuunanen, 2016) can emerge.

## CHAPTER 3 – THE DARK SIDE OF RELATIONSHIPS

The term dark side refers to “‘problems’, ‘challenges’, ‘difficulties’ and ‘drawback’ related to structural issues that exist in business relationships” (Abosag et al., 2016; p. 5).

Despite a great number of studies in the B2B and B2C literature addressing the potential negative elements in a relationship, the most recent marketing perspectives emphasize the role played by interactions and collaborations among actors (e.g., Vargo and Lusch, 2004; 2008a) while detrimental behaviours, actions, and perceptions are understudied (Chowdhury et al., 2016).

The following literature review provides an overview of the main constructs analyzed in the literature on the negative side of both business-to-business and business-to-consumer relationships (e.g., Williamson, 1975; Pondy, 1967; Samaha et al., 2011), by describing their main characteristic, antecedents and consequences.

### **3.1 - The dark side in B2B relationships**

The dark side of B2B interactions has been investigated mainly in regards to atmospheric elements (Chowdhury et al., 2016), as opportunism (Joshi and Stump, 1999; Nunlee, 2005; Wathne and Heide, 2000, Williamson, 1975), conflict (Chang and Gotcher, 2010; Duarte and Davies, 2003; Mele, 2011), imbalanced power conditions and the related asymmetry as characteristics of the relationships (e.g., Caniëls and Gelderman, 2007). In the literature on business relationships, several studies have analyzed the negative elements affecting a business interaction, from which much of the lexicon used to refer to them emerges (Abosag et al., 2016).

In the next sections, the literature review on the main constructs related to negative aspects of business relationships is proposed.

### **3.1.1 - Opportunism**

Opportunism can be defined as “self-interest seeking with guile” (Williamson 1975, p.6); it is related to negative behaviours that an actor can adopt in a relationship with others to obtain an advantage. Seeking of self-interest is a general assumption in economic theories, but the means whereby an actor attempts the self-interest represent the main characteristic. Guile, in fact, plays a key role in recognizing a behaviour as opportunistic; guile can be defined as "taking advantage of opportunities with little regard for principles or consequences" (Macneil, 1981, p. 1023), thereby distinguishing an opportunistic behaviour from one that is not. Other scholars preferred the term “deceit” to highlight the idea that self-interest seeking is not equivalent to opportunism (Das, 2005; Das and Rahman, 2010). Hard bargaining, disagreements and other forms of conflictual behaviours do not necessarily imply opportunism (John, 1984), nor do behaviours taking place under conditions of unbalanced bargaining power unless they violate an existing norm between parties (Wathne and Heide, 2000). This means that “opportunism is deliberate, not accidental” (Das and Rahman, 2010, p. 57).

However, opportunism can be “not limited to activities that directly benefit the agent but also admits the possibility of expending resources in activities undertaken solely to impose costs on a trading partner in hope of eliciting concessions” (Masten, 1988, p. 183).

Anderson (1988) argued that opportunism in setting selling can assume different forms, consisting of misrepresentation of information and activities, distortion of results, misrepresentation of intentions and promises, and, at least, misrepresentation of selling costs.

In line with the complexity of this construct and its multifaceted nature (Niesten and Jolink, 2012), the literature distinguished different categories of opportunism as it can manifest in several forms. Ex ante opportunism, regarding the ex ante stage of contracting, is related to situations of asymmetric information (Akerlof, 1970), that favour the more knowledgeable actor in a transaction; on the other hand, opportunism ex post implies transaction costs of

monitoring the relationship (Williamson, 1985), to ensure that the agreed set of obligations is respected.

The early definitions of the phenomenon are referred to blatant or strong forms of opportunism (Williamson, 1985) that occurred when a formal contract is violated; however, another kind of opportunistic behaviour was highlighted in the literature, labelled “lawful opportunism” (Williamson, 1985; 1991), or “weak-form” (Luo, 2006), in which one part fell foul of informal relational contracts and agreements, that were not explicitly codified and written, but involved social norms shaping a certain relationship. Considering the different features of the strong-form and weak-form of opportunism, its formal or informal nature, diverse control mechanisms are required (Liu et al., 2014).

Wathne and Heide (2000) identified two other general categories of opportunism, namely the active and passive form. The first refers to behaviours that are explicitly or implicitly prohibited, while passive opportunism is related to the situation of shirking, omissions or cases in which one party escapes from its obligations. Although this latter form is under-investigated, the passive kind of opportunism is more pervasive and impacts the relationship over longer periods of time than does the active form. Active and passive types, in fact, differently affect satisfaction with a relationship’s performance, revealing that “the transaction cost velocity explodes as the number of instances of passive opportunism increases” (Seggie et al., 2013, p. 85).

As revealed by the large number of previous studies, opportunism is a crucial topic in exchange theory. In particular, two theories of exchange provided the theoretical foundation for this construct: Transaction Cost Economics (TCE) theory and Social Exchange Theory (SET).

TCE is based on two main behavioural assumptions, namely that a) human agents are characterized by bounded rationality and b) actors in a contractual relation can assume opportunistic behaviours (Williamson, 1981). Williamson (1998) noted that “although it is unnecessary to assume that all human agents are identically opportunistic, much less continuously opportunistic, it is truly utopian to presume unfailing stewardship. Even the saints are known to be fallible; and most of us are better described as mere mortals” (p.31).



Thus, according to the Transaction Cost theory, not all actors are opportunistic, but each transaction is characterized by the behavioural uncertainty of contracting parties; this latter feature, along with the assumption of human bounded rationality, leads to the emergence of transaction costs due to an inability to deal with complete contracts.

Williamson (1985) claims that market alone would be sufficient for handling economic transactions if all behaviours are honest, so firms could not exist without opportunism.

In a critique of Williamson's TCE as normative theory, Ghoshal and Moran (1996) distinguished opportunistic behaviour from opportunistic attitude; these authors highlighted the idea that "[b]y incorporating opportunism as an attitudinal variable, which is conceptually separate and distinct from its behavioral manifestation, the predictive power of the theory can be broadened to cover more firms and different types of markets. Also, such an extension would permit a comparative analysis of different forms of governance within the firm" (p. 40).

According to the TCE theory, the transaction's features affect the size of transaction costs so most empirical studies focused on showing that the likelihood of observing a certain organizational form is a function of certain transactions' characteristics as asset-specificity, uncertainty, frequency, and complexity.

Hence, TCE theory investigated the choice of governance mode minimizing these costs, according to a logic related to the efficiency concept (Hawkins et al., 2008). It proposed the use of governance mechanisms as sanctions that preserve the firm's performance. In fact, to safeguard against opportunism, contracting parties choose institutional arrangements so as to mitigate transaction costs (Jap and Anderson, 2003).

All governance mechanisms are subject to the hazards of opportunism, however the nature of the hazards differs from one organizational form to another; hierarchy is more exposed to hazards as "autonomous maladaptation" (Hayek, 1945) and that of bureaucracy (Williamson, 1985), whereas the main hazards to which market forms of organization are subjects are those of "cooperative maladaptation- including nonconvergent expectations" (Williamson, 1996, p. 51).

The different perspectives emphasizing the salience of social exchanges in economic relationships such as relational contracting (Macneil, 1980) and social embeddedness (Granovetter, 1985) have their roots in Social Exchange Theory (SET).

SET is based on the premise that exchanges may entail both social and economic outcomes (Hawkins et al., 2008); this theory focuses on the relationship between parties as the governance mechanism of exchange that involves a series of interactions generating obligations (Emerson, 1976) that are interdependent (Blau, 1964).

Lambe et al. (2001) provided a clear delineation of SET's foundational premises and highlighted the idea that, over time, positive outcomes from exchanges in terms of both economic and social dimensions increase the trust of contracting parties and the commitment to maintaining the exchange relationship. The theory does not reject the possibility of opportunistic behaviours, as predicted by TCE; however, drawing on sociology, opportunism is considered "the exception, rather than the rule" (Heide and John, 1992, p. 32) and the central role is played by trust (Doney and Cannon, 1997). As opposite to TCE theory, in fact, trust does not depend on contracts or asset-specificity as hostage exchanges – considered to be situations that need no trust – but is related to reputation and the sharing of similar values (Young-Ybarra and Wiersema, 1999).

According to SET, trust allows for the explanation of different organizational exchanges as strategic interfirm alliances characterized by incompleteness of contracts and reciprocal exchanges of resources (Das and Teng, 2001).

A more comprehensive and dynamic framework for analyzing interfirm relations is provided by the network approach. It focuses on systems' features of interdependent dyadic relationships. Network scholars "do not regard opportunism as a basic characteristic of the actors. As in social exchange theory, its correlate trust is an important concept in the network approach" (Johanson and Mattsson, 1987, p. 44). Hence, there has been a critique of Williamson's view of human nature and the lack of considerations of social context in which relationships are embedded (Granovetter, 1985); social processes underlying transactions can, in fact, reduce uncertainty and act as mechanisms to reduce

the costs of exchanges (Johanson and Mattson, 1987). Trust is a critical factor for sustaining a relationship (Jarillo, 1990) because not everything can be contracted and a certain degree of trust is always implicit in a transaction (Madhok, 1995). In line with SET, the network approach considers firms the social units that develop asset specificity relationships through the mechanism of mutual adaptation (Johanson and Mattsson, 1987); thus, a different view of the nature of relationships arises.

Although some scholars claim a lack of theoretical and empirical research about antecedents of opportunism (Kang and Jindan, 2014), some of the literature addressed the factors that contribute to the propensity of a firm to behave opportunistically. A synthesis of the empirical research on antecedents (and consequences) of opportunism as defined in TCA is provided by Hawkins et al. (2008); according to the authors, the prevalent constructs investigated in the TCE literature affecting opportunistic behaviours are dependence (e.g., Joshi and Arnold, 1997; Provan and Skinner, 1989) and the role of idiosyncratic investments (e.g., Buvik and Reve, 2001); as noted by Williamson (1991), in fact, “asset specificity increases the transaction costs of all forms of governance” (p. 282).

Additionally, the degree of relationship formalization (Dahlstrom and Boyle, 1994) and the uncertainty impact on the liability of opportunistic behaviours.

Kang and Jindal (2015) have selected other potential determinants of opportunism; from TCE theory, these authors have identified alternative attractiveness, transaction-specific investments and termination costs as economic drivers to opportunistic behaviours and, from relationship marketing, conflict, goal misalignment and unfairness as relational drivers.

The results of the Kang and Jindan’s research (2014) revealed that conflict plays a crucial role in determining opportunism, and the other two relational drivers exert influence via conflict. Instead, with regards to economic drivers, transaction-specific investment and termination costs affect opportunism via a decrease in the attractiveness of alternatives.

Das and Rahman (2010) classified the main antecedents identified in the literature as relational, economic and temporal determinants, each category

affecting the potential of opportunism in a different manner. Economic determinants are widely recognized, in particular from the TCE literature (e.g., Klein, 1976; Lee, 1998; Sako and Helper, 1998), and consisting of equity involvement, asymmetric alliance specific investments, mutual hostages, and payoff inequity (e.g., Brown et al., 2000; Joshi and Stump, 1999). Relational antecedents imply cultural diversity (e.g., Barkema and Vermeulen, 1997) and goal incongruence (e.g., Ross et al., 1997). Instead, another group of determinants is related to the time dimension, such as alliance horizons (Heide and Miner, 1992) and pressures for quick results (Kanter, 1994).

Despite this, the literature on the determinants of partner opportunism appears fragmented. By focusing on opportunism in strategic networks, for example, Yaqub (2011) added the distinction between behavioural antecedents (as the history of collaboration and perceived unfairness) and structural antecedents (as information asymmetry and asset specificity) of opportunism in strategic networks by showing that these can have an impact in the ex-ante and ex-post stages of the network life cycle.

As concerns the outcomes, opportunism can have a strong negative impact on the interacting actors' performance (Lui et al., 2009); "taken collectively, opportunism leads to an asymmetric bargaining position and the dissipation of firm-specific assets" (Park and Ungson, 2001, p. 51); in some cases, it can produce opportunity costs because actors' efforts are concentrated towards the relationship's control rather than establishing a more valuable one (Wathne and Heide, 2000).

A large body of the literature focused on methods of controlling opportunistic behaviour. According to TCE theory, the goal of controlling it, in fact, so reducing potential transaction costs, pushes firms to move from markets to hierarchies (Williamson and Ouchi, 1981).

Social mechanisms for controlling opportunism have also been objects of investigation (Nunlee, 2005). Based on SET, the role of relational norms as mitigating opportunism has been analyzed (e.g., Lai et al., 2005).

Wuyts and Geyskens (2005) studied the ways in which organizational culture impacts both the choices of the partner with which one is contracting and

whether to draft a detailed contract, and the role of these decisions in curtailing the partner's opportunistic behaviour. Their results showed that detailed contracts jointly with a close partner selection increase the probability of opportunism because detailed contracts reveal and signal distrust (as opposed to the expected trust for a close partner), which, in turn, acts as an enabler of opportunistic behaviour.

Another choice investigated in the literature in terms of reducing the likelihood of opportunistic behaviours is maintaining close relationships, such as close buyer-supplier relationships (e.g., Brow et al., 2000)

### **3.1.2 - Power**

Power "can be regarded as the ability of a firm to affect another's decision making and/or overt behaviour" (Wilkinson, 1974).

Some scholars considered power an authoritative control mechanism (Weitz and Jap, 1995) that expresses one actor's potential to influence an interacting party's beliefs, attitudes, and behaviours (Frazier, 1984); in this respect, previous literature distinguished the possession of power from the means of exercising it and linked consequences as the control on the relating actor (Frazier and Antia, 1995; Martinez and Pezzillo Iacono, 2013).

The literature on channel management (e.g., Lacoste and Johnsen, 2015) and networks (e.g., Håkansson and Waluszewski, 2013) addressed the role of power as a crucial issue, as it hinders cooperation among actors (Corsten and Kumar, 2005; Cox, 2001) and is the antithesis of trust (Kumar et al., 1998). Sources of power in the supply chain derived by isolating mechanisms rest on the superior performance of a supplier over competitors, such as causal ambiguity and brand reputation effects (Cox, 2001). However, power is not always considered as a negative element in a relationship because beneficial effects may arise from its presence (Maloni and Benton, 2000).

By drawing upon resource-dependence theory (Pfeffer and Salancik, 1978), two main dimensions have been identified in the literature as related to power in a

dyadic relationship, power imbalance and mutual dependence (Casciaro and Piskorski, 2005). First, power imbalance is considered the difference between two interacting actors' dependencies; if an actor is more dependent on its exchange partner, this dependence represents the source of the partner's power (Gulati and Sytch, 2007).

Second, mutual dependence can be understood by the sum of their dependencies; both dimensions are needed to understand the power-dependence structure in a business relationship.

Indeed, scholars identified dependence as a key construct to explain relationship and exchanges where a power imbalance exists (e.g., Ritter et al., 2004); it concerns the importance of a resource provided by an actor to another and it is function of the availability of alternative providers of the same resource (Cook, 1977). In line with Emerson's dependence-power theory (1962), the literature on this topic emphasized the reversed relation between these two constructs.

By considering the dark side of business relationships, Provan and Skinner (1989), for example, showed that in dealer-supplier relationships, opportunistic behaviour of one dealer is negatively related to the level of dependence on its supplier.

This implies that negative effects especially arise in unbalanced relationships. Power unbalanced relationships, in fact, result in unbalanced benefits sharing (Duffy and Fearne, 2004) and can lead to opportunistic behaviours (Maloni and Benton, 2000). However, by considering the role of culture and social norms, Zhuang and Zhou (2004) have shown that dependence does not always have a negative meaning, so "the value of dependence-power approach (measuring power by dependence) is limited" (p. 689).

Johnsen and Lacoste (2016) highlighted the bi-polar nature of the construct arguing that dependence may also have positive consequences in terms of unique benefits derived from a certain relationship (Scheer and Smith, 1996; Scheer et al., 2010).

Power stems from different sources; French and Raven (1959) identified five sources of power: reward, coercive, legitimate, referent and expert power, each of them associated with different consequences.

By drawing on French and Raven's framework, Hunt and Nevin (1974), in a study on power in a channel distribution, classified sources of power as coercive and non-coercive; they showed that by relying on non-coercive sources of power, franchisors produced more satisfaction among franchisees than by using coercive ones. In line with these results, others found that non-coercive power sources can improve firms' cooperation and reduce the likelihood of conflict (Hausman and Johnston, 2010; Vaaland and Håkansson, 2003). However, other scholars considered power as a response to conflict by highlighting the idea that a power relation is based on conflicts of interest or the values of interacting actors (Dahl, 1963; Stern and Gorman, 1969).

Based on Raven and Kruglanski's work (1970), John (1984) distinguished between contingent and non-contingent sources; in more detail, coercion and rewards power as contingent types because in this case "changes in one's behavior are seen as being caused by the external factor of influence and not as being the result of some internal mental state" (p. 281). Conversely, expert, legitimate, and referent power represent non-contingent sources of influence whose effects depend on the internal mental states of the less powerful actor. Similarly, the author identified higher degrees of opportunistic behaviours in the case of influence through reward and coercion rather than in the case of non-contingent sources of power.

From the earlier conceptualization of network scholars, power was considered an attribute of dyadic relationships; in line with previous conceptualizations, power was defined by the IMP approach in terms of resources controlled by an actor (e.g., Håkansson, 1992). From the network approach, five interrelated sources of power have been identified: economic-based, technology, expertise, trust and legitimacy (Thorelli, 1986). Furthermore, in a structural view, some scholars added an important source of power consisting of the actor's position in the network of business relationships in which the actor is embedded (Emerson, 1972; Cook, 1977; Thorelli, 1990).

Olsen et al. (2014) introduced the concept of networked power, defined as "an actor's attempts in a multi-actor network to utilize their current position to allocate and decouple actors, resources and activities according to its own

benefit” (p. 3), thus emphasizing the ability to reduce dependence on others and extend relational freedom. This implies that network processes are influenced by the distribution of power among actors, revealing that some actors have access to more and better resources than do others (Ford, 2015). Additionally, scholars (Johnsen and Ford, 2008; Johnsen and Lacoste, 2016) argued that the power of a larger firm in a relationship extends to an indirect relationship and network of smaller interacting actors, so conditioning its activities and strategies.

### **3.1.3 - Conflict**

Conflict is a topic widely investigated by the social sciences, thereby generating a state of conceptual and terminological confusion in the literature on this phenomenon within and among organizations. As noted by Wall and Callister (1995), different definitions of this construct exist but in general they agree about the vision that “conflict is a process in which one party perceives that its interests are being opposed or negatively affected by another party” (p. 517).

In a pioneering article, Pondy (1967) argued that “[t]he term ‘conflict’ has been used at one time or another in the literature to describe: (1) antecedent conditions (for example, scarcity of resources, policy differences) of conflictful behavior, (2) affective states (e.g., stress, tension, hostility, anxiety, etc.) of the individual involved, (3) cognitive states of individuals, (i.e. their perception or awareness of conflictful situations, and (4) conflictful behavior, ranging from passive resistance to overt aggression” (p. 298). This implies that conflict cannot be considered a single phenomenon because of its multi-faced nature and should be considered a dynamic process rather than a single state.

By drawing upon Pondy’s (1967) seminal article, Duarte and Davies (2003) have identified the main dimensions of conflict as latent, manifest, and affective. Latent conflict is an antecedent condition related to an underlying state of incompatibility among interacting parties. Affective conflict is defined as “hostility, frustration and anger towards a partner” (Roberts et al., 2003; p. 179)



and can result in a manifest conflict, the latter consisting of explicit behaviours of disagreement or of impeding the achievement of the other party's objectives (Kumar et al., 1995).

Jehn and Mannix (2001) identified three conflict forms: relationship, task and process conflict. Relationship conflict is linked to emotional components and interpersonal incompatibility. Task conflict regards different perceptions about tasks and roles. Process conflict, as the cognitive type, is related to "how task accomplishment will proceed" (p. 239). Mele (2011) highlighted the idea that relationship conflict as a category separate from the others is inadequate to understand the complex nature of the phenomenon because no conflict exists without interaction.

Conflict has been mainly understood in dyadic terms; however, conflict in a relationship between two parties cannot be explained without reference to other actors, so "when network factors are considered a richer understanding emerges" (Welch and Wilkinson, 2005; p. 2017). Despite the recognition that interaction may generate difficulties and conflict among actors (e.g., Ford et al., 2008), only a few studies within the IMP group focused on conflict within interorganizational relationships.

As concerns causes of conflict, Fang et al. (2011) considered this phenomenon the outcome of imbalanced tensions, co-existing forces with different goals; some decades ago, scholars identified as sources of conflict in inter-organization relations such issues as goal incompatibility, dissension over a set of expectations, and differences in perceptions (Stern and Heskett, 1969).

More in general, causes of conflict can be grouped into three main categories: individual features (as personal values and goals), interpersonal factors (for example, distortions and misunderstandings), and issues, especially complex and multiple ones because they are, in turn, more likely to generate misunderstandings and reveal divergent goals (Wall and Callister, 1995).

Earlier research has traditionally viewed this phenomenon as a negative and unproductive behaviour. Palmatier et al.'s (2006) meta-analysis of factors influencing the effectiveness of Relationship Marketing showed that conflict has the greater absolute negative impact on customer relationships; additionally,

scholars suggested that conflict is detrimental to organizational functioning (Brown, 1983), a firm's performance (Duarte and Davies, 2003), and the development of relational norms (Koza and Dant, 2007), and may cause the relationship's termination (Halinen and Tähtinen, 2002). Moreover, its deleterious effects are more likely in a relationship characterized by size asymmetry (Johnsen and Ford, 2008).

Process and relationship conflict was also negatively related to the level of innovativeness (Matsuo, 2005), while task conflict might improve the development of innovation.

Although the literature has widely analyzed negative effects of conflict, some authors suggested that certain forms of conflict can determine benefits (Cosier and Dalton, 1990; Leonidou et al., 2008; Pondy, 1992). The literature labelled these forms as functional conflict, "defined as an evaluative appraisal of the results of recent efforts to manage disagreements" (Skarmeas, 2006; p. 568).

Conflict, for example, when cognitive rather affective, can improve decision quality and favour better understanding among decision-makers (Amason and Schweiger, 1994).

As highlighted by Mele (2011), "conflicts, regardless of the type, are neither negative nor positive in themselves; how they become one or the other depends on how they are managed" (p.380). On the contrary, in some cases conflict avoidance may lead to such adverse states as irresolution and inertia (Pascale, 1990; Tjosvold, 1997). In line with this, Song et al. (2000) claimed that the literature on conflict resolution should move from a conflict-elimination approach to a conflict-learning perspective.

However, conflict becomes a crucial issue when associated with other negative states; when unbalanced power exists in a relationship, for example, it is less likely that actors are engaged in a conflict's resolution (Weits and Jap, 1995) or, additionally, the weaker party can be cautious about creating conflicts with the stronger actor for fear of ending the relationship (Harrison, 2002; Lee and Johnsen, 2012).

As concerns sources of conflict in relationships, interest and goal misalignment is more likely to produce conflict (Lewis, 1990; Munksgaard et al., 2015), although

a misalignment may be useful for a relationship's development (Corsaro and Snehota, 2011).

As noted by (Blois and Hopkinson, 2013), "power-base theory does offer an understanding of conflict" (p.140). By relating these different constructs, some scholars argued that power has a strong impact on the level of conflict, by emphasizing that sources of coercive power – as punishment - increase conflict in a relationship (Gaski and Nevin, 1985; Hopkinson and Blois, 2014; Rawwas et al., 1997; Vaaland and Håkansson, 2003) while non-coercive sources – such as assistance – tend to reduce it (Lusch and Brown, 1982; Raven and Kruglanski; 1970). In line with this, potential conflict grows as the interdependence among actors increases (Gundlach and Cadotte, 1994).

On the other hand, as highlighted by Gaski (1984), others identified an inverse causal relationship between these two phenomena, assuming conflict is the causative factor with respect to power (e.g., Dahl, 1963; Stern and Gorman, 1969).

Furthermore, conflict can drive opportunistic behaviours as "[u]nscrupulous behaviour by one actor can incite reprisals by its counterpart, especially in the context of asymmetric relationships" (Johnsen and Lacoste, 2016; p. 15).

#### **3.1.4 - Asymmetry**

Symmetry (or conversely asymmetry) has been considered a structural characteristic of business relationships (Håkansson and Snehota, 1995). Asymmetry can be defined "as an imbalance in the size and characteristics of a relationship (Lee and Johnsen, 2012; p. 1); from the IMP approach, asymmetry in business relationships has been mainly understood in terms of links between size difference and certain relationships' characteristics. By focusing on size asymmetry between smaller supplier and larger business customers, Johnsen and Ford (2008) identified particularity, mutuality, interpersonal inconsistency, power-dependence, conflict, and co-operation as features shaping the typology of asymmetry which may arise in a relationship and its consequences; they found

that larger customers had significant influence not only in relationship with their smaller suppliers, but also in developing suppliers' strategic independence because of the additional influence on the suppliers' network.

Lee and Johnsen (2012) added trust as an important relationship characteristic for understanding the kind of asymmetry and the link with relationship development stages. These authors argued that conflict represents the main issue for interacting actors in the exploratory phase of the asymmetric relationship; however, it decreases during the development stage leading to its elimination in the stable stage.

Although the topic of asymmetry has been addressed mainly in terms of power-dependence unbalanced situations (e.g., Araujo and Mouzas, 1998; Casciaro and Piskorski, 2005; Gulati and Sytch, 2007), business relationships' asymmetry may occur due to different elements.

From a marketing perspective, based on the pioneering contributions of Akerlof (1979), information asymmetry represents a significant condition in service provider-customer relationships (e.g., Gallouj, 1997).

This concept has its roots in the agency theory paradigm and consists of an imbalance of information between interacting actors that leads to moral hazards for sellers and problems linked to adverse selection for buyers (Kirmani and Rao, 2000; Mishra et al., 1998; Nayyar, 1990) and that can be exploited by the more knowledgeable actor (Nayyar and Kazanjian, 1993). More in general, asymmetrical information is considered a form of vulnerability that enables one interacting actor to behave opportunistically without facing opposition (Kirmani and Rao, 2000; Wathne and Heide, 2000). As concerns relational outcomes, information asymmetry may cause a spiral of suspicion, hindering the development of trust, commitment, and satisfaction in a relationship (Anderson and Jap, 2005; Tong and Crosno, 2016).

On the other hand, Sharma (1997) proposed the concept of knowledge asymmetry as a potential problem arising in principal-professional exchanges. The author emphasized the difficulties in evaluating many knowledge-intensive forms of work related to situations in which the principal does not know how the agent does a job rather than what the agent does.

Ross et al. (1997) proposed the perceived asymmetry of commitment as another unbalanced situation that has a negative impact on the relationship's performance. Commitment, as "a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship" (Anderson and Weitz, 1992; p. 19), can be perceived asymmetrically in a relationship. These perceptions of unbalanced efforts and willingness in terms of commitment increase conflict and decrease (current and expected) profit due to fear of opportunism; however, "perceptions that the other party is less committed decrease with levels of communication with and dependence upon the counterpart" (Ross et al., 1997; p. 697).

As noted by Zohu et al. (2007), "[p]erceptual difference of dependence, as one type of perceptual difference, is likely to be another source of channel conflict" (p. 311).

On the other hand, a situation of asymmetry does not necessarily involve losses for interacting parties. Chen and Chen (2002), for example, explained why larger and stronger firms decide to cooperate – by strategic alliances – with smaller and weaker actors, showing that the stronger actor may obtain advantages from the power to appropriate relational rents while the weaker actor may be compensated by the likelihood to improve its positions in other relationships, so extending benefits obtained from the dyadic relationship further into the network (Frazier and Antia, 1995). However, the smaller party may spend much energy and resources in the asymmetric relationship with its main counterpart and, at the same time, lack the resources needed to develop and take advantage of opportunities in its network (Lee and Johnsen, 2012).

### ***3.1.5 - Institutionalized creativity***

In long-term relationships, a negative phenomenon that has remained unexplored in the marketing and management literature is the institutionalized creativity (Halinen, 1997).

As highlighted by Vafeas and Hughes (2016) there are “only two other references to it in the marketing literature (Davies and Prince, 1999; Grayson and Ambler, 1999), though neither expands on Halinen's (1997) characterization of the concept” (p. 59).

Institutionalized creativity occurs when an actor becomes entrenched in its ideas. It is conceived of as a dimension of misadaptation in client-agency relationships that arises when an agency fails because of its ability or motivation to adapt to customers' needs (Davies and Prince, 1999; Halinen, 1997).

By adopting a multi-disciplinary approach, Vafeas and Hughes (2016) identified the main dimensions of this phenomenon, consisting of complacency (the lack of motivation to improve performance); boredom (a lack of stimulation); institutionalization (with such dark sides as reduced mental efforts and the tendency to perform routine actions), and groupthink (coercive cohesion and false consensus). Each dimension maintains antecedents. Complacency may arise from previous success and satisfaction, which reduces the push to seek new solutions. Boredom emerges from a lack of task complexity or autonomy. Institutionalization is often related to in-depth client-related knowledge and poor external knowledge sources. Groupthink may result from a kind of leadership limiting people's enhancement and freedom.

In this wider perspective, institutionalized creativity can be defined as a situation in which “team-generated ideas and outputs that are predictable or task inappropriate due to a motivation, low task stimulation, static mental models, interpersonal cohesion, or constraint” (Vafeas and Hughes, 2016; p. 66) leading to customers' dissatisfaction and a higher likelihood of switching.

As suggested by Medlin and Törnroos (2015), institutionalization can represent a trap in which people lose their creativity.

### 3.1.6 - On the B2B dark side: A summary scheme

To summarize the literature review on the main constructs investigated in the B2B studies, a table (3.1) identifying the main features of each concept is proposed.

Table 3.1 – A summary scheme of the negative relational elements (B2B)

CONSTRUCT	DEFINITION	CLASSIFICATIONS	ANTECEDENTS	CONSEQUENCES
<b>Opportunism</b>	self-interest with guile (Williamson 1975, p.6); opportunism involves the guile (or deceit)	- ex-ante/ex-post (Akerlof, 1970; Williamson, 1985)  - blatant/lawful (Williamson, 1985; 1991; Luo, 2006) - active/passive (Wathne and Heide, 2000)	- uncertainty (Josh and Stump, 1999)	- less adaptive and flexible behaviours (Gundlach et al., 1995)
			- dependence (Hawkins et al., 2008; Provan and Skinner, 1989)	- opportunity costs in term of monitoring the relationship (Wathne and Heide, 2000)
			history of collaboration and perceived unfairness - STRUCTURAL ANTECEDENTS: as information asymmetry and the asset specificity - in strategic networks (Yaqub, 2011)	detrimental effects to the development of mutual trust (Das and Teng, 2004)
			- ECONOMIC DRIVERS: alternative attractiveness; transaction specific investment; termination costs; -RELATIONAL DRIVERS: conflict; goal misalignment; unfairness (Kang and Jindan; 2014)	- asymmetric bargaining position and the dissipation of firm-specific assets (Park and Ungson, 2001)
				- relationship's termination (Li and Ng, 2002)
				- negative impact on the interacting actors' performance (Lui et al., 2009)

CONSTRUCT	DEFINITION	CLASSIFICATIONS	ANTECEDENTS	CONSEQUENCES
<b>Power</b>	power can be regarded as the ability of a firm to affect another's decision making and/or overt behavior (Wilkinson, 1974); The two main dimensions related to this construct are power imbalance and mutual dependence (Casciaro and Piskorski, 2005)	- reward, coercive, legitimate, referent and expert power (French and Raven, 1959)	- dependence (Gulati and Sytch, 2007; Ritter et al., 2004)	- lower level of dependence in a relationship can lead to opportunism (Provan and Skinner, 1989)
		- coercive and non-coercive power (Hunt and Nevin, 1974)	conflict (Dahl, 1963)	- power imbalances can lead to opportunistic behaviours (Maloni and Benton, 2000)
		- economic-based, technology, expertise, trust and legitimacy power (Thorelli, 1986)		- power unbalanced relationship results in unbalanced value sharing (Duffy and Fearn, 2004)

CONSTRUCT	DEFINITION	CLASSIFICATIONS	ANTECEDENTS	CONSEQUENCES
<b>Conflict</b>	a clash between divergent perspectives, interests, objectives, or behaviours" (Mele, 2011; p. 1378); conflict is better understood as a series of episodes (Pondy, 1967)	- latent, manifest and affective conflict (Duarte and Davies, 2003)	- imbalanced tensions (Fang et al., 2011)	- lower organizational functioning (Brown, 1983)
		- cognitive and affective forms (Amason, 1996)	- sources of conflict in interorganization relations are (i) goal incompatibility, (ii) domain dissensus, and (iii) differences in perception (Stern and Heskett, 1969)	- negative impact on firm's performance (Duarte and Davies, 2003)
		- relationship, task and process conflict (John and Mannix, 2001)	- coercive power (Gaski and Nevin, 1985)	- the greater negative impact on marketing relationships (Palmier et al., 2006)
			- interdependence among actors (Gundlach and Cadotte, 1994). - individual characteristics, interpersonal factors and issue (Wall and Callister, 1995)	- lower innovativeness (Matsuo, 2005) - opportunism (Johnsen and Lacoste, 2016)



CONSTRUCT	DEFINITION	CLASSIFICATIONS	ANTECEDENTS	CONSEQUENCES
<b>Asymmetry</b>	"an imbalance not only in the size of a customer and supplier firm, but also in the characteristics of a relationship" (Munksgaard et al., 2015; p.163)	<ul style="list-style-type: none"> <li>- power-dependence asymmetry (Casciaro and Piskorski, 2005; Gulati and Sytch, 2007)</li> <li>- information asymmetry (Gallouj, 1997; Kirmani and Rao, 2000)</li> <li>- (perceived) asymmetry of commitment (Ross et al., 1997)</li> </ul>		- perceived dependence asymmetry is a source of channel conflict (Kumar et al., 1995)
				- information asymmetry leads to moral hazard (for sellers) and adverse selection (for buyer) (Kirmani and Rao, 2000), so enabling opportunistic behaviors (Kirmani and Rao, 2000; Steinle et al., 2014; Wathne and Heide, 2000)
				- information asymmetry may cause a spiral of suspicion, so hindering the development of trust, commitment, and satisfaction in a relationship (Anderson and Jap, 2005; Tong and Crosno,

CONSTRUCT	DEFINITION	CLASSIFICATIONS	ANTECEDENTS	CONSEQUENCES
<b>Institutionalized creativity</b>	"team-generated ideas and outputs that are predictable or task inappropriate due to a motivation, low task stimulation, static mental models, interpersonal cohesion, or constraint" (Vafeas and Hughes, 2016; p.66); it emerges in the long term relationships (Vafeas and Hughes; 2016)		- lack of motivation, low task stimulation, static mental models, interpersonal cohesion, or constraint (Vafeas and Hughes, 2016)	- failing to adapt to clients' needs (Halinen, 1997; Davies and Prince, 1999)
				- loss of creativity (Medlin and Törnroos, 2015)
				- customers' dissatisfaction and switching (Vafeas and Hughes, 2016)

### **3.2 - The dark side of B2C relationships**

The negative side of service provision has been addressed by studies on service failures and service recovery (e.g., Smith et al., 1999; Weun et al., 2004) and, in addition, by a body of literature that has linked them to the key strategic Customer Relationship Management (CRM) processes (e.g., Frow et al., 2011; Nguyen, 2011). From a different perspective, another stream of the literature focused on perceived customer unfairness (Samaha et al., 2011) and the consumer misbehaviours that can damage the firm as well as other customers (e.g., Fullerton and Punj, 2004). Studies on service failures are often linked to service recovery strategies and adopted

#### ***3.2.1 - The dark side of Customer Relationship Management***

Customer Relationship Management (CRM) and its practices revealed a very important shift in the marketing approach of firms that aim to create long-term relationships with their customers by involving and engaging them to better understand their needs (Payne et al., 2009). It, in fact, represents the practical implementation of relationship marketing (Christopher et al., 1991).

CRM is a multi-faceted concept as shown by the lack of a common definition of CRM activities in the literature (Payne and Frow, 2005); this implies different levels of CRM adoption by firms.

However, as noted by Nguyen and Mutum (2012), the literature showed a wider consensus in terms of which factors are ideal for building a good relationship: trust, commitment, satisfaction, symmetry, and fairness represent essential issues that firms should consider when managing customer relationships. Nevertheless, potential pitfalls emerge in these activities and a CRM paradox has been identified (Nguyen, 2011).

CRM often implies the implementation of targeted marketing practices in many industries with the result of treating customers differentially. Indeed, firms' activities in terms of targeted actions may have positive effects in terms of catching new customers, favouring cross-sales, and achieving the firm's profit

goals (Nguyen and Mutum, 2012); hence, under certain circumstances, they do not determine dissatisfaction and distrust (Reitz, 2007). On the other hand, these strategies are related to potential perceptions of unfairness and negative feelings of disadvantaged customers (Boulding et al., 2005; Nguyen and Simkin, 2013). Nguyen (2011) stated five propositions in which are implied the dilemma explained above, highlighting the potential pitfalls of CRM activities implemented by firms, as proposed in Table 3.1.

Table 3.1 – The dark side of CRM activities

Proposition	Explanation
1 - One-to-one dilemma	Represents the potential differences between the received firm's offerings by different customers (because of the implemented CRM activities).
2 - Favouritism of customers	This treatment consists of the firm's choice of favouring specific targets whom it believes will yield greater revenues
3 - Relationship symmetry	The potential asymmetry between the firm and its customer can lead to the risk of the customer's value exploitation.
4 - Data tracking and use	Data exploitation and privacy issues may arise from collecting and utilizing customer data by firms
5 - Neglecting trust	It can be fatal in a B2C relationship.

Source: Author's elaboration from Nguyen (2011)

The proposed issued should be taken into account by firms as "CRM activities will cross the line in terms of what the consumers consider as being reasonable and just" (Nguyen, 2011; p. 147).

By addressing the dark side of CRM practice, Frow et al. (2011) identified another source of CRM's negative side in the practices of manipulating alternatives; this behaviour regards "situations in which inferior products and/or services are deliberately provided to some customers or their choices are constrained or misdirected in some way" (p. 83). This may occur for example when firm

offerings imply hidden and unexpected costs for customers that were unaware of certain conditions.

### **3.2.2 - Perceived unfairness**

Fairness can be defined as a “judgment of whether an outcome and/or the process to reach an outcome are reasonable, acceptable, or just” (Bolton et al., 2003; p. 474). On the other hand, perceptions of unfairness regard a customer’s “view of the degree to which the distribution of rewards relative to its efforts is inequitable” (Samaha et al., 2011).

Perceptions of unfairness can be distinguished in terms of distributive, procedural, and interactional unfairness. Distributive unfairness regards perceptions of an unequal distribution of outcomes among actors; procedural unfairness implies negative judgements of the process by which these outcomes are obtained, while interactional unfairness is related to consideration of how people are treated in a relationship (Cohen-Charash and Spector, 2001; Kumar et al., 1995). This classification has often been utilized in organizational studies on workplaces and employees’ satisfaction (e.g., Folger and Konovsky, 1989; Greenberg, 1986), even if some marketing studies examined the effects of distributive, procedural and interactional justice on consumer behaviours (e.g., Blodgett et al., 1997).

Although research on perceived unfairness has been related to different aspects such as service delivery (Hui et al., 2004) and advertising (Cohen, 1982), most of the marketing and management literature focused on price-unfairness (e.g. Bolton and Alba, 2006; Xia et al., 2004).

Drawing on distributive justice (Homans, 1961) and equity theory (Adams, 1965), price unfairness can be considered “the customer’s perception of the balance between what the company gains and what the company charges for the bundle of attributes or solutions offered by its products or services. This personal judgment is likely to be influenced by external references such as other

organizations and other consumer” (Martín-Ruiz and Rondan-Cataluna, 2008; p.328). Adopting a wider approach, this definition implies that a customer’s perception of a price as fair or unfair depends not only on a comparison with prices applied to other customers but also on a considering of past prices, competitor’s prices, customers’ perceptions of the company’s profit-cost, and customer value (Bolton et al., 2003).

Campbell (1999) identified antecedents of price unfairness perceptions by customers, distinguishing them in inferred motive (the consumers’ drawn conclusions about the reason for the price change of the firm) and inferred relative profit (judgments about whether a price increase by the company is due to an increase in its costs (Kahneman et al., 1986) or a desire to increase its profit (e.g., Frey and Pommerehne, 1993). However, as noted by Feinberg et al. (2002), this perspective overlooks a self/other comparison.

Consistent with the acknowledgment of this gap, Xia et al. (2004) distinguished between explicit and implicit comparisons made by customers, which in turn are both moderated by the role of social norms and beliefs.

Explicit comparison refers to a situation in which a consumer compares one price with another price, for example, that paid by other customers; implicit comparison instead regards tacit expectations of the right price to pay.

However, fairness and unfairness are two different constructs and “consumers are clearer and more articulate about what they perceive as unfair prices than they are about fair prices” (Xia et al., 2004; p. 10).

Bechwati et al. (2009) developed a model that proposed three wider antecedents to price unfairness perceptions, such as (i) consumers’ perceptions of excessive profits by the firm, (ii) consumer’s perceptions that a firm acts immorally, and (iii) consumers’ inability to understand how the firm has determined a price.

Additionally, Jin et al. (2014) highlighted unfairness perceptions as a function of the customer’s power state. Their study showed that customers in high-power states experience higher unfairness when they pay more than other customers do, while those in low-power states perceive greater unfairness when they pay

more than they did in the past, thus revealing different definitions of fairness for different customers.

Recognizing consumers' perception of the fairness/unfairness of prices and, more in general, of business practices has important implications for the firm; the perceived unfairness may result in negative behaviours among customers, especially in terms of intention to repurchase (Fernandes and Calamote, 2016) and negative word of mouth (Blodgett et al., 1997).

On the other hand, by considering relationships between organizations, Brown et al. (2006) showed that firms are respectively more satisfied and addressed less conflict when they experienced distributive and procedural fairness. Furthermore, by considering the joint effects of different negative behaviours, Samaha et al. (2011) argued that "conflict and opportunism cause much more damage to channel relationships when they are accompanied by perceptions of unfairness" (p. 100).

Conversely, some scholars argued that an actor's perception of fair treatment by the more powerful actor can result in the development of trust and commitment, despite the high level of asymmetry in a relationship (Kumar et al., 1995).

Another crucial issue identified in the literature as a hidden danger of CRM activities, is the potential sense of exploitation perceived by customers. An example of exploitation in consumer markets is the collection of customer data by firms (Nguyen and Mutum, 2012). If customers recognize the firm's strategic action to obtain more information about them, they can modify their behaviours (Whright, 1986; Lewis, 2005) especially when they believe that the firm is using such data to obtain higher profits (Campbell, 2007). These actions may lead to consumers' distrust and represent what Frow et al. (2011) labelled "information misuse", a kind of communication-based dark side behaviour of firms toward their customers.

Thus, as highlighted by Boulding et al. (2005), "[t]he successful implementation of CRM requires that firms carefully consider issues of consumers trust and privacy" (p. 159).

### **3.2.3 - Consumer misbehaviours**

Inappropriate consumer behaviours have been analyzed by marketing scholars since the beginning of the eighties. In particular, marketing research focused its efforts on compulsive consumption (e.g., Faber and Christenson, 1996), the consumption of alcohol and drugs (e.g., Bearden et al., 1994), and the purchase of counterfeits (Wee et al., 1995).

Although different terms have been adopted to identify consumers who behave unethically, like “aberrant” (Mills and Bonoma, 1979), “jaycustomers” (Lovelock, 1994), “deviant” (Amine and Gicquel, 2011), and “dysfunctional” (Harris, 2010), consumer misbehaviour can generally be defined “as behavioural acts by consumers, which violate the generally accepted norms of conduct in consumption situations, and thus disrupt the consumption order” (Fullerton and Punj, 2004; p. 1239). This definition implies that social norms contribute to the distinguishing of correct and incorrect conduct in customers.

Much of the literature adopted a micro-perspective of analysis, as it focused on damage that customers inflict themselves; however, different kinds of negative behaviours (like acts of vandalism) can harm the firm (Verhoef et al. 2009) and other consumers (Grove and Fisk, 1997); some scholars have called for a macro-perspective on this topic through which marketing activities leading to consumer misbehaviour can be studied (Fullerton and Punj, 2004). Schaefers et al. (2016) analyzed the “domino” effect of the phenomenon that manifests itself with contagious effects on other consumers.

“Negative consumer conduct” refers to different actions, such as complaining (e.g., Day et al., 1981) boycotting a certain brand (Braunsberger and Buckler, 2011), and different kinds of fraud (Harris, 2008).

The perceived unfairness can explain the abusive behaviour of customers (McColl-Kennedy, 2009), either for real or imagined injustice (Fullerton and Punj, 2004), as well as customers’ dissatisfaction with a firm’s offerings (and/or actions) (Lovelock, 2010; Wirtz and McColl-Kennedy, 2010). The latter occurs when customers’ expectations are not met (Oliver, 1980) and may result in negative feelings in customers, such as anger (Westbrook, 1987).

As noted by Gebauer et al. (2013), dissatisfied customers play a more active role and assume behaviours that are harmful to the firm, for example, by engaging in negative Word of Mouth (WOM).

Previous studies have analyzed consumer misbehaviour dynamics by focusing on the characteristics and traits of the consumer; however, according to several scholars (e.g., Reynolds and Harris, 2009), consumer misbehaviour is representative of consumer behaviour overall, as the first represents a potential reaction to an opportunity faced by the consumer rather than a typical way for an individual to act (Daunt and Greer, 2015).

Fisk et al. (2010) distinguished two different perspectives. One stream of the literature perceives these negative behaviours as economically motivated, while the other considers non-economically motivated consumer behaviours.

Most of the research on this topic is grounded in G-D logic, as the most commonly analyzed forms of negative consumer behaviour were related to goods. However, most recently, within S-D logic, Greer (2015) identified different defective behaviours that should obstruct value co-creation, namely, relational, interpersonal, and goods-related misbehaviours.

Relational misbehaviours take the form of under or over-participation. Under-participation is defined as “the overt behaviour of consumers who fail to contribute to the operant resources required for value co-creation [...] but still expect a successful service outcome” (p. 251). Over-participation refers to consumers who interact unnecessarily or excessively with service providers.

The defective interpersonal behaviour can manifest itself in verbal or physical abuse of service providers, while goods-related defective behaviours consist of property abuse and fraud.

Greer’s study (2015) provided empirical evidence that a threshold of customer engagement – beyond which the value created could be low – potentially exists in all services.



### 3.2.4 - On the B2C dark side: A summary scheme

To synthesize the main results of the literature review on the dark sides of the B2C relationships, Table 3.3 is proposed.

Table 3.3 – A summary scheme of relational negative elements (B2C)

CONSTRUCT	DEFINITION	CLASSIFICATIONS	ANTECEDENTS	CONSEQUENCES
<b>(The dark side of) CRM</b>	"CRM activities will cross the line in terms of what the consumers consider as being reasonable and just" (Nguyen, 2011; p. 147).		- firms' practices of manipulating alternatives (Frow et al., 2011) - relationship asymmetry; favouritism of customers; data tracking and use (Nguyen, 2011)	- Neglecting trust (Nguyen, 2011) - perceived unfairness (Nguyen and Mutum, 2012)
CONSTRUCT	DEFINITION	CLASSIFICATIONS	ANTECEDENTS	CONSEQUENCES
<b>Perceived unfairness</b>	"the customer's perception of the balance between what the company gains and what the company charges for the bundle of attributes or solutions offered by its products or services" (Martin-Ruiz and Rondan-Cataluna, 2008; p.328)	- distributive (Adams, 1965), procedural (Leventhal et al., 1980) and interactional unfairness (Bies and Moag, 1986)	- inferred motive and inferred relative profit (Campbell, 1999)	- negative word-of-mouth behaviours (Blodgett et al., 2001)
		- price unfairness (Xia et al., 2004)	- explicit and implicit comparison (Xia et al., 2004)	- lower customers' intention to repurchase (Fernandes and Calamote, 2016)
			- excessive firm's profits - immoral actions of firm - consumers' incapacity to understand how a price has been determined (Bechwati et al., 2006)	- procedural and interactional unfairness lead to opportunism (Skarlicki and Folger, 1997)
			power state of customer (Jin et al., 2014)	- procedural unfairness leads to channel members' conflict (Brown et al., 2006)
				- Perceived unfairness strengthens the negative effects of channel member conflict (Samaha et al., 2011)

CONSTRUCT	DEFINITION	CLASSIFICATIONS	ANTECEDENTS	CONSEQUENCES
Consumer misbehaviours	"behavioural acts by consumers, which violate the generally accepted norms of conduct in consumption situations, and thus disrupt the consumption order" (Fullerton and Punj, 2004; p. 1239).	<ul style="list-style-type: none"> <li>- complaining (e.g., Day et al., 1981)</li> <li>- boycotting a certain brand (Braunsberger and Buckler, 2011)</li> <li>- different kinds of fraud (Harris, 2008)</li> <li>- negative behaviours economically motivated and non-economically motivated (Fisk et al., 2010)</li> </ul>	<ul style="list-style-type: none"> <li>- perceived unfairness (McColl-Kennedy, 2009)</li> <li>- customers' dissatisfaction with a firm's offerings (and/or actions) (Lovelock, 2010; Wirtz and McColl-Kennedy, 2010)</li> </ul>	<ul style="list-style-type: none"> <li>harmful effects for the firm and other customers</li> <li>- negative Word of Mout (Fullerton and Punj, 2004; Gebauer et al., 2013)</li> </ul>

## CHAPTER 4 – RESULTS AND CONCLUSIONS

### 4.1 - Findings and analysis

Different sets of linguistic resources were of significance to the dieselgate case. The data analysis led to the identification of seven second order themes (as “parent” repertoires) and fourteen first order themes (as “child” nodes), to outline different discursive constructions of actors involved.

The interpretative repertoires emerged from patterns of talk both wherein the same text and across the sample of collected texts related to the emissions scandal. Furthermore, the findings exhibit the variability in actors’ language according to the action they perform (Cowan and McLeod, 2004).

Before presenting the results of this study, a digression about the word “dieselgate” is required.

The term “Dieselgate” started being used to describe the emissions scandal after the company’s top managers officially admitted the violation and the Volkswagen CEO Winterkorn resigned.

“Dieselgate” comes from “Watergate”, the expression utilized to identify a political scandal emerged during the 1972 presidential campaign, culminating in the resignation of President Nixon in 1974 (Oxford English Dictionary). The Watergate was the name of the office where the scandal broke out; after the appearance of this term in the media language, the suffix –gate has been attached to any word with the aim to define an affair of corruption and venality characterized by a strong media impact. As noted by Emery (1995), the suffix –gate “routinely connotes government cover-up and almost invariably the corruption of power” (p. x).

There are no semantic elements related to negative events, however the suffix has been utilized in describing several negative affairs, most of them presenting a political dimension.

In this talk on the affaire the term is very often utilized, however with various aims and perspectives by different actors - that will be analyzed in the next sections.

For presentational purposes, I illustrate only a part of the analyzed texts, but all occurrences in the data sampling have been considered in the interpretative analysis as whole. In line with the coding strategy proposed by Ellis et al. (2012), I divided the broader (“second”) order theme into two kinds of “child” repertoires (first order themes) that represent two competing interpretative repertoires related to the same topic. A summary of interpretative repertoires is proposed in Table 4.1.

Table 4.1 – An overview of findings

Exemplar segment of the virtual talk	First order theme (“child” repertoire)	Second order theme (“parent” repertoire)	Discursive construction
<p><i>“Volkswagen chose to poison our families with dangerous pollution..” – the Sierra Club</i></p> <p><i>“[T]hey continued and compounded the lie and when they were caught they tried to deny it..” – CARB (refers to Vw)</i></p> <p><i>“I just purchased a 2014 Volkswagen Jetta on March 7, 2016 and the dealership didn’t mention any of this...” - Consumer</i></p>	Recognizing opportunism	Opportunism	An effort to construct the accountability of Volkswagen and the other main actors involved
<p><i>“We didn’t lie. We didn’t understand the question first...” – VW Group CEO - M. Müller</i></p> <p><i>“...It is clear that, in the past, deficiencies in processes have favoured misconduct on the part of individuals..” - Volkswagen</i></p>	Rejecting opportunism		To safeguard the company image and to regain trust of the public
<p><i>“The EPA can’t wait a year while these car spew out more and more Nox..” – Consumer</i></p> <p><i>“It is a massive fraud. As a Volkswagen dealer I feel defrauded...” – VW’s Dealer</i></p>	Prompting conflict	Conflict	To change the current ways to perform specific actions and to restore a balance between the different constructed meanings
<p><i>“Our dealers are our partners...” – Volkswagen</i></p> <p><i>“[...]This will make a valuable contribution towards our success in enhancing our social responsibility and intensify the dialogue with key stakeholders” - Volkswagen</i></p>	Managing conflict		To defend the company’s legitimacy
<p><i>“What Volkswagen TDI owners should Know” – Forbes</i></p> <p><i>“Volkswagen [...] has talked for months about multiple plans, but done nothing and left us dealers in the red, and in limbo...” – VW’s dealer</i></p>	Fighting information asymmetry	Information asymmetry	To fight the adverse selection and moral hazard problems
<p><i>“Bosch is fully cooperating with authorities, assisting them in clarifying the facts...” - Bosch</i></p> <p><i>“We will also inform customers online via a single, clear and transparent multilingual website...” - Volkswagen</i></p>	Establishing information symmetry		To restore the involved actors’ images

<p><i>"@beuc wonders "why US consumers should be compensate whereas European ones should not. This is unfair". Good point" – Consumer</i></p> <p><i>"Us got compensation, UK get ignored" – Consumer</i></p>	<p>Claiming inequities</p>	<p><b>Perceived Fairness</b></p>	<p>To change the current ways to perform specific actions and to establish a sense of justice</p>
<p><i>"The situation in the US is not applicable to the situation in the UK.." - VW spokesman</i></p> <p><i>"Every single customer is important to us..." - Volkswagen</i></p>	<p>Claiming a sense of fairness</p>		<p>to maintain current relationships</p>
<p><i>"...The EPA is guilty of disinterest and that's why those university researchers took such painstaking steps to reveal the negligence of the EPA..." – Consumer</i></p> <p><i>"If you like your Volkswagen, you can keep your Volkswagen. –EPA" - Consumer</i></p>	<p>Negligence and false consensus</p>	<p><b>Institutionalized creativity</b></p>	<p>To realign the authorities' actions to the real needs</p>
<p><i>"...[W]e will continue to assess and determine the penalties for the violations of California air quality regulations" – CARB</i></p> <p><i>"...EPA, with our state, and federal partners, will continue to investigate these serious matters, to secure the benefits of the Clean Air Act..." - EPA</i></p>	<p>Diligence and strong commitment</p>		<p>To reassure the public and to continue to operate as in the past</p>
<p><i>"I have no motivation (other than conscience) to "fix" car (no desire to lose performance &amp; economy)..." – Consumer</i></p> <p><i>"I am going to refuse for the recall to be done on my car..." – Consumer</i></p>	<p>Obstacles to cooperation</p>	<p><b>Consumer misbehaviours</b></p>	<p>For refusing to cooperate</p>
<p><i>"...But some people would say: 'My car is fine, this is not so important for me'" – Volkswagen's spokesman</i></p> <p><i>"...Retrofitting is progressing swiftly and feedback from customers and dealerships is positive..." – VW's spokesman</i></p>	<p>Induction to cooperation</p>		<p>To interrupt the chain of harmful events</p>
<p><i>"Car industry lobbyists are also very present in the Commission's advisory groups, formally known as expert groups, which have drafted important legislation..." - Corporate Europe Observatory</i></p> <p><i>"The true scandal of Dieseldgate in Europe is national regulators turning a blind eye to the glaring evidence of test cheating with the sole purpose of protecting their national carmakers or their own business" - Greg Archer, clean vehicles director at Transportation&amp;Environment</i></p>	<p>Changing the status quo</p>	<p><b>Power</b></p>	<p>To modify the existing power relationships</p>
<p><i>"...new and more stringent testing standards that will be extremely difficult to reach in a short space of time" – ACEA</i></p> <p><i>"...[it] should not qualify as lobbying despite clearly representing the narrow interests of Volkswagen and other car manufacturers" – Volkswagen's spokesman</i></p>	<p>Exercising control and pressure</p>		<p>To maintain the existing status quo power.</p>

#### **4.1.1 - Repertoire 1 – Opportunism**

This “parent” repertoire is the most common in the texts collected. In line with the coding strategy proposed by Ellis et al. (2012), I divided the broader (“second”) order theme into two kind of “child” repertoires: one that includes texts of those who advocate the opportunism as key element of the dieselgate (“recognizing opportunism”) and one including texts that reject the opportunism as main mechanism (“rejecting opportunism”).

##### *Recognizing opportunism*

The pillar of this child repertoire is centered on the word “cheating”, in the sense of hiding or misrepresenting the events and the actions to obtain some advantages.

*By 2018, the Volkswagen Group is aiming to be the world's most environmentally compatible automaker. In order to achieve this goal, we have set ourselves some ambitious targets, particularly with regard to environmental protection. In 2014 we continued our consistent pursuit of these goals. Our Environmental Strategy embraces all of our brands and regions, and extends throughout every stage of the value chain. (Volkswagen Sustainability Report - 2014, p. 86).*

This segment of text is excerpted from the Volkswagen Sustainability Report of 2014, before the scandal came to light. The analysis of these statements - with regards to the news was spread on the affair and the further utterances - reveals that the company was looking for a self-interest with guile (Williamson, 1975).

The repertoire identified in several texts analyzed involves terms as “cheat” (and its synonyms) and “violation”, that denote the consideration by different actors of the negative and intentional behaviour of the German company as an active and strong form of opportunism (Williamson, 1985; Wathne and Heide, 2000). Furthermore, the detrimental actions are performed without regard for others and for consequences (Macneil, 1981).

*“VW has once again failed its obligation to comply with the law that protects clean air for all Americans” – Cynthia Giles, Assistant Administrator for the Office for EPA's Enforcement and Compliance Assurance*

*[(source: public statement reported on [www.epa.gov/newsreleases](http://www.epa.gov/newsreleases); date: November 2nd, 2015)]*

*"Volkswagen chose to poison our families with dangerous pollution just to pad its pocketbook" – Sierra Club (an environmental organization in the United States) Director, Kathryn Phillips*

*[(source: <http://content.sierraclub.org>; date: June 28th, 2016)]*

*"#VW #Dieselgate process leaves the impression that #Volkswagen doesn't care about existing customers. Time to shop for a new brand" - Consumer*

*[(source: a consumer on twitter; date: November 25th, 2016)]*

*"[Volkswagen] produced the problematic vehicles for the pursuit of higher profits and circumvented Chinese laws, which has worsened the air pollution and has affected public health and rights" - the China Biodiversity Conservation and Green Development Foundation*

*[(source: public statement on the Official website [www.cbcdgdf.org](http://www.cbcdgdf.org); date: December 11st, 2015)]*

These actions are exacerbated by the fact of having been repeated over time. In the texts collected words as "again" and "continually" are often associated with "lie" and "deny".

*"@Volkswagen cheated on emissions for over 6 years, and then found a (cheap) solution in just 2 months" - Consumer*

*[(source: a consumer on twitter; date: 25nd November 2015)]*

*"[T]hey continued and compounded the lie and when they were caught they tried to deny it. The result is thousands of tons of nitrogen oxide that have harmed the health of Californians. They need to make it right. Today's action is a step in the direction of assuring that will happen"- CARB*

*[(source: public statement reported on the Official website [www.arb.ca.gov](http://www.arb.ca.gov); date: January 12nd, 2016)]*

This interpretative repertoire is used by the government agencies (CARB and EPA), consumers, dealers and environmentalists to construct the accountability of Volkswagen throughout the period of the authorities' investigation (still ongoing to date – January 2017). However, an effort to construct the accountability of other actors involved has been detected in the "virtual" talk. As regards, a passive form of opportunism can be identified when other actors are suspected to be involved in the bad practices related to the emissions issues, with the subsequent situations of shirking or omissions from companies' partners or other actors or the

case in which they were assumed to be escaping from their main obligations (Wathne and Heide, 2000).

*"I just purchased a 2014 Volkswagen Jetta on March 7, 2016 and the dealership didn't mention any of this. But I'm sure they will not take the car back. What can I do." - Consumer*  
[(source: a consumer's comment on [www.consumerreports.org](http://www.consumerreports.org); date: April 18th, 2016)]

*"The same old soup. Most of the manufacturers do not comply with the emission limits when they continue to certify vehicles in the usual way. When you make a serious type-approval procedure, magically all manufacturers will become 'honest'" - Consumer*  
[(source: excerpt from an online written interview; date: May 24th, 2016)]

### *Rejecting opportunism*

This child repertoire appeared in the data sampling only within the texts produced by Volkswagen, as opposite to that extensively utilized to affirm the responsibility of the company in the affair.

The same theme is addressed by Volkswagen by utilizing a different interpretative repertoire. The verbs as "lie" and "cheat" are utilized in a negative form in the public statements of the German automaker, that prefers to talk about mistakes, misconducts, incidents and default; moreover, the company often associates them to declarations about the trust, by utilizing the present verbal form to describe people that trusts the brand – as reported in the following excerpts of text.

*"Manipulation at Volkswagen must never happen again. Ladies and gentlemen, millions of people all over the world trust our brand, our cars and our technologies. I am deeply sorry that we have broken their trust. I would like to make the formal apologies to our customers, to the authorities and to the general public for this misconduct" - Martin Winterkorn, the CEO at the time of the scandal*  
[(source: transcript from a video statement on the Official Volkswagen Group channel on [www.youtube.com](http://www.youtube.com); date: September 22nd, 2015)]

*"The discrepancies between test results had to do with the conditions under which the test was done" - Volkswagen's engineer"*  
[(Source: an interview reported on [www.reuters.com](http://www.reuters.com); date: September 24th, 2015)]

*"We didn't lie. We didn't understand the question first. And then we worked since 2014 to solve the problem. And we did it together and it was a default of VW that it needed such a long time" - VW Group CEO - M. Müller*



*[(source: transcript from an interview conducted by National Public Radio during the North American International Auto Show; date: December 10th, 2015)]*

*"The key finding is that we are not talking about a one-off mistake but a whole chain of mistakes that were not interrupted at any point"*

*[(source: excerpted transcript from a video statement of Volkswagen available on <http://www.ruptly.tv>; date: December 10th, 2015)]*

Additionally, the Company suggests "weakness" of processes and "breaches of rules", however utilizing in regards the word "some", to clarify that not all processes and employees that works in Volkswagen are corrupt – as shown in the following statement published on the Volkswagen Official website.

*"As reported on Wednesday, extensive internal investigations, which were subject to external independent review, did not confirm the suspicion of irregularities during the CO<sub>2</sub> certification process. Now, the first significant findings in the investigation of the nitrogen oxide (NOx) issue are available. Group Audit's examination of the relevant processes indicates that the software-influenced NOx emissions behavior was due to the interaction of three factors:*

- The misconduct and shortcomings of individual employees*
- Weaknesses in some processes*
- A mindset in some areas of the Company that tolerated breaches of rules.*

*It is clear that, in the past, deficiencies in processes have favored misconduct on the part of individuals"*

*[(source: excerpt from a public statement published on the Official website [www.volkswagen-media-services.com](http://www.volkswagen-media-services.com); date: December 10th, 2015)]*

Most of the public statements of Volkswagen avoids to utilize a specific word (as well as the expression "dieselgate") for describing the harmful events – as shown in the following statements.

*"We are doing everything to overcome the current situation, but we will not allow the crisis to paralyze us. On the contrary, we will use it as a catalyst to make the changes Volkswagen needs" – VW Group CEO - M. Müller*

*[(source: [www.volkswagen-media-services.com](http://www.volkswagen-media-services.com); date: December 10th, 2015)]*

*"We have taken significant steps to strengthen accountability, enhance transparency and prevent something like this from happening again" - VW Group CEO - M. Müller*

*[(source: [www.volkswagen-media-services.com](http://www.volkswagen-media-services.com); date: January 11st, 2016)]*

Additionally, the German company talks about the diesel crisis, by making blurred the boundaries between its misconduct and that of the diesel industry as whole.

*"Volkswagen deeply regrets the behavior that gave rise to the diesel crisis. Since all of this came to light, we have worked tirelessly to make things right for our affected customers and have already achieved some progress on this path. The agreements that we have reached with the U.S. government reflect our determination to address misconduct that went against all of the values Volkswagen holds so dear." - Matthias Müller, Chief Executive of Volkswagen Group*  
[[source: excerpt from [www.volkswagen-media-services.com](http://www.volkswagen-media-services.com) – date: January 11th, 2017]]

The repertoire has been used by Volkswagen to safeguard the company image and regain trust of the public related to reputation and shared values (Young-Ybarra and Wiersema, 1999).

The following texts are excerpt respectively from the new section of the Official Volkswagen Website dedicated to the sustainability and the Volkswagen Sustainability Report 2015 (for the first time published only online - in a digital format).

*"When it comes to the emissions issue, we have failed to live up to our own standards in several areas. The irregularities in the handling of emissions tests contradict everything we stand for. We regret this immensely and are aware that we have let our stakeholders down. We will do everything in our power to prevent incidents of this kind from recurring, and are fully committed to re-embracing our standards and winning back public trust" – Volkswagen*  
[[source: [www.volkswagenag.com](http://www.volkswagenag.com); date: December 2016]]

*"In the long term, a company can only be successful if it acts with integrity, complies with statutory provisions worldwide and stands by its voluntary undertakings and ethical principles, even when this is the harder choice. We remain committed to this principle – especially in light of the misconduct uncovered in the 2015 financial year, which runs contrary to all of the values that Volkswagen stands for. Compliance must be second nature to all Group employees" – The Volkswagen Sustainability Report 2015*  
[[source: [www.sustainabilityreport2015.volkswagenag.com](http://www.sustainabilityreport2015.volkswagenag.com); date: 2015]]

Shared (and unshared) values – with the divergences in perspectives and ideas – represent the basis of the second main repertoire detected in the virtual talk on the dieselgate – as shown in the next section.

<b>Additional examples of texts</b>	<b>Child node</b>	<b>Parent node</b>
<p><i>"The reason I chose such a car was because VW was a well-known respectable company but this could not be further from the truth..." - Consumer</i></p>	Recognizing opportunism	Opportunism
<p><i>"...This is one more step on the road to cleaning up the mess created by Volkswagen's deception, but it is by no means the last step..." - CARB Chair Mary D. Nichols</i>            [(source: <a href="http://www.arb.ca.gov">www.arb.ca.gov</a>; date: January 6th, 2017)]</p>		
<p><i>"Six Volkswagen executives indicted in emissions-cheating scandal" – The Washington Post</i>            [(source: <a href="http://www.washingtonpost.com">www.washingtonpost.com</a>; date: January 11st, 2017)]</p>		
<p><i>This kind of behaviour is totally inconsistent with our qualities. We are committed to do what must be done and to begin to restore your trust. We will pay what we have to pay. ..."</i> – VW US Chief - M. Horn            [(source: public statement reported on <a href="http://www.theguardian.com">www.theguardian.com</a>; date: September 22nd, 2015)]</p>	Rejecting opportunism	
<p><i>"Nissan has not and does not employ illegal defeat or cheat devices in any of the cars that we make...the Nissan Qashqai has been correctly homologated under Korean regulations..." - Nissan</i>            [(source: public statement reported on <a href="http://www.forbes.com">www.forbes.com</a>; date: May 16th, 2016)]</p>		
<p><i>"Renault vehicles are all and have always been homologated in accordance with the laws and regulations. They are compliant with the applicable standards. Renault vehicles are not equipped with cheating software affecting anti-pollution systems..." – Renault</i>            [(source: public statement reported on <a href="http://www.theguardian.com">www.theguardian.com</a>; date: January 13rd, 2017)]</p>		

#### **4.1.2 - Repertoire 2 – Conflict**

The “parent” repertoire Volkswagen can be distinguish into two different child repertoires: texts that prompts the conflict (“prompting conflict”) and texts that try to manage it (“managing conflict”).

##### *Prompting conflict*

The second interpretative repertoire identified the theme of conflict in this affair.

This theme was first addressed by Bosch, the supplier of the incriminated device, which talks about the responsibility of each actors with which interacts, thus revealing a construction of cognitive type of conflict; cognitive conflict is related to a disagreement based on different perspectives and ideas of the interacting actors about the task accomplishment (Jehn and Mannix, 2001). A set of linguistic resources linked to the fulfilment of an aim has been identified.

*"How these components are calibrated and integrated into complete vehicle systems is the responsibility of each automaker." - Rene Ziegler, the Bosch spokesman*  
[[excerpt from – date: September 24th, 2015]]

As regards, the German supplier also shows a conflictual perspective on the affair with respect to the utilizing by media of the term "Dieselgate".

*"You speak of 'Dieselgate' – but that is total insanity, if laws have been broken there must be sanctions, but that has nothing to do with the entire technology" - the CEO of Bosch, Volkmar Denner.*

[[excerpt from the interview made during the International Consumer Electronics Show in Las Vegas and reported on [www.global.handelsblatt.com](http://www.global.handelsblatt.com) – date: January 8th, 2016]]

In this repertoire, often appear the modal verb "should" and the imperative "must", that are adopted with regards the distinction between what is right and what is wrong and, therefore, the opinions on what would be better to do – not only in regards to the German automaker's action.

*"The EPA can't wait a year while these car spew out more and more Nox. Force them to pay a fine each day on each vehicle and get them moving. If they can't fix them, make them buy them back. If the potential fine is \$37k / vehicle, just have them pay owners that much to avoid a fine. Win-Win, but don't let this go on and on and one while pollutants continue to enter our air" - Consumer*  
[[source: a consumer's post on Facebook – date: October 9th, 2015]]

*"Abiding by the law is first and foremost the duty of car manufacturers. But national authorities across the EU must ensure that car manufacturers actually comply with the law." - EU Internal Market Commissioner Elzbieta Bienkowska*  
[[source: [www.europa.eu/rapid/press-release](http://www.europa.eu/rapid/press-release); date: December 8th, 2016]]

*"It's time for Volkswagen to fully embrace the future of transportation: clean plug-in electric vehicles. Along with compensating all who were affected by their pollution, Volkswagen needs to*

*hasten its transition to electric vehicles that don't have tailpipe emissions that make our families sick and our air dirty" – The Sierra Club (an environmental organization in the United States)*  
[[source: [www.content.sierraclub.org/press-releases](http://www.content.sierraclub.org/press-releases); date: June 28th, 2016]]

In this affair, in fact, conflict is better understood by taking into account multiple interactions and relationships among actors (Welch and Wilkinson, 2005), because it goes beyond the dyadic firm-customer relationship.

In the collected texts I also identified the construction of another type of conflict, the affective type, by detecting the talk about negative feelings towards an interacting party (Roberts et al., 2003). Words as “anger”, “frustration” and their synonyms have been frequently utilized in the talk, especially in the texts related to the company’s recovery plan produced by consumers and in the talk of dealers.

*“VW accepted my documents a month ago.. still nothing.. I'M LIVID. #BuyBackMyTDI #dieselgate @vwcares #Volkswagen #tdibuyback” - Consumer*  
[[source: a consumer on twitter; date: December 9th, 2016]]

*“It is a massive fraud. As a Volkswagen dealer I feel defrauded. I am very concerned about my employees, the people that for many, many years have worked on these cars, were proud to represent them. When they go home they are being asked simple questions: Did you know about the fraud? Did you know that they were cheating?” - Steve Kalafer, dealer in New Jersey*  
[[source: excerpt from the interview reported on [www.cnn.com](http://www.cnn.com); date: October 7th, 2016]]

These negative feelings - identified as a form of latent conflict (Pondy, 1967) - can be caused by the individual-based divergences as dissimilar values or goals (Wall and Callister, 1995; Mele 2011).

*“I thought it was 'CLEAN' diesel, and I paid extra, more than I've ever paid for any car, to get it. I loved my Q5! But now I HATE my car, I don't even want to look at it, much less drive it any more. I'm absolutely livid with VW and Audi for lying and covering up their greed. Maybe I'm a sucker, but I'm not an engineer or a mechanic and I believed them!” - Consumer*  
[[source: a consumer’s post on Facebook; date: December 3rd, 2015]]

This repertoires are utilized by different actors to change the current way of perform actions (mainly of Volkswagen, but also of the authorities) and try to restore a balance between the different constructed meanings.

### *Managing conflict*

Recognizing that conflict becomes a negative element according to how it is (or is not) managed (Mele, 2011), Volkswagen, on the other hand, has implemented different strategies to address the emerging conflict. For instance, in the August 2016, the German automaker has reached a basic agreement to compensate its dealers in the United States for the damages they have suffered. The following statement is related to this:

*"Our dealers are our partners and we value their ongoing loyalty and passion for the Volkswagen brand. This agreement, when finalized, will strengthen the foundation for our future together and further emphasize our commitment both to our partners and the U.S. market" - H. Woebcken, CEO of Volkswagen's North American division*  
[[source: <http://media.vw.com/release>; date: August 25th, 2016]]

The term "partners" to identify Volkswagen's dealers has been utilized with the aim to reduce the distance between the company and its dealers as well as the words "our" and "together" – repeated several times in the public announcement. This kind of interpretative repertoire has been adopted by the company to defend its legitimacy that represents the shared perception that behaviours of an individual - or those of an organization - are appropriate and aligned with the current social norms and values (Suchman, 1995).

On September 2016, the Volkswagen Group has appointed an international Sustainability Council which will advise the Company on topics such as sustainable mobility, environmental protection and social responsibility, to strengthen the dialogue with other actors within the ecosystem.

*"We are very pleased and grateful that we have been able to appoint these outstanding personalities to the Group's Sustainability Council. [...] This will make a valuable contribution towards our success in enhancing our social responsibility and intensify the dialogue with key stakeholders" – Volkswagen*  
[[source: [www.volkswagen-media-services.com](http://www.volkswagen-media-services.com); date: September 28th, 2016]]

<b>Additional examples of texts</b>	<b>Child node</b>	<b>Parent node</b>
<p><i>"I purchased a Golf Bluemotion specifically for low emissions to help do my bit for the environment. I and my son suffer from asthma, I'm disgusted by these actions..." – Consumer</i>  <i>[(source: consumer's post reported on www.bbc.co.uk; date: September 22nd, 2015)]</i></p>	Prompting conflict	Conflict
<p><i>"The reality is that unless these issues are dealt with straightforwardly, honestly and with equity, Volkswagen in hindsight will have destroyed their company..." – VW'S Dealer Steve Kalafer</i>  <i>[(source: excerpt form an interview reported on www.autonews.co; date: April 10th, 2016)]</i></p>		
<p><i>"...I am very angry. I chose Volkswagen for reliability and now I am not sure of anything..." – Consumer</i>  <i>[(source: excerpt from a consumer's written interview; date May 22nd, 2016)]:</i></p>		
<p><i>"We appreciate the constructive engagement of all the parties, and are very grateful to our customers for their continued patience as the settlement approval process moves ahead. We know that we still have a great deal of work to do to earn back the trust of the American people. We are focused on resolving the outstanding issues and building a better company that can shape the future of integrated, sustainable mobility for our customers..." – Matthias Müller, Chief Executive Officer of Volkswagen AG</i>  <i>[(source: www.vwdieselinfo.com; date: June 28th, 2016)]</i></p>	Managing conflict	
<p><i>"Volkswagen is working hard to make things right, and we thank our affected customers in the United States for their continued patience..." – Volkswagen</i>  <i>[(source: www.vwdieselinfo.com; date: November 3rd, 2016)]</i></p>		
<p><i>"...Volkswagen is continuing to cooperate with the U.S. Department of Justice. We cannot comment on this indictment..." – VW spokeswoman Jeannine Ginivan</i>  <i>[(source: excerpt from a public statement reported on www.dailycaller.com; date: December 9th, 2016)]</i></p>		

#### **4.1.3 - Repertoire 3 – Information asymmetry**

The third repertoire detected within collected texts regards the information asymmetry – considered in the literature a structural antecedent of opportunistic behaviours (Yaqub, 2011). The issue of the information asymmetries among parties clearly emerged from a reading of the texts produced by different actors and - with the first order theme of opportunism – is the most addressed in this virtual debate. This parent repertoire (or second order theme) has been divided into two child ones, "fighting information asymmetry" and "establishing information symmetry".

### *Fighting information asymmetry*

When the scandal exploded, consumers, dealers and other main actors have been informed by media about the emissions problems rather than by the Volkswagen itself.

For instance, some headlines of the news appeared after the scandal has broke out are reported below:

*"What you need to know about the Volkswagen scandal" – CNBC*  
[(source: [www.cnbc.com](http://www.cnbc.com); date: September 22nd, 2015)]

*"What Volkswagen TDI owners should Know" – Forbes*  
[(source: [www.forbes.com](http://www.forbes.com); date: September 23rd, 2015)]

*"Volkswagen: The scandal explained" – BBC*  
[(source: [www.bbc.co.uk](http://www.bbc.co.uk); date: December 10th, 2015)]

The issue of imbalance information between actors is then addressed especially by customers. The identified interpretative repertoire is shaped around the term "know" and its gemmed words, "news", "information" and "dark" – this latter adopted in the sense of lacking news. The fighting information asymmetry repertoire has been often utilized in several claims of customers related to the recovery plan - as shown in the following texts:

*"I think that faking a document is always regrettable, do it on pollution systems is worse. I think they [Volkswagen and Bosch] both knew and left consumers in the dark" – Consumer*  
[(source: excerpt from an online written interview; date: October 4th, 2015)]

*"Volkswagen missing deadlines leaving customers in dark, HELP! #Dieselgate #tdibuyback #VW #VWDoesntCare" - Consumer*  
[(source: a consumer on twitter; date: December 4th, 2016)]

*"11 days since I spent 40 mins on hold w/ @VWcares @VW @Ankura\_Consult to ask about my #dieselgate offer. Still no answers #VWDoesntcare" – Consumer*  
[(source: a consumer on twitter; date: December 27th, 2016)]



The same repertoire can be restored to in an ironic way:

*"Just saw a Volkswagen commercial. Song said "no one will ever know how truly glorious you are." At least that's what I heard. #VW #vdublove" – Consumer*  
[(source: a consumer on twitter; date: December 2nd, 2016)]

*"No Email. No Letter. No text. No status update. Not even a damn smoke signal. #Dieselgate #BuyBackMyTDI #youhad30days #LawyerUp" - Consumer*  
[(source: a consumer on twitter; date: December 4th, 2016)]

Additionally, for instance the following statement presents a hyperlink to a site where appears a Volkswagen's car over which is attached a sticker that says "Sorry, I didn't Know".

*"Still waiting for @vw to buy your car back? Let others know it wasn't your fault with a sweet sticker! <http://www.sorryididntknow.com> #volkswagen" – Consumer*  
[(source: a consumer on twitter; date: January 10th, 2017)]

A situation of lack of information perceived by a party may cause a spiral of suspicion (Anderson and Jap, 2005; Tong and Crosno, 2016) that has negative consequences and spreads its effects also out of the dyadic firm-customer relationship.

*"Emission levels were manipulated in Germany? That would be a bad loss for the entire German industry and a serious loss of consumer confidence" - Klaus Müller, head of the German Federation of Consumer Groups*  
[(source: public statement reported on [www.telegraph.co.uk](http://www.telegraph.co.uk); date: September 22nd, 2015)]

*"Five days into the diesel emissions scandal the government has taken no action to reassure the public that cars on our roads meet even the lax standards required by EU law. The industry has shown it cannot be trusted. We cannot wait for action from the EU. First responsibility for protecting our health lies with our own government. The public must know the full scale of the problem and urgent action must be taken to fix it" - James Thornton, head of ClientEarth (an Environmental law organisation)*  
[(source: public statement reported on [www.documents.clientearth.org](http://www.documents.clientearth.org); date: September 24th, 2015)]

*“The agency has expanded its testing of pre-production, production, and customer-owned vehicles to screen for defeat devices, testing now extends to all 2015 and 2016 model year diesels and to any diesel that seeks EPA certification in the future” – EPA*

*[(Source: an emailed statement of the EPA reported on [www.cnet.com](http://www.cnet.com); date: November 9th, 2015)]*

*“What is really discouraging and led me to file this lawsuit is that Volkswagen has wholly failed to respond to dealer concerns in a substantive manner; it has talked for months about multiple plans, but done nothing and left us dealers in the red, and in limbo” – Dealer Ed Napleton*

*[(Source: interview available on [www.uk.reuters.com](http://www.uk.reuters.com); date: April 6th, 2016)]*

*“Half a year since disclosure of the emissions scandal at Volkswagen we have sent comprehensive evidence to the transportation ministry and foreign agencies citing possible defeat devices in the Opel Zafira, Renault Espace, Fiat 500x, Mercedes-Benz C 200 CDI and C 220 CDI and the Smart diesel and encouraged them to do their own official tests” - Jürgen Resch, head of the German Environmental Aid*

*[(source: excerpt from an interview reported on [www.wsj.com/articles](http://www.wsj.com/articles); date: April 22nd, 2016)]*

Likewise, competitors of Volkswagen in the diesel industry claim for more transparency.

*“We at Opel strongly believe that the industry has to regain trust by increasing the transparency with customers and authorities.” – The Opel Group CEO Dr. Karl-Thomas Neumann.*

*[(source: [www.media.gm.com/media/intl/en/opel](http://www.media.gm.com/media/intl/en/opel); date: March 29th, 2016)]*

This kind of repertoire has been utilized to fight the adverse selection and moral hazard problems related respectively to the inability of different actors to observe the organization’s characteristics or the contingencies under which it operates and the actions taken by the German company (Nayyar, 1990). Information asymmetry conditions, in fact, fostered the ability of the German companies - Volkswagen and Bosch - to behave in an opportunistic way without facing opposition (Kirmani and Rao, 2000; Wathne and Heide, 2000).

#### *Establishing information symmetry*

On the other hand, Volkswagen and Bosch, the German companies accused of failing the right information on the affair, adopted a different repertoire related to

this theme, by utilizing often verb as “clarify”, “inform” and adjectives as “transparent” and “clear”. Furthermore, Volkswagen has made available an official website ([www.vwdieselform.com](http://www.vwdieselform.com)) to inform its customers and ask the most common questions.

*“Volkswagen AG announces that the Braunschweig public prosecutor’s office has extended its investigation against two members of the Company’s Board for alleged market manipulation to include Hans Dieter Pötsch. Based on careful examination by internal and external legal experts, the Company reaffirms its belief that the Volkswagen Board of Management duly fulfilled its disclosure obligation under German capital markets law. The proceedings refer to the period during which Hans Dieter Pötsch served as the Group Chief Financial Officer. The Company and Hans Dieter Pötsch will continue to give the inquiries by the public prosecutor’s office their full support” – Volkswagen*

*[(source: public statement reported on [www.volkswagenag.com](http://www.volkswagenag.com); date: November 6th, 2016)]*

*“Bosch is fully cooperating with authorities, assisting them in clarifying the facts concerning the exhaust-gas treatment issue” - Bosch spokesman*

*[(source: public statement of Rene Ziegler, the Bosch spokesman, as reported by the Wall Street Journal on [www.wsj.com](http://www.wsj.com); date: December 16th, 2016)]*

*“When the diesel matter became public, we promised that we would get to the bottom of it and find out how it happened – comprehensively and objectively. In addition, a task force of our Group Audit function conducted an investigation into relevant processes, reporting and monitoring systems as soon as the issue came to light. We are no longer the same company we were 16 months ago” - Volkswagen*

*[(source: public statement reported on the Official website [www.vwdieselform.com](http://www.vwdieselform.com); date: January 11st, 2017)]*

*“We will also inform customers online via a single, clear and transparent multilingual website on which all pertinent information will be communicated directly from the Volkswagen Group” - Francisco Garcia Sanz, member of the company's board of management of Volkswagen*

*[(Source: a letter addressed to EU consumer affairs commissioner Vera Jourova, published on [www.vwdieselform.com](http://www.vwdieselform.com); date: September 23rd, 2016)]*

Even Volkswagen’s competitors have been affected by the distrust toward the diesel engines and they adopted a similar repertoire to establish a situation of balanced information among actors.

*“Opel will publish fuel consumption numbers, reflecting different driving behavior recorded under the WLTP test cycle. In addition, Opel will implement an initiative to improve NOx emissions on SCR (Selective Catalytic Reduction) diesel applications in new vehicles from August onwards. This is a voluntary and early intermediate step towards the so-called RDE (Real Driving Emissions) legislation that goes into effect in September 2017. Opel is offering to provide the regulatory authorities with the engine calibration strategies, which should serve as the basis for a proactive dialogue” - Opel*

[(source: public statement excerpt from [www.media.gm.com/media/intl/en/opel](http://www.media.gm.com/media/intl/en/opel); date: March 29th, 2016)]

Likewise of the interpretative repertoire “rejecting opportunism”, the companies focused their efforts to restore their image and space them from the accusations of guile and opacity.

Additional examples of texts	Child node	Parent node
<p>“...There has to be swift transparency so that credibility can be restored...” – German Chancellor, Angela Merkel            [(source: excerpt from a public statement reported on <a href="http://www.bloomberg.com">www.bloomberg.com</a>; date: October 21st, 2015)]</p>	<p>Fighting information asymmetry</p>	<p>Information asymmetry</p>
<p>“I have lost count of the amount of months that have passed since the diesel emissions scandal. Still he have no information...” – Consumer            [(source: consumer’s post on Facebook; date: April 4th, 2016)]</p>		
<p>“Still no communication from VW. Are they hoping we will just forget this...” – Consumer            [(source: consumer’s post on Facebook; date: November 21st, 2016)]</p>		
<p>“...Customers with these vehicles will be kept informed over the coming weeks and months...” – Volkswagen            [(source: public statement reported on <a href="http://www.mirror.co.uk">www.mirror.co.uk</a>; date: September 29th, 2015)]</p>	<p>Establishing information symmetry</p>	
<p>“...Volkswagen will cooperate fully with the EPA to clarify this matter in its entirety...” – Volkswagen            [(source: excerpt from a public statement on the Official website <a href="http://www.volkswagengroup.it">www.volkswagengroup.it</a>; date: November 8th, 2015)]</p>		
<p>“...Only when everything comes to the table, only when things are completely explained, only then will people trust us again...” – M. Muller            [(source: transcript from a video statement on the Official Volkswagen Group channel on <a href="http://www.youtube.com">www.youtube.com</a>; date: August 16th, 2016)]</p>		

#### 4.1.4 - Repertoire 4 – Perceived unfairness

The fourth repertoire identified is related to perceptions of fairness or unfairness of actors. The two child nodes identified are respectively related to the perceived unfairness by customers (but also advocated by media) and the opposite efforts of Volkswagen to establish a sense of fairness. The nodes “claiming inequities” and “claiming a sense of fairness” have been presented below.

##### *Claiming inequities*

Despite the literature on the dark side of relationships identified several kinds of perceived unfairness – such as procedural, distributive, and interactional unfairness (Kumar et al., 1995; Cohen-Charash and Spector, 2001) – most of the texts regards the distributive unfairness, considered a negative perceptions of the outcome of resource allocation. Terms as “unfair” and “injustice” have been identified especially in texts concerning the different recovery treatments reserved to customers coming from different countries - produced by media, consumers, and politicians.

*“In July, VW’s failure to compensate UK owners of cars affected by the emissions scandal was described as “deeply unfair” by the transport select committee, which also claimed the government had been too slow to investigate whether VW should be prosecuted in the UK for the scandal” – Media*

*[(source: news reported on [www.theguardian.com](http://www.theguardian.com); date: October 29th, 2016)]*

*“Us got compensation, UK get ignored” – Consumer*

*[(source: consumer’s post on Facebook; date: November 21st, 2016)]*

*“#dieseldate @beuc wonders “why US consumers should be compensate whereas european ones should not. This is unfair”. Good point” - Consumer*

*[(source: a consumer on twitter; date: February 23rd, 2016)]*

*“It’s not acceptable that the government doesn’t take any real consequences from the emissions scandal and gives a blank check for tricks and deceptions. It needs to be explained why companies in Germany don’t pay fines. It’s also not OK that European drivers are treated worse than American VW drivers” - Oliver Krischer, a member of Germany’s Bundestag from the opposition Green Party who is leading a parliamentary investigation committee.*

*[(source: interview reported on [www.bloomberg.com](http://www.bloomberg.com); date: July 6th, 2016)]*

*“Volkswagen’s global fraud is a scandal of unprecedented dimensions. The fact that VW refuses to pay compensation in Europe but is ready to pay in the US adds insult to injury” - Monique Goyens Director General of European Consumer Organisation*  
[[source: public statement reported on [www.dailymail.co.uk](http://www.dailymail.co.uk); date: January 9th, 2017]]

The unfair treatment received by the UK consumers has resulted in class actions against Volkswagen.

*“We have paved the way for consumers who trusted but were let down by VW, Audi, Seat and Skoda to seek redress through our Courts. It is only right that U.K. car owners affected by the scandal have the opportunity to seek compensation. We have secured funding so that those affected can bring this claim against VW at no cost to themselves. The group action aims to ensure that, if VW is found to have misled consumers about the environmental damage caused by their cars, they are penalized accordingly so as to discourage this sort of behavior from happening again” - Damon Parker, head of litigation at Marcus Sinclair U.K. Ltd.*  
[[source: public statement reported on [www.forbes.com](http://www.forbes.com); date: January 9th, 2017]]

However, even if it has been less frequent, in the talk also a perception of unfairness related to the competition in the diesel industry emerged – as shown in the following excerpt:

*“Of course, if the EPA’s allegations prove true, it’s small consolation to the other manufacturers of diesel engines who did comply with the regulations. Indeed, it has taken years for other marques to catch up with an advantage it now appears Volkswagen never had” – Media*  
[[source: specialized press - [www.driving.ca/volkswagen/golf/auto-news](http://www.driving.ca/volkswagen/golf/auto-news); date: September 21st, 2015]]

*“The huge discrepancy in real-world performance among these vehicles makes it clear that without vigilant enforcement of air pollution laws, companies that comply with the standards will be placed at a competitive disadvantage. If left unchecked that could undermine the whole regulatory framework. That’s why the actions by EPA and CARB are so important” - John German, U.S. program lead for the ICCT (International Council on Clean and Transportation)*  
[[source: public statement reported on the Official website [www.theicct.org](http://www.theicct.org); date: September 17th, 2015]]

The repertoire has been utilized by actors to change the way in which different actions are currently performed and to restore a sense of justice; instead, the perceptions of unfairness are considered relevant relationship-destroying factors and aggravate existing feelings of anger and resentment (Samaha et al., 2011).

In a similar way, the interpretative repertoire related to the procedural unfairness (Kumar et al., 1995) has been adopted by the authorities.

*"All companies should be playing by the same rules" – EPA*

*[(source: public statement on the Official website [www.epa.gov](http://www.epa.gov); date: November 2nd, 2015)]*

### *Claiming a sense of fairness*

The interpretative repertoire "claiming a sense of fairness" has been mainly utilized by the German company Volkswagen to avoid class actions and additional claims of consumers (especially the UK consumers) and maintain current relationships. This repertoire is linked to the comparison among UK and US consumers and consists of words that regard technical issues about the involved vehicles.

*"Our customers are our priority, and so we are working hard to deliver technical measures for the affected vehicles in the UK" - VW spokesman*

*[(source: public statement reported on [www.telegraph.co.uk](http://www.telegraph.co.uk); date: July 16th, 2016)]*

*"We are working hard to make the procedure on the affected vehicles as convenient as possible for all our customers and have promised to ensure that the implementation of the technical measures will not incur costs for any UK customer. We continue to meet regularly with the Department for Transport to update them on progress [...] The situation in the US is not applicable to the situation in the UK" - VW spokesman*

*[(source: public statement reported on [www.theguardian.com](http://www.theguardian.com); date: October 29th, 2016)]*

*"We have been notified that Marcus Sinclair intends to bring proceedings against Volkswagen on behalf of 77 claimants in the English high court. We intend to defend such claims robustly" - VW spokesman*

*[(source: public statement reported on [www.theguardian.com](http://www.theguardian.com); date: January 9th, 2017)]*

Additional examples of texts	Child node	Parent node
<p>“...Volkswagen justifies compensation payments to US consumers with the argument that their cars cannot be as easily fixed as in Europe. This excuse now seems to be built on sand. VW must compensate European consumers. This is the only possible way forward for VW to make up for this ongoing consumer detriment...” - European Consumer Organisation (BEUC)</p> <p>[(source: excerpt from a public statement reported on <a href="http://www.autocar.co.uk">www.autocar.co.uk</a>; date: July 8th, 2016)]</p>	<p>Claiming inequities</p>	<p>Perceived unfairness</p>
<p>“So, VW owners in the US who were deceived about emission levels and power output get compensation, but EU owners who suffered the same wrongs, are told “hard luck” Not much justice in that” – Consumer</p> <p>[(source: consumer’s comment on an article on <a href="http://www.ft.com">www.ft.com</a>; date: October 24th, 2016)]</p>		
<p>“While an agreement between the EPA and Volkswagen may address some of the environmental damage, it does not hold the company accountable for the harm caused to consumers. We will continue to pursue a fair resolution on their behalf...” - Elizabeth Cabraser, the lead counsel for the Plaintiffs' Steering Committee in the Volkswagen emissions litigation</p> <p>[(source: public statement reported on the Official website <a href="http://www.lieffcabraser.com">www.lieffcabraser.com</a>; date: November 16th, 2016)]</p>		
<p>“Due to the limits specified in the US being considerably stricter than those in Europe, modifying the vehicles affected by the diesel issue in the US is much more complex than in other countries” – Volkswagen</p> <p>[(source: public statement reported on <a href="http://www.ft.com">www.ft.com</a>; date: April 22nd, 2016)]</p>	<p>Claiming a sense of fairness</p>	
<p>“I went to Brussels myself to inform Consumer Commissioner Jourová about our technical measures, the vehicle-servicing process and the benefits to our customers. The cars are being modified so that they meet exhaust emissions and all other legal requirements without compromising standards in fuel consumption, CO2 emissions, acoustics, or driving quality. Our customers rightfully expect these technical improvements. But there is no basis for further claims” - Francisco Garcia Sanz, member of the company's board of management of Volkswagen</p> <p>[(source: excerpt from the Volkswagen Sustainability Magazine 2016 available on <a href="http://www.volkswagenag.com">www.volkswagenag.com</a>; date: 2016)]</p>		
<p>“Every single customer is important to us. The diesel service action is about much more than just engines. It is about every single customer” – Volkswagen</p> <p>[(source: the Official website <a href="http://www.volkswagen.co.uk/owners">www.volkswagen.co.uk/owners</a>; date: January 2016)]</p>		



#### **4.1.5 - Repertoire 5 – Institutionalized creativity**

The second order theme institutionalized creativity can be distinguished into two child nodes: “negligence and false consensus” and “diligence and strong commitment”.

##### *Negligence and false consensus*

Authorities’ tendency to perform routine actions had consequences on the delay with which Volkswagen was forced to admitting its omission as well as the coercive cohesion and false consensus (Vafeas and Hughes, 2016) seem to emerge from carmakers and institutions, highlighting a form of complacency within the automotive industry.

*“The EPA was fat, dumb and happy with their arrangements with ALL automakers to do their own emissions and FE testing. The EPA is guilty of disinterest and that’s why those university researchers took such painstaking steps to reveal the negligence of the EPA” - Consumer*  
[[source: a consumer in the blog <http://www.thetruthaboutcars.com>; date: December 7th, 2015]]

*“If you like your Volkswagen, you can keep your Volkswagen. –EPA” - Consumer*  
[[source: a consumer on twitter; date: June 28th, 2016]]

*“What’s worse a 40+ MPG Volkswagen diesel that fails emissions test, or a 12mpg truck that passes? #EPA” - Consumer*  
[[source: a consumer on twitter; date: September 22nd, 2016]]

*“It would appear that the EPA either has to step up its random testing or, better yet, perform all the tests itself; trusting the automakers to self-certify would now seem to be an expediency we can ill afford” - Media*  
[[source: specialized press - [www.driving.ca](http://www.driving.ca); date: September 21th, 2015]]

Furthermore, after the Volkswagen scandal broke out, in April 2016 the Japanese company Mitsubishi also admitted to have manipulated emissions tests to make fuel consumption rates more favourable. To understand the reasons of these negative actions, the Japanese automaker commissioned an internal investigation and its results – that revealed a culture of false consensus (Vafeas and Hughes, 2016) - have been published by media.

*“A group of lawyers asked by Mitsubishi Motors Corp. to investigate mileage cheating at the Japanese automaker found a divided company that had set unrealistic goals, to which employees simply couldn't say, ‘No’”.*

*[(source: excerpt from news on [www.shanghaidaily.com](http://www.shanghaidaily.com); date: August 3rd, 2016)]*

The interpretative repertoire related to the institutionalized creativity is adopted by actors to fight the misadaptation of the authorities' actions to the real needs emerging during the scandal.

### *Diligence and strong commitment*

The issues emerging from the lack of control and the company culture are addressed by authorities adopting the child repertoire “diligence and strong commitment”. Words as “continue” and “enhanced” are often adopted by authorities to reassure the public and to continue to operate as in the past.

*“EPA, with our state, and federal partners, will continue to investigate these serious matters, to secure the benefits of the Clean Air Act, ensure a level playing field for responsible businesses, and to ensure consumers get the environmental performance they expect” - Cynthia Giles, Assistant Administrator for the Office for EPA's Enforcement and Compliance Assurance*

*[(source: excerpt from an interview reported on [www.cnbc.com](http://www.cnbc.com); date: November 2nd, 2015)]*

*“CARB, in conjunction with the U.S. EPA, will continue to evaluate VW, Audi, and Porsche's technical proposals to determine if and in what way the affected vehicles can be fixed. We will also address the issue of mitigating the past and future harm to the environment as a result of excess NOx emissions. And, we will continue to assess and determine the penalties for the violations of California air quality regulations” – CARB*

*[(source: public statement reported on the Official website [www.arb.ca.gov](http://www.arb.ca.gov); date: December 16th, 2016)]*

*“CARB and U.S. EPA made a commitment to enhanced testing as the Volkswagen case developed, and this is a result of that collaboration” – Mary D. Nichols, chair of the California Air Resources Board*

*[(source: public statement reported on [www.forbes.com](http://www.forbes.com); date: January 12nd, 2017)]*

Additional examples of texts		Parent node
<p><i>"No government agency, anywhere in the world, discovered this fraud. It was brought to the attention of the EPA and CARB by an independent agency almost no one ever heard of before now. No one had their car fail smog testing after they bought it. No government agency found a discrepancy in testing results and pursued it [...] Why wasn't it discovered sooner? Because no one was looking..." - Consumer</i>  <i>[(consumer's comment on the blog <a href="http://www.quora.com">www.quora.com</a>; date: September 25th, 2015)]</i></p>	<p>Negligence and false consensus</p>	<p>Institutionalized creativity</p>
<p><i>"Dieselgate would not have happened if our national governments and the European Commission would have acted on their legal and administrative responsibilities. Our investigation points out that unnecessary delays in decision-making, negligence and maladministration have contributed to making this fraud possible" - Gerben-Jan Gerbrandy, Member of the European Parliament and co-rapporteur for the Dieselgate Inquiry Committee (ALDE)</i>  <i>[(source: public statement reported on the Official website <a href="http://www.gerbrandy.eu">www.gerbrandy.eu</a>; date: December 19th, 2016)]</i></p>		
<p><i>"European commission guilty of 'negligence' over diesel defeat devices, says draft report</i>  <i>European parliament draft inquiry into dieselgate has found EC ignored evidence of emissions test cheating" – Media</i>  <i>[(source: <a href="http://www.theguardian.com">www.theguardian.com</a>; date: December 20th, 2016)]</i></p>		
<p><i>"While we continue to pursue penalties for these violations – and a resolution for 3.0-liter vehicles which are also equipped with defeat devices – [...] California will continue to ensure cars and tailpipes met the standards designed to protect the public from pollution and smog" – Mary Nichols, CARB</i>  <i>[(source: tweet by the official account of Mary Nichols on <a href="http://www.twitter.com">www.twitter.com</a>; date: October 25th, 2016)]</i></p>	<p>Diligence and strong commitment</p>	
<p><i>"Our #CleanDiesel funds help children's health by reducing their exposure to toxic air pollutants" – U.S. EPA</i>  <i>[(source: tweet by the official account of U.S. EPA on <a href="http://www.twitter.com">www.twitter.com</a>; date: January 5th, 2017)]</i></p>		
<p><i>"We continue to investigate the nature and impact of these devices..." - Cynthia Giles, Assistant Administrator for EPA's Office of Enforcement and Compliance Assurance</i>  <i>[(source: excerpt from a public statement reported on the Official website <a href="http://www.epa.gov">www.epa.gov</a>; date: January 12nd, 2017)]</i></p>		

#### **4.1.6 - Repertoire 6 – Consumer misbehaviours**

Although the emission scandal involving the entire diesel automotive industry is mainly related to negative behaviours of the companies, detrimental actions can be detected also in the consumer sphere, especially in the early stages of the scandal, when the Volkswagen recovery plan was not yet approved. In regard with the second order theme “consumer misbehaviours”, two child nodes have been detected, “obstacles to cooperation” and “induction to cooperation”.

##### *Obstacles to cooperation*

The consumer misbehaviour is related to dissatisfaction feelings with the firm’s offering and actions (Lovelock, 2010; Wirtz and McColl-Kennedy, 2010) and in the dieselgate appears as the unwillingness to fix the involved cars to improve the emissions, for fear to losses of functional performance.

The “obstacles to cooperation” repertoire has been identified through the occurrence of the words “fix” and “performance”, often utilized together, in the virtual talk of consumers.

*“Today's deep thought: If VW had a fix that could maintain performance AND meet US rules, they would have already employed it. #dieselgate” - Consumer*  
[(source: a consumer on twitter; date: October 20th, 2015)]

*“I have no motivation (other than conscience) to “fix” car (no desire to lose performance & economy). #dieselgate” - Consumer*  
[(source: a consumer on twitter; date: October 7th, 2015)]

These actions can be considered relational misbehaviours in the form of under participation of consumers (Greer, 2015), who intentionally failed in integrating resources during the recovery strategy implementation by the Volkswagen (Plè, 2016), producing negative effects for the firm itself and the other consumers (Fullerton and Punj, 2004).

*Induction to cooperation*

The second order theme “consumer misbehaviours” has been addressed also by the German company Volkswagen that has utilized the related interpretative repertoire to interrupt the chain of harmful events. By addressing the theme, in fact, the company try to induct to cooperation the sceptical consumers from different countries, to avoid additional damages and cascade effects. To do this, Volkswagen has also set up the Official website [www.vwcourtsettlement.com](http://www.vwcourtsettlement.com), that helps consumers to learn more about the settlements and program to modify or buyback vehicles in the United States; instead, for the European market, the company is merely compelled to recall vehicles to easily repair them. The interpretative repertoire is related to the European law – less stringent than the US law about the emissions standards – and technical issues, associated to words as “positive” and “recommended”.

*“We will try to do our best to make sure that the customer will come and do that fix. But some people would say: ‘My car is fine, this is not so important for me’” – Volkswagen’s spokesman*  
 [(source: excerpt from a public statement reported on [www.euobserver.com/dieselgate](http://www.euobserver.com/dieselgate); date: September 8th, 2016)]

*“We’re in a continuous and constructive dialogue with EU Commissioner Jourova [...] Retrofitting is progressing swiftly and feedback from customers and dealerships is positive” – VW’s spokesman*  
 [(Source: e-mailed statement reported on [www.bloomberg.com](http://www.bloomberg.com); date: January 24th, 2017)]

Additional examples of texts	Child node	Parent node
<p><i>“My local specialist has advised that if I’m happy with the cars (which we care) then I should leave it .This would be the first time I’ve ever ignored a recall...” – Consumer</i>                      [(source: consumer’s comment in the blog <a href="http://www.autocar.co.uk">www.autocar.co.uk</a>; date: September 12nd, 2016)]</p>	<p>Obstacles to cooperation</p>	<p>Consumer misbehaviours</p>
<p><i>“Some VW Owners: Don’t Take My TDI Away From Me - We heard from Volkswagen owners who won’t sell back their diesels—or take them in for recall work” – Consumer Reports, a non profit organization</i>                      [(source: <a href="http://www.consumerreports.org">www.consumerreports.org</a>; date: June 23rd, 2016)]</p>		
<p><i>“I am going to refuse for the recall to be done on my car and will own it until it dies” – Consumer</i>                      [(source: consumer’s comment on a report on <a href="http://www.consumerreports.org">www.consumerreports.org</a>; date: June 23rd, 2016)]</p>		

<p><i>"Volkswagen is working intensively to develop effective technical solutions. In contact with the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) the implementation is set to begin in January 2016..." – Volkswagen</i>  <i>[(source: public statement reported on www.volkswagen-media-services.com; date: October 28th, 2015)]</i></p>	<p>Induction to cooperation</p>	
<p><i>"The Federal Motor Transport Authority has confirmed – as it already had previously – that implementing the technical solutions for the affected models will in no way adversely affect fuel consumption, engine performance or noise emissions. Once modified, the vehicles will also meet all legal requirements and the applicable emissions standards.." – Volkswagen</i>  <i>[(source: excerpt from the Official website www.volkswagen-media-services.com; date: December 21st, 2016)]</i></p>		
<p><i>"The recall is strongly recommended by Volkswagen but is voluntary – and the owner waives no legal rights if they choose to refuse it" – VW spokesman</i>  <i>[(source: public statement reported on www.couriermail.com.au; date: February 22nd, 2017)]</i></p>		

#### 4.1.7 Repertoire 7 – Power

The interpretative repertoires analyzed above need to be understood within the social context of their production. This implies a consideration of the different positions in terms of power of actors involved in the affaire and the related interests in maintaining (and legitimating) or in changing the status quo. The power repertoires seem to be deployed by actors to maintain, exploit or changing specific subject positions in the power imbalances that underpin the case dieselgate.

As regards, the parent repertoire power has been differentiated in two child repertoire: exercising control and pressure and changing the status quo.

### *Changing the status quo*

The interpretative repertoire related to power consists of terms as “lobby”, “pression” and words expressing the economic interests behind the scandal; it has been adopted especially in the virtual talk of independent organizations. For instance, the following excerpts come from a public statement of the Corporate Europe Observatory (CEO), a research and campaign group working to expose and challenge the privileged access and influence enjoyed by corporations and their lobby groups in the European policy making.

*“Correspondence released shows that in the year before the real driving emissions (RDE) procedure was voted through the car industry was closely involved in the crafting of the RDE procedure, as well as aggressively lobbying the Commission when it wasn't giving in to European Automobile Manufacturers Association (ACEA) pressure. [...] Again, much of the lobbying was wrapped up as technical inputs, putting into question the independence of the expertise the Commission relies on and the danger of the over-reliance on expertise when there is a clear economic interest behind it”*

*- Olivier Hoedeman from Corporate Europe Observatory*

*[(source: public statement reported on [www.theparliamentmagazine.eu](http://www.theparliamentmagazine.eu); date: June 17th, 2016 )]*

*“Car industry lobbyists are also very present in the Commission's advisory groups, formally known as expert groups, which have drafted important legislation. VW sits in five different groups, often with other manufacturers or trade associations. VW, Daimler and ACEA sit in the Working Group on Motor Vehicles, while all three are joined by BMW and VDA in the iMobility Forum. ACEA also sits on the Review of EU Air Policy Expert Group”*

*- Corporate Europe Observatory*

*[(source: excerpt from [www.corporateeurope.org/power-lobbies](http://www.corporateeurope.org/power-lobbies); date: September 29th, 2015)]*

*“MEPs [Members of European Parliament] have been fighting for years to reform EU rules on diesel emissions-testing so they reflect real-world emissions. Yet the powerful car lobby and national governments have fiercely resisted these lifesaving changes [...] The people of Europe have waited long enough for cleaner air, they must not be made to wait any longer”*

*- Catherine Bearder, MEP*

*four South East England and a lead negotiator in the European parliament on the EU's new air quality law*

*[(source: public statement reported on [www.theguardian.com](http://www.theguardian.com); date: October 9th, 2015)]*

Power concerns the actor's potential for influence on interacting party's beliefs, attitudes, and behaviours (Frazier 1984); most frequently in the talk, the issue of power is related to politics issues – as shown by the following statement of Transport&Environment (T&E), a non-governmental organization in Special Consultative Status with the Economic and Social Council of the United Nations.

*“One year after the US caught Volkswagen cheating, all carmakers keep selling grossly polluting diesel cars with the connivance of European governments. The automotive industry has captured its regulators, and European countries must now stand up for their citizens and stop this scandalous cover up. Only a recall of all harmful diesel cars will clean up our air and restore credibility in Europe’s legal system. The true scandal of Dieseldate in Europe is national regulators turning a blind eye to the glaring evidence of test cheating with the sole purpose of protecting their national carmakers or their own business. This is killing tens of thousands of people annually. We need a European watchdog to stop EU member states protecting their national champions and to ensure the single market for vehicles operates in the interests of all citizens” - Greg Archer, clean vehicles director at T&E*

*[(source: public statement reported on the Official website [www.transportenvironment.org](http://www.transportenvironment.org); date: September 19th, 2016)]*

Additionally, a strong relation of the Volkswagen’s interest and those of the entire Germany emerge in the virtual talk.

*“German economy is in danger. Volkswagen scandal has the power to damage German economy as well to raise the unemployment rate drastically” – Consumer*

*[(source: a consumer on twitter; date: December 3rd, 2015)]*

Political authorities, in fact, play a relevant role in this set of linguistic resources; this shown also by the following statement of an air pollution lawyer about the vote by the European Parliament that supported the European Commission’s proposal to allow emissions limits for diesel vehicles above the legal limits established in 2007.

*“By allowing this illegal proposal, the European Parliament has aided and abetted the Commission in putting car industry profit above people’s health. In the UK, the Government now needs to put in place a national network of clean air zones that keeps diesel out of our polluted town and city centres unless the car manufacturers can guarantee they meet the strictest standards in full when driving on the road” - Alan Andrews, air pollution lawyer at ClientEarth*

*[(source: public statement reported on [www.clientearth.org](http://www.clientearth.org); date: February 25th, 2016)]*

Even, the statements linking the harmful events to the National States behaviours have been very popular.

*“Some Member States still refuse to issue proper penalties against illegal actions. The recall actions for faulty cars are mostly on a voluntary basis. Some Member States refuse to disclose the full data of their national investigations on diesel emissions” - Gerben-Jan Gerbrandy, Member of the European Parliament and co-rapporteur for the Dieseldate Inquiry Committee (ALDE)*



*[(source: public statement reported on the Official website [www.theparliamentmagazine.eu](http://www.theparliamentmagazine.eu); date: December 20th, 2016)]*

Also consumers recognized the power of the automotive industry as whole, but - likewise the other actors mentioned above – they try to utilize the scandal to modify the existing status quo of automakers.

*"Is the scandal in the #automotive industry the beginning of the end of #Power? @Volkswagen #OldBoysNetwork" – Consumer*

*[(source: a consumer on twitter; date: September 26th, 2015)]*

*"The emissions scandal will speed a shift in technology and alter the balance of power" – Consumer*

*[(source: a consumer on twitter; date: November 7th, 2016)]*

### *Exercising control and pressure*

This child interpretative repertoire is related to language's use to exercise pressure on interacting actors that represent the weakest part of the relationship. The power relationships detected in the virtual talk on dieselgate appear as economic-based (Thorelli, 1986). They are also based on the imbalance in size among actors (Johnsen and Ford, 2008; Johnsen and Lacoste; 2016), since Volkswagen is currently head to head with Toyota to be the largest automaker in the world.

For instance, when the European Parliament supported the European Commission's proposal to allow emissions limits less stringent - as mentioned above – the ACEA – the European Automobile Manufacturers' Association – welcomed the less severe rules (compared to those required by the Commission's earlier reform plan), however by highlighting that:

*"This regulation will be a major challenge for the industry, with new and more stringent testing standards that will be extremely difficult to reach in a short space of time" - Erik Jonnaert, ACEA secretary general*

*[(source: public statement reported on [www.wsj.com](http://www.wsj.com); date: February 3rd, 2016)]*

The industry association utilized terms such as “stringent” referring to the new standards to outline the fact that the new real-world testing conditions represent a breaking point with the past rather than to emphasize the way in which the recently approved norms are more favourable for automakers than those earlier proposed by the Commission. This can be considered a “distortion” in communication that represents a form of control and manipulation (Martinez and Pezzillo Iacono, 2013).

Furthermore, Volkswagen has been accused of lobbying by journalists with regard to the emails sent by the German company to the Commission – in particular to the Department responsible for creating the real-drive tests for emissions; the emails demanded that specific features of new tests must be deleted. The company in a public statement tried to deny its pressure on authorities – as shown in the text.

*“[it is] part of the normal exchange of expertise that is part of every lawmaking in the EU [...] should not qualify as lobbying despite clearly representing the narrow interests of Volkswagen and other car manufacturers” – Volkswagen’s spokesman*

*[(source: public statement reported on [www.nytimes.com](http://www.nytimes.com); date: December 1st, 2015)]*

Likewise, Volkswagen instituted a Council as part of the new program in response to the dieselgate. In the public statements about this Works Council, the company stressed its independence and autonomy, to clarify that any pressure and form of dependence/control exist.

*“The Volkswagen Group’s Sustainability Council was created in autumn 2016, partially in reaction to the diesel crisis. It advises the company on the issues of sustainable mobility, environmental protection, social responsibility, integrity, the future of work and digitization. The nine internationally renowned members of the Council are drawn from the worlds of research, academia, science and politics. They operate independently, are not bound by any directives and have far-reaching rights in respect of information, consultation and acting on their own initiative”*  
*[(public statements excerpt from [www.volkswagenag.com](http://www.volkswagenag.com); date: January 10th, 2017)]*

In this way, automakers try to distance them to the accusations to represent a lobby able to put pressure to obtain regulations in its favour, to maintain the existing status quo power.

Additional examples of texts	Child node	Parent node
<p><i>"The leaders of the EPA aren't elected; they are nominated and monitored by our global-warming fanatic politicians. Is it reasonable to question the motives of a government entity that is immune to public scrutiny? Is it too much of an intellectual leap to presume that politicians are using the power of the EPA to dictate what the population can and can't buy based on politicians' whims rather than genuine well-being? Somebody help me with some common sense..." – Consumer</i>  <i>[(source: consumer's comment in the blog <a href="http://www.blog.caranddriver.com">www.blog.caranddriver.com</a>; date: October 20th, 2015)]</i></p>	<p>Changing the status quo</p>	<p>Power</p>
<p><i>"Emission fraud: USA automakers did the same thing back in the 1970s and were actually supported by the federal government for doing so" – Consumer</i>  <i>[(consumer's comment to an article on <a href="http://www.washingtonpost.com">www.washingtonpost.com</a>; date: January 11st, 2017)]</i></p>		
<p><i>"Hopefully we soon get rid of the EPA... [...] we have enough corruption already, we don't need to pay more salaries to useless federal employees... maybe they can get a job at an automaker and teach them how to make those near-perfect engines.... but I doubt it, they probably don't know the difference between an injector and a carburetor..." – Consumer</i>  <i>[(source: consumer's comment on a news reported on <a href="http://www.washingtonpost.com">www.washingtonpost.com</a>; date: January 13rd, 2017)]</i></p>		
<p><i>"VW's supervisory board is short of people with relevant experience and skills and — significantly — independence..." - Mr Hirt, a director of Hermes Equity Ownership Services, an adviser to pension fund investors in companies including VW</i>  <i>[(source: public statement reported on <a href="http://www.ft.com">www.ft.com</a>; date: October 4th, 2015)]</i></p>	<p>Exercising control and pressure</p>	
<p><i>"Any suggestion that the chancellor in 2010 or at any other time unilaterally spoke out in favour of the car industry's interests to the detriment of environmental concerns is completely unfounded..." – A German government representative</i>  <i>[(source: public statement reported on <a href="http://www.ft.com">www.ft.com</a>; date: April 20th, 2016)]</i></p>		
<p><i>"As disclosed by the Court, Volkswagen has also reached agreement with the Court-appointed Plaintiffs' Steering Committee (PSC) on substantial aspects of the monetary relief that eligible owners and lessees would receive, and the parties are working to resolve the remaining issues. Details of these discussions remain subject to a confidentiality order of the Court" – Volkswagen</i>  <i>[(source: excerpt from the Official website <a href="http://www.vwdieselinfo.com">www.vwdieselinfo.com</a>; date: December 20th, 2016)]</i></p>		

## 4.2 Discussion

*“The collateral damage from this crisis reaches far beyond a single company and industry. It contributes to a larger picture of growing distrust in state institutions in our democracy” - The Volkswagen Sustainability Magazine 2016*

In line with some recent studies on co-creation (e.g., Vallaster and von Wallpach, 2013), this study conceives the value co-destruction as a discursive social process in which multi-actors relationships are permeated by negative relational elements that, at least, can reveal the dark-side of the co-creation.

The theoretical and empirical analysis allows to develop a comprehensive framework based on dark-side elements, markets practices and value co-destruction. More in detail, to answer the Research question (RQ) 1, the study aimed at unpacking the value co-destruction process, by adopting an ecosystem approach. In line with this, the findings have shown that the scandal has involved a range of actors, thus going beyond the dyadic firm-customer relationships and requiring a broader approach to grasp the complexity of the phenomenon. The co-destruction process is much more than a negative phenomenon in a relationship between two interacting parties, because it spreads from the dyad to the service ecosystems, feeding itself through a set of negative factors linked each others.

The main themes identified in the dieselgate – as “second order themes” - are opportunism, conflict, information asymmetry, fairness, institutionalized creativity, consumer misbehaviours and power.

They express the actors’ sense making on the affaire and form the co-destruction discourse on the emissions scandal that has involved Volkswagen and, in general, the diesel automotive industry.

The social constructionism approach - from which the research has been conducted - suggests that actors use certain interpretative repertoires to support specific social practices (Potter et al., 1990; Potter and Wetherhell, 1994).

In the co-creation studies, the practice approach proposed a useful context-laden research unit (Holttinen, 2010). Generally, actors co-create within the service

ecosystem by developing social practices as representational, normalizing and integrative practices (Lusch and Vargo, 2014).

Hence, to answer the Research Question (RQ) 2, the discursive constructions of actors - through the adopted interpretative repertoires (the child nodes) - can be analyzed through the practice lens. The different actions they perform utilizing different languages, in fact, are embedded in the co-creation practices that emerge over time due to actors' collaboration and co-creation.

However, the research has revealed the dark side of these practices related to both negative elements that shake the practices and tensions in discursive constructions; in this regard, different interpretative repertoires related to the second order themes opportunism, conflict, information asymmetry, fairness, institutionalized creativity, consumer misbehaviours and power have been detected. This variability represented an "analytic tool" to show the different actions actors perform (Cowan and McLead, 2004), in line with the social constructionism as paradigmatic position of the research.

The Table 4.2 offers an overview of the different discursive constructions, by relating them to the market practices - normalizing, representing and integrating (Lusch and Vargo, 2014) - that have been analyzed more in detail in the next sections.

Table 4.2 – Different discursive constructions and the related market practices

<b>Second order theme (“parent” repertoire)</b>	<b>First order theme (“child” repertoire)</b>	<b>Discursive construction</b>	<b>Related market practice</b>
<b>Opportunism</b>	Recognizing opportunism	An effort to construct the accountability of Volkswagen and the other main actors involved	REPRESENTATIONAL PRACTICES
	Rejecting opportunism	To safeguard the company image and to regain trust of the public	REPRESENTATIONAL PRACTICES
<b>Conflict</b>	Prompting conflict	To change the current way to perform actions and restore a balance between the different constructed meanings	INTEGRATIVE PRACTICES
	Managing conflict	To defend the company's legitimacy	NORMALIZING PRACTICES
<b>Information asymmetry</b>	Fighting information asymmetry	To fight the adverse selection and moral hazard problems	REPRESENTATIONAL PRACTICES
	Establishing information symmetry	To restore the involved actor's image	REPRESENTATIONAL PRACTICES
<b>Perceived unfairness</b>	Claiming inequities	To change the current ways to perform specific actions and to restore a sense of justice	INTEGRATIVE and NORMALIZING PRACTICES
	Claiming a sense of fairness	to maintain current relationships	INTEGRATIVE PRACTICES
<b>Institutionalized creativity</b>	Negligence and false consensus	To realign the authorities' actions to the real needs	INTEGRATIVE PRACTICES
	Diligence and strong commitment	To reassure the public and to continue to operate as in the past	INTEGRATIVE PRACTICES
<b>Consumer misbehaviours</b>	Obstacles to cooperation	For refusing to cooperate	INTEGRATIVE PRACTICES
	Induction to cooperation	To interrupt the chain of harmful events	INTEGRATIVE PRACTICES
<b>Power</b>	Changing the status quo	To modify the existing power relationships	NORMALIZING PRACTICES
	Exercising control and pressure	To maintain the existing status quo power.	NORMALIZING PRACTICES

Source: Author's elaboration

### *Representational practices*

The interpretative repertoires related to the second order theme opportunism (“recognizing opportunism” and “rejecting opportunism”) has been utilized by service ecosystem’s actors respectively to construct the accountability of Volkswagen and the other main actors involved and to safeguard the company image. This reveals an irreconcilable tension in the representational practices that causes a failure to agree for their regular emerging.

By adopting the “recognizing opportunism” repertoire, in fact, actors recognize the distorted image and the self-representation that the German company proposes and push to restore a smooth emerging of representational practices.

As shown in the findings, in fact, the lack of consensus on the representational practices emerges from the opportunism characterizing some actors’ behaviours. By representing the firm in a distorted way, different actors (such as customers, dealers and environmentalists) chose to have a relationship with the German company relying on a deviate corporate image.

In this regard, representational practices are troubled by another negative element closely related to the (second order) theme of opportunism - the information asymmetry - that concerns situations of imbalanced information among parties. These situations represent a form of vulnerability that enables one actor’s ability to behave opportunistically without being countered (Kirmani and Rao, 2000; Wathne and Heide, 2000).

The interpretative repertoires “establishing information symmetry” and “fighting information asymmetry” represent two sides of the same coin; however they have been utilized by various actors to perform different actions. For instance, Volkswagen and the supplier Bosch, in their attempt to restore a situation of balanced information, reveal the desire to repair the respective companies’ images, affected by the events; on the other hand, the other service ecosystem’s actors try to fight the moral hazard and adverse selection problems with which faced during the harmful events, that represent potential consequences of information asymmetry problems (e.g., Nayyar, 1990), thus showing a divergence of aims of these practices. Furthermore, the presence of opportunism

– as well as the information asymmetry (Anderson and Jap, 2005) - can hamper the formation of mutual trust (Das and Teng, 2004), that plays a relevant role in all exchanges and relationships.

In summary, in the dieselgate, opportunism and information asymmetry permeate the representational practices, thus hindering the formation of one or few practices on which there is consensus.

### *Integrative practices*

Resource integration is the central practice to value co-creation in markets (Vargo and Lusch, 2014). All social and economic actors are resource integrators (Vargo and Lusch, 2006; 2008) of market, private, and public resources, critical to co-create value (Vargo and Lusch, 2016a).

The findings shown that the child interpretative repertoire “prompting conflict” has been adopted to change the way by which different actions are currently performed because of the divergence of ideas, values and perspectives that characterize interacting actors involved in the scandal. This discursive construction is related to integrative practices. Actors accept compelling value proposals to increase their resource density, on the basis of their perception of the capability of other actors to offer trustful and useful solutions to enhance their value-in-context as well as their wellbeing (Lusch and Vargo, 2014). However, the dieselgate shown the attempt of actors try to change the current integrative practices because of their conflictual perspectives on task accomplishment (Jehn and Mannix, 2001) and dissimilar values or goals (Wall and Callister, 1995; Mele 2011); these divergences, in fact, negatively affect their perceptions of the current integrative practices. Moreover, conflict can hinder the development of relational norms (Koza and Dant, 2007) that facilitate exchanges and favour relationships, thus indirectly impacting on the normalizing process.

Similarly, the scandal has shown as integrative practices can be disturbed by perceived unfairness, institutionalized creativity and consumer misbehaviours. Perceived unfairness and institutionalized creativity repertoires have been



adopted to try to change the current way of perform integrative practices because these negative elements respectively undermine the satisfaction and the related actors' intentions to maintain the relationship (Nguyen and Simkin, 2013) and the ability to adapt to interacting parties' needs (Halinen, 1997; Davies and Prince, 1999). These negative relational elements can affect integrative practices, as well as consumer misbehaviours, that in the dieselpgate reflect an intentional choice of consumers to not collaborate (Plè, 2016), especially in the implementation of the recovery strategy by Volkswagen.

Furthermore, the different discursive constructions proposed by actors related to the second order themes (perceived unfairness, institutionalized creativity, and consumer misbehaviours) are competing each other, thus creating tensions and a lack of coordination that hamper the smooth running of these practices

#### *Normalizing practices*

Normalizing practices concern the process of establishing rules, norms and guidelines (Kjellberg and Olson, 2016); they represent means pertaining the way in which exchanges take place.

The discursive construction related to the perceived unfairness – consisting of restoring a sense of justice – and those related to power theme (“changing the status quo” and “exercising control and pressure”) – create different tensions that undermine the normalizing practices. As noted by several scholars (e.g., Phillips, 2003; Phillips et al., 2004), discourse analysis and the related emphasis on social construction focus attention on the relevance of the power issue in institutional processes.

Powerful actors are able to influence another's decision making and/or overt behaviours (Wilkinson, 1974) as well as events and circumstances (Prior and Marcos-Cuevas, 2016), thus the less powerful parties within the service ecosystem attempt to change the current power games. Interest groups, in fact, could foster norms conducive of their situations as making efforts to affect markets in specific directions (Kjellberg and Helgesson, 2007).

The normalizing practices can fail because the guidelines that coordinate and facilitate repeated exchanges and establish responsibilities among actors (Lusch and Vargo, 2014) are questioned for their ability to ensure harmony and coordination. Even the normalizing practice totters because of tensions of discursive constructions embedded in it – one pushing for changing the status quo and the other claiming to maintain it.

Furthermore, power imbalances in relationships can lead to opportunistic behaviours (Maloni and Benton, 2000) which in turn impact on the normalizing practices. Even the efforts to construct the accountability of Volkswagen, identified as the discursive construction related to the child interpretative repertoire “recognizing opportunism”, in fact, are embodied in these practices that in the dieselgate exhibited their co-destructive potential also when interacting actors was not in agreement about the allocation of roles and responsibilities.

*The dark side of practices as value co-destruction within the ecosystem: the contagion effect*

To answer the Research Question (RQ) 3, the study relies upon the dark side of representational, normative and integrative practices, arguing that the value co-destruction occurs at the ecosystem level because of negative elements that permeate the relationships that spread beyond the dyadic relation in which they occur; value co-destruction can be defined as *“a process through which one or more market practices fail because of negative elements that permeate a relationship, whose effects contaminate other ecosystem relationships”*.

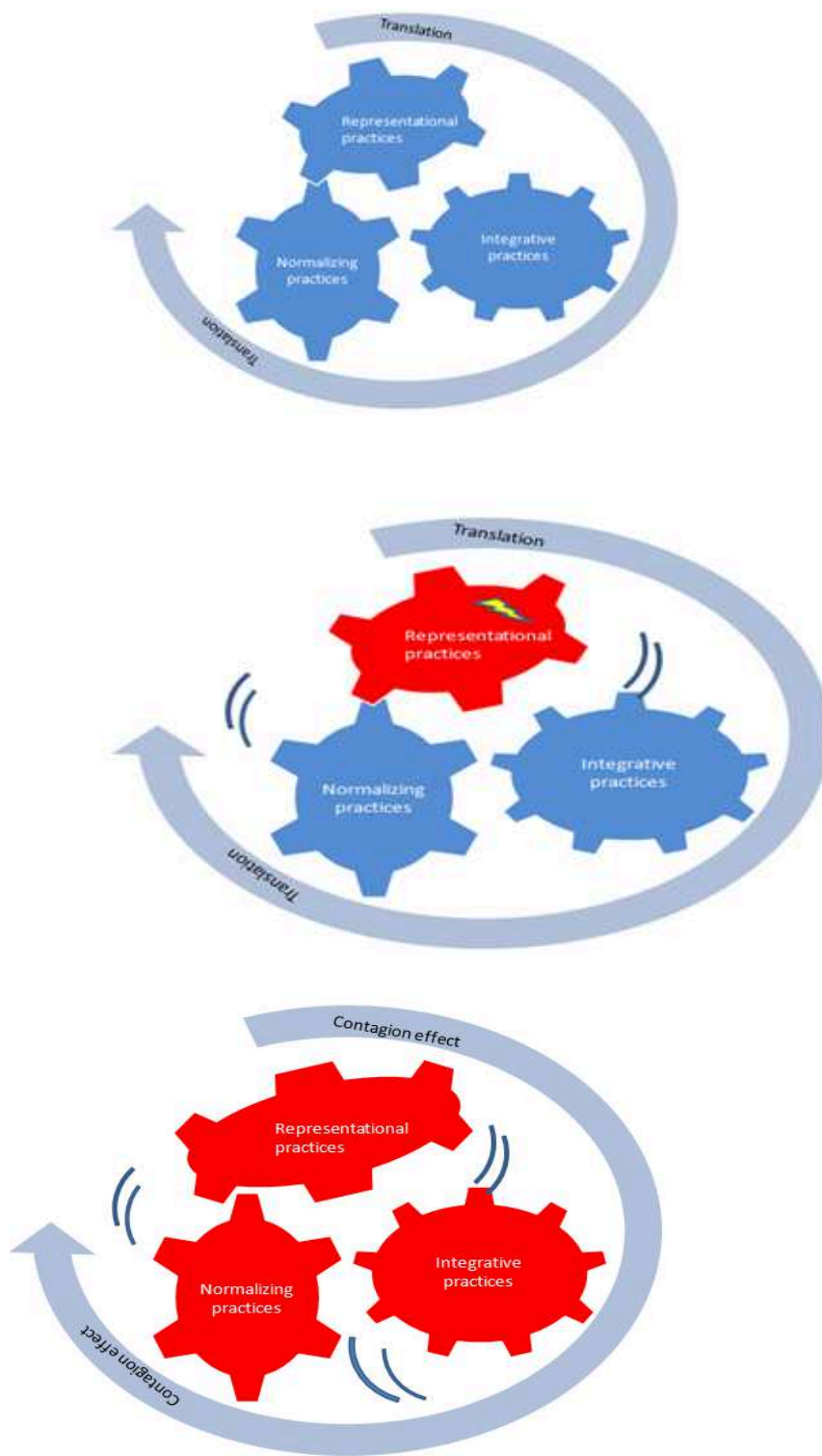
Value co-destruction occurs at the ecosystem level because a failure in one of these practices may result in the failure of other due to both: (a) the interrelation among negative elements (power, conflict, opportunism and so on) that they feed each other, and (b) the process of translation (Callon, 1986; Latour, 1986; Kjellberg and Helgesson, 2006, that explains the closely interrelation among


practices, also belonging to different macro-categories. These negative phenomena cause cascade effects, thus leading to what could be called “contagion effect” among practices – proposed in this study as the dark side of translation. For instance, a breakdown in the normalizing practice affects the way in which resources are integrated and service-for-service exchanges occur because of the guidelines’ vacillation that govern the relationship; this in turn could result in the ambiguity on the way in which practices are depicted and represented, leading to a lack of consensus in the representational practices. Although these struggles are advocated as normal functioning of market and may also result in the establishment of parallel versions of market<sup>13</sup> (Kjellberg and Helgesson, 2006), when they become starkly contrasting each other and a minimum consensus and coordination lack, a situation of instability emerges and may result in the value co-destruction process that shakes the service ecosystem as whole.

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<sup>13</sup> Kjellberg and Helgesson (2006) referred to this phenomenon as market practices “multiplicity”.

Figure 4.1 - An example of the contagion effect



Legend:  practice affected by negative relational elements and resulting tensions and lack of coordination.

Source: Author's elaboration

The value co-destruction discourse emerging from the case, suggests that what occurs in an actor-to-actor relationship (and it is embedded into a specific practice) can spread to other relationships (and to other macro-categories of practices), so impacting on the entire ecosystem in which it takes place. Furthermore, tensions in (incompatible) aims and perspectives of various constructions of different actors lead to the failure's practice, as shown by previous studies (Echeverri and Skålen, 2011) and can result in the additional failures of other related practices because of the contagion effect that occurs due to the translation of practices (Callon, 1986; Latour, 1986; Kjellberg and Helgesson, 2006).

### **4.3 - Theoretical implications**

By adopting the ecosystem approach, the research explored the value co-destruction process related to the emissions scandal that - on September 2015 - has mainly involved Volkswagen and then has spread its effects in the entire diesel industry.

In the recent marketing literature that adopts the Service-Dominant logic perspective, scholars have stressed positive aspects, good practices and beneficial outcomes that derive from relationships, while the literature on the dark side of these phenomena is still scarce.

This research contributes to the development of the value co-destruction literature, by developing a framework built on negative relational elements and market practices and offers three main contributions. First, the negative elements permeating relationships have been presented in an integrated way (Johnsen and Lacoste, 2016), proposing an overview of their main characteristics and showing the interrelation among them. This provides a baseline to understand how value is not just something that is co-created during interactions but also co-destroyed.

Second, the research widens the analysis of such factors from the relationships to the market practices that form the service ecosystem, thus contributing to both

the literature on value co-destruction that advocated for a more wide approach (Prior and Marcos-Cuevas, 2016) and the literature on practices that facilitate value co-creation; as recognized by Lusch and Vargo (2014), “as more actors interact with one another through many-to-many networks, their actions and interactions change the context of other actors, increasing the dynamics and turbulence in the system” (p. 154).

By addressing how these negative relational elements can affect relationships and the representational, normalizing and integrative practices (Kjellberg and Helgesson, 2006, Lusch and Vargo, 2014), the research explored also the way in which negative elements in a practice can spread their effects into the other practices of the service ecosystem through what could be called the “contagion effect”, thus resulting in the value co-destruction process within the entire service ecosystem.

#### **4. 4 - Managerial implications**

The research provides empirical evidences of potential detrimental effects that go beyond the dyadic relationships and suggests a framework useful for managers to understand sources of value co-destruction. These insights have the potential to inform the way negative relational elements shake the service ecosystem in which a firm operates. Taking into account the multiple negative elements that can affect both relationships and market practices and how these elements lead to the value co-destruction, allows practitioners to avoid or interrupt the chain of harmful events that may occur, to prevent additional important damages to the entire ecosystem. Practitioners, in fact, should extend their attention from the basilar direct interactions – as that firm-customer – to relationships with third parties that are likewise relevant in the co-creation practices. What occurs in a relationship can affect all other, resulting in cascade effects that are more difficult to control.

For example, managing conflict with an actor may reduce the perceived unfairness of other actors and the consequent incongruence of practices that occurs among all interacting parties.

Likewise, opportunism that permeates the representing practice can translate on the normalizing practices, spreading its effects from a practice to another.

In this regard, firms play an important role in normalizing practices, so impacting on the society as whole. In this regard, practitioners should consider the impact of their choices and behaviours on the set of norms, rules and values that guide exchanges among actors and the allocation of responsibilities and concentrate their efforts to enable the smooth development of normalizing practices.

Additionally, the framework proposed may help practitioners to fairly allocate the benefits and burdens among actors.

#### **4.5 - Limitations and further research**

This study suffers several limitations that might be addressed in future research.

The study analyzed the dieselgate case over a limited period of time, providing only a snapshot of the phenomenon as news continues to come to light and the scandal is still spreading its effects on the automotive industry and, in general, on the entire society.

From a systematic longitudinal approach, could be interesting analyze how the phenomenon of co-destruction develops over time and the long-term impact of its effects.

The study focuses on the process of value co-destruction while further research could analyze in depth the value co-destruction as outcomes of the process.

Furthermore, the research relies on a single qualitative case study based on the automotive industry. First, this research could be replicated in a different sector in order to explore relationships and their negative elements within an ecosystem that has not experienced a scandal of this magnitude.

Second, although this research aims to highlight an exemplar of value co-destruction, this approach may lead to an excessive emphasis of the negative relational elements that can shake the service ecosystem. In further research, co-creation and co-destruction could be both taken into account, by investigating why some tensions within the market practices result in positive process and outcomes while other in co-destruction. Furthermore, further research could analyze changes in practices prompted by tensions that occur.

On the other hand, some limitations are related to the process of data collection. The research analyzed mainly online texts that form a virtual discourse on the dieselgate; however, further research could be integrated with the analysis of the “in vivo” conversation among actors, thus achieving a closely interrelation among researcher and the investigated phenomenon.

Moreover, the language analyzed is only the English, instead some texts in other languages were excluded from the analysis. Even some video-statements of the German company are in German rather than English, however I have transcribed the official voice-translation proposed by the Company, in the belief that the words of translation have been not selected at random but (in the same way as the original official statements in German) reveal specific discursive constructions.

Additionally, the online written interviews to consumers could be integrated with interviews to other actors involved. As it regards, further research could be conducted adopting the fine-grained approach of linguistic features in texts (van Dijk, 1985) or adopting the critical discourse analysis, with the aim to investigate in depth the relationship between the discourse and other social elements such as power relations, ideologies and social identities, to understand the way in which value co-destruction may take place and affect on social issues.



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