

Chapter 10

The Performativity of Value Propositions in Shaping a Service Ecosystem: The Case of B-corporations

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Abstract The present chapter builds on performativity research and investigates the performative role of value propositions in shaping a service ecosystem. Performativity is used as a central concept in illustrating how actors influence reality through their representations and their practices. In the investigation, Benefit corporations (hereafter B-corporations) serve as the context for empirical research. The work shows how ideas—the pre-constitute aspects of the ecosystem, such as values, norms and meaning—participate in shaping reality (i.e. the ecosystem) through the translation of such ideas into practice. The performative role of value propositions emerges as a bridge between actors' values, aims, and practices in shaping a service ecosystem as well as increasing ecosystem viability.

Keywords Performativity • Value propositions • Service ecosystems • B-corporations

10.1 Introduction

The purpose of business is not to make a profit. (Drucker 1954)

A significant amount of time has passed since Drucker spoke the words above; however, it is only recently that trends in academia and business have begun to emerge with respect to overcome the strictly business mindset.

First, the triple bottom line is used to emphasize the company's commitment to environmental integrity, social equity, and economic prosperity (Chabowski et al. 2011; Crittenden et al. 2011). Environmental integrity refers to ecological issues in terms of natural resources that companies should preserve and not waste; social equity concerns the impact on society of a company's practices in terms of not

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harming any group of stakeholders; and economic prosperity focuses on the company's financial performance and competitive success.

Second, a new type of company, the 'for-benefit enterprise', which conducts business oriented towards social issues, has appeared (Sabeti 2011). It has been conceptualized as a different way of framing businesses (Peterson 2015) by walking 'a fine line between the institutional spheres of the business and charity sectors' (Battilana and Lee 2014: p. 409). For-benefit enterprises are a new class of organization that have led to the emergence of the so-called 'fourth sector'—i.e., a new ecosystem (Sabeti 2011). Although this sector is not clearly defined, the characteristic feature of 'fourth-sector organizations' is that they integrate social and environmental aims with business approaches. Some of these organizations go even further, embodying features such as inclusive governance, transparent reporting, fair compensation, environmental responsibility, community service, and contribution of profits to the common good. By pursuing these aims, they envision a different ecosystem.

Third, studies into service-dominant (S-D) logic (Frow et al. 2014; Lusch and Vargo 2015) have recently focused on the service ecosystem—i.e., the entangled system of actors (Vargo and Lusch 2011). This complex system is characterized by mutual value propositions and service provision, and governed by socially constructed institutions (Vargo and Lusch 2016). Wieland et al. (2012) outlined that for each instance of resource integration, service provision, and value creation, the nature of the ecosystem changes and thus the context for the next iteration and determination of value creation changes also.

According to recent research (Barile et al. 2016; Lusch et al. 2016), understanding what conditions enable the formation of service ecosystem is important for both researchers and managers. Taillard et al. (2016) offered a fresh perspective on service ecosystem formation as a process of emergence in which the development of shared intentions enables collective agency whose specific conditions result from, and foster, interdependence among actors. However, while their study explained unplanned emergence, more research is needed on the role of actors' values and activities in actively pursuing the development of a new ecosystem.

The current study aims to understand the contributions of actors' values, aims, and practices in shaping a service ecosystem, as in the case of for-benefit enterprises. Recent work has provided some evidence on how a service ecosystem can be designed in accordance with norms and values in society (Enquist et al. 2006; Edvardsson et al. 2011, 2013) by recognizing that different actors interact via value proposals (Edvardsson et al. 2013); however, how such value propositions contribute to shaping the service ecosystem remains largely unexplored.

In addition, actors' practices seem to play an important role in co-creating service ecosystems. According to S-D logic, actors collaborate by developing social practices. Such collaboration makes these actors more interdependent on resources and values and enhances system viability (Barile and Polese 2010; Lusch and Vargo 2014). Although it is recognized that actors' agency allows them to take actions that shape the ecosystem, the relationship between value propositions and service ecosystems remains vague.

By moving from the definition of value proposition as 'how an actor co-proposes to affect another actors' (Lusch and Vargo 2014, p. 72), this work addresses the

relationship between value propositions and a service ecosystem in the context of actors' values and practices, and asks, what is the role of value propositions in shaping a service ecosystem?

In order to answer this research question, the present work builds on performativity research (Kjellberg and Helgesson 2006) and investigates the performative role of value propositions as a bridge between actors' values, aims, and practices in shaping a service ecosystem. Performativity emerges as a central concept in illustrating 'how actors influence reality' (Storbacka et al. 2012, p. 69) through their representations and their practices. Main contribution stays in addressing how ideas—the pre-constitute aspects of the ecosystem, such as values, norms and meaning—participate in shaping reality (i.e. the ecosystem) through the translation of such ideas into practice. In the investigation, Benefit corporations (hereafter B-corporations) serve as the context for empirical research.

The remainder of the paper is organized as follows: firstly, the authors conduct a literature review of service ecosystems, value propositions, and performativity. Secondly, the research method and findings are presented, and finally, the paper ends with a discussion and the main implications.

10.2 Literature Review

10.2.1 *Service Ecosystems*

S-D logic (Lusch and Vargo 2014; Lusch et al. 2016) entails development of the concept of service ecosystems, which are distinct from business ecosystems (Iansiti and Levien 2004). In using the concept of service ecosystems, S-D logic aims to highlight that, similarly to biological ecosystems, business networks are characterized by a large number of loosely interconnected service systems that depend one another for mutual effectiveness and survival. More specifically, Vargo and Lusch (2011) defined the service ecosystem as 'relatively self-contained, self-adjusting systems of resource integrating actors connected by shared institutional logic and mutual value creation through service exchange' (p. 31).

The service ecosystems metaphor denotes actors' interactions, as well as value flows. Each service system (or actor) is able to improve the state of another system by participating in sharing or applying resources and improving its own state by integrating other resources (Vargo and Lusch 2011, 2012). From the service ecosystem view, each actor is a beneficiary of the value while also acting as a provider of resources for mutual value creation (Vargo and Lusch 2012). The emphasis is on the dynamic configurations of actors and their structures, which lead to increased accessness and resourceness, thereby sustaining value-creation processes (Vargo and Lusch 2011, 2014) and ecosystem viability (Barile and Polese 2010; Vargo and Akaka 2012; Wieland et al. 2012). The various interactions taking place in service ecosystems generate different level and norms and meanings

develop from each level (Greer et al. 2016) The actions and interactions among actors continuously sustain and reproduce the system by socially constructing institutional logic or mental models that, in turn, influence activities and exchanges and contribute to creating structures designed to shape the service ecosystem and increase viability (Vargo and Akaka 2012; Wieland et al. 2012). In such a complex setting, institutions are key elements of focus as they favour value co-creation through a network of relations that encompass resource integration and service exchange (Edvardsson et al. 2014; Vargo and Lusch 2016).

Institutions influence the ways in which the activities of resource integrators are coordinated and adjusted to each other, and act as a coordinating link that impacts value co-creation efforts (Edvardsson et al. 2014; Vargo et al. 2015). Vargo and Lusch (2016) further explored the role of institutions to update the concept of service ecosystems by addressing networks ‘as resource-integrating, service-exchanging actors that constrain and coordinate themselves through institutions and institutional arrangements’ (p. 6). Institutions (i.e., various types of routinized, coordinating mechanisms) and institutional arrangements (i.e., the assemblages of interdependent institutions) become essential to understanding value co-creation (Vargo and Lusch 2016).

According to recent calls (Barile et al. 2016; Lusch et al. 2016), understanding the conditions that enable the development of service formation is important for both researchers and managers. Meynhardt et al. (2016) stressed that institutional changes are expected to influence the viability of a service ecosystem in the long run, and represent the dynamic force of ecosystem evolution. Similarly, Koskela-Huotari et al. (2016, p. 7) recently noted that ‘actors simultaneously break, make and maintain the institutionalized rules of resource integration’ in reconfiguring a service ecosystem. Taillard et al. (2016, p. 2972) addressed service ecosystem formation ‘as an emergent process in which individual and collective agency, together with the institutional arrangements of the social system in which they operate, are mutually constitutive entities of that system’.

In relation to investigating the process of the emergence of service ecosystems via shared intentions, the role of value propositions remains vague; thus, the focus must move from unplanned emergence to active pursuit.

10.2.2 Value Propositions

The discussion around S-D logic and service ecosystems (Wieland et al. 2012; Lusch and Vargo 2014; Barile et al. 2016) has led to growing interest in redefining the value propositions concept (Frow et al. 2014), mainly around key issues including the role of resources, the actors’ interactions, and the development of practices.

In their seminal article published in 2004, Vargo and Lusch conceptualized value propositions as different combinations of resources that companies deploy to provide input into customer value creation processes. The ‘supplier’ cannot

deliver value but can only offer a value proposition. It is up to the beneficiary of that value proposition to co-create and experience the value, with the value proposition setting expectations of value-in-use (Lusch and Vargo 2014).

This view has also been expanded to include a description of value proposition as reciprocal and mutual promises not just between two parties, but among multiple actors (Vargo and Lusch 2009). Gummesson (2008) claimed that balance centrality epitomizes the network-based stakeholder approach to value creation, while Lusch and Vargo (2014) recognized a multiplicity of actors as resource integrators tied together in shared systems of exchange service systems. Accordingly, Frow and Payne (2011) explored the development of value proposition in key stakeholder market domains. In their view, stakeholder value propositions provide enhanced opportunity for value co-creation by assisting companies in aligning values and stabilizing relationships within their value network. Similarly, Storbacka and Nenonen (2011) proposed the term ‘market proposition’ to capture the unifying nature of the market and value-creation process.

By adopting a wider perspective, Payne and Frow (2014a) emphasized the service ecosystem as the context for building value propositions, describing how value proposals contribute to the wellbeing of the service ecosystem through the dynamic process of resource sharing and shaping. Here, the focus is on value propositions as a means by which to envision beneficial outcomes (or avoid disruptive ones), which can only be achieved through collaboration in an actor-to-actor context, with the value proposition setting out the potential opportunities for all actors within the service ecosystem. Reciprocal and co-created value propositions are identified through three stages: value propositions to customers, value propositions to key actors, and value propositions within the service ecosystem (Payne and Frow 2014b).

Lusch and Vargo (2014, p. 188) stated that all actors, as resource integrators and part of the service ecosystem, engage in creating value propositions. Value propositions can be seen as invitations to participate in value co-creation processes as ‘they are appropriately considered narratives of value potential that are co-created among multiple actors, including the provider and beneficiary’ (Vargo and Lusch 2016, p. 10). Greer et al. (2016) have recently addressed that value propositions are not thought only for external customers but for all the other stakeholders.

Other contributions have aimed to shed light on the development process of a value proposition, stressing its recursive and interactive nature in a multi-actor context of practices. Korkman et al. (2010) and Kowalkowski (2011) proposed the adoption of a practice-centred perspective to describe how value propositions are co-created through a reciprocal exchange of knowledge among resource-integrating actors in real-life practices. Ballantyne et al. (2011) positioned the idea of reciprocal value propositions as a communication practice that guides resource integration between stakeholders, bringing closer exchange activity, relationship development, and knowledge renewal. Skålén et al. (2015) suggested that value propositions are configurations of three different practices: (1) provision, (2) representational, and (3) management and organization practices. Value propositions are expected to be built and re-built thanks to practices (Skålén et al. 2015).

These recent approaches have articulated a perspective on value propositions that is less theoretically intuitive and more grounded in what firms and other actors do in the context of multiple and interrelated interactions and actions. Practices develop over time to enable actors in an Actor-to-Actor (A2A) network to coordinate their meaning-making, actions, and behaviours for mutual gain through service-for-service exchange (Lusch and Vargo 2014; Russo Spena et al. 2017).

However, in accordance with the research question outlined above, what remains to be understood is how value propositions influence the development of service ecosystems. We suggest that there is a need to take into account the role of performativity.

10.2.3 *Performativity*

The term ‘performativity’ was derived by the language philosopher Austin (1962), who used the expression ‘performative utterance’ to address circumstances in which saying something is doing something. In a similar way, Hall (2000) stated that ‘declarations are performative, not constative, because it is by the utterance of the words that the act is performed’ (p. 1). Words are performed as actions, which in turn produces a different world (Loxley 2006). In addressing ‘a way of doing things with words’ scholars see performativity in the following terms:

- ‘Linguistic acts do not simply reflect a world but that a speech actually has the power to make a world’ (Jackson 2004, p. 2).
- ‘Talking together is acting together’ (Cavell 2002, p. 33).
- ‘Reiterative power of discourse [is able] to produce the phenomena that it regulates and constrains’ (Butler 2011, p. xii).

In relation to marketing, Nordgren (2008) recently addressed the performativity of the discourse of value creation by investigating the formation of discourses and their influence on people on an ontological level, along with their use of language and actions.

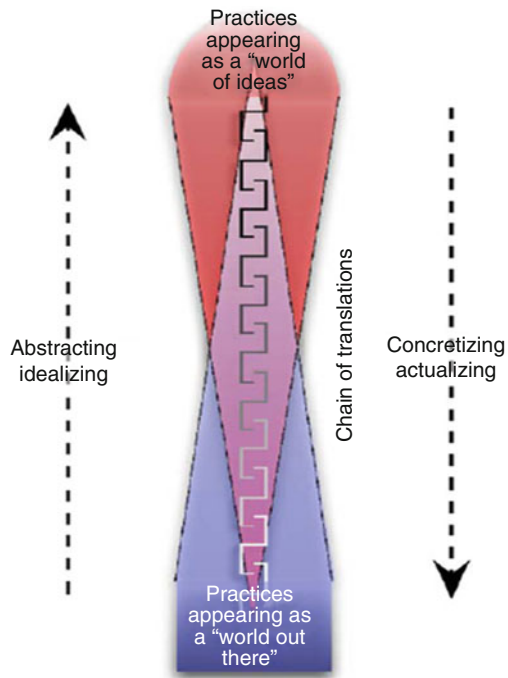
Performativity is seen as an intermediary force within the discourse, which through its various discursive practices links people to specific subject positions and influence them to perform certain acts, which agree with these positions. These acts then in turn influence the one, who is performing the act as well as other people. Hence, the performativity of the discourse names and makes people to become subjects in line with the discourse. (Nordgren 2008, p. 116)

Building on actor-network theory (Latour 2005) and on Callon’s (1998) notion of performativity, Kjellberg and Helgesson (2006) argued for a need to broaden the discussion on performativity to take into account multiple theoretical aspects, and for the importance of studying performativity in more mundane markets. A performative approach ‘allows those who act to define what the world is made of’ (Kjellberg and Helgesson 2006, p. 864). Kjellberg and Helgesson view social reality as an ongoing process of creation: ‘we stress the emergent character of

reality rather than whether or not it exists independently of our perception of it. They assume that social reality is constantly being shaped and reshaped through a recursive process' (Kjellberg and Helgesson 2006, p. 840). Social reality is thus seen as 'a materially heterogeneous relational effect' (Kjellberg and Helgesson 2006, p. 840); i.e., 'it is produced and stabilized in interaction that is simultaneously material and social' (Law and Urry 2004, p. 395). Performativity is conceived as a process through which shared ideas (e.g., about markets) shape the world (i.e., the real market) by affecting actions. Starting from Latour's (2005) notion of the 'chain of translation', Kjellberg and Helgesson (2006) represented the path from ideas to actions (Fig. 10.1); thus, reality is shaped by linking a world of ideas with the concretized world—i.e., the 'world of ideas' is actualized through translation into the 'world out there', and in turn the latter is idealized through translation of this 'world of ideas'. Reality emerges as a process that links the two worlds through making sense and taking action (Kjellberg and Helgesson 2006). From this perspective, scholars have stated that actors shape markets with their everyday practice; markets are indeed outcomes of performative practices (Kjellberg and Helgesson 2006, 2007; Diaz Ruiz 2012).

Within S-D logic (Lusch and Vargo 2014) the performativity issue is linked to markets by addressing the 'commonality of socially constructed and shared institutions—rules of games—such as language, norms and practices' (p. 25). Being shared across structures, institutions affect practices through which actors shape markets.

Fig. 10.1 The performativity—the infusion of ideas into the world. Source: Kjellberg and Helgesson (2006, p. 845)



By widening the ideas set forth by Vargo and Lusch (2014) that ‘markets are created by the actors through institutionalization, the widespread acceptance, of generalized value propositions (e.g. automobiles) as acceptable solutions to common needs (e.g. personal transportation)’ (p. 242), this work addresses the performative nature of value propositions: how actors create institutions and practices that become the glue within the development of service ecosystems.

10.3 Methodology

Multiple case studies were used in this research. The use of qualitative methods allows for deep, detailed, rich data collection that can help to explain complex issues and further develop extant knowledge (Dubois and Gadde 2002; Gummesson 2005).

The research context is formed by a community of B-corporations, a new type of company whose mission is to use the power of business to solve social and environmental problems. Such B-corporations are certified by a nonprofit organization, B-Lab, according to rigorous standards of social and environmental performance, accountability, and transparency. This community includes organizations from more than 60 different industries. The B-corporations community is increasing at an impressive rate, growing from 450 at the end of 2011 to over 26,000 as of March 2017.

A sample of B-corporations was drawn from those companies achieving the best results. Both large and small companies were chosen among those with an ‘overall impact in the top 10%’; i.e., firms with the highest performance in terms of sustainability. B-Lab prepares this ranking through a series of measures to compare firms and the benefits they provide to the different stakeholders they are related to. A total of 41 firms were considered; however, three were excluded because access to the company’s documentation was not possible.

10.3.1 Data Collection and Analysis

In order to analyse the companies’ value propositions and understand their role within the service ecosystem, a two-phase investigation was set up.

Firstly, a preliminary study of the Web-based contexts was conducted, along with observations of the actors and their visible actions in the community (Kozinets 2002). Company reports, case reports, and other related documents were analysed to obtain a pre-understanding of the B-corporations community in terms of the companies’ values, mission, strategies, and practices.

Secondly, the authors examined documents published by each organization on the B-corporations website and on the companies’ own websites in relation to presenting the companies’ own activity and describing their mission and the ways

in which they act to change ordinary business into activity that is ‘better for the world’. These documents provided an in-depth description of each company’s vision/mission, commitment, proposals, and activities. Discourse, objects, and documents (Kozinets 2002) in forums and blogs, along with other descriptive materials were also combined in data setting to create a useful guide to analyse the data. In line with Weber’s (1990) suggestion, we used content analysis to classify the textual material and reduce it into more relevant, manageable pieces of data. The analysis began by identifying and quantifying certain words or content in documents to grasp their contextual use. Quantification was conducted to explore usage, rather than to infer meaning, as advised by Hsieh and Shannon (2005). However, the analysis was not only limited to measuring the frequency of specific words or content (i.e., manifest content), but also included a summative approach to *discover* underlying meanings of the words or the content, and used quotations to illustrate issues and phenomena revealed by the investigation (i.e., latent content) (Hsieh and Shannon 2005).

The aim of our data-reduction and -classification process was to identify patterns in the data and generate a local and context-specific understanding of the role of value propositions within the service ecosystem (Gummesson 2005; Piekkari et al. 2010).

The results of the study were illustrated to two senior managers from a B-corporation not included in the investigated cases. A seminar was then organized to discuss the case descriptions and primary implications. This is a good example of a ‘member check’ procedure (Lincoln and Guba 1985). Taking such steps increases the quality (i.e., the construct validity) of the study in question.

10.4 Findings

The findings show that the B-corporations’ value propositions are built on the actors’ values and affect their practices by acting on the service ecosystem in a performative way.

10.4.1 Values Within Value Propositions

B-Corporations stay for “Better companies”: i.e. Companies that strive to offer something better with the aim to combine business and societal goals. Companies join the B-community to have recognition of and strengthen their commitment to benefiting customers, shareholders, and society.

For us becoming a B-corporation was a formal acknowledgment of our commitment to the community we serve, our team members, shareholders and the environment. It was another great step we took to ensure that our values and commitment were further engrained in our company’s DNA. (documents from Firm N. 28)

We became a B-corporation to showcase the values that define our business and our lives. (documents from Firm N. 7)

B-corporations share collective values such as responsibility, empathy, empowerment, education, integrity, and sustainability. Shared ethical, social, and environmental principles shape business missions and strategies. Coherent value propositions include not only benefits (arising from the use of services and goods) to customers, but take into consideration value co-creation with a wider audience—namely employees, distributors, suppliers, investors, the community, and also the environment and society. Each group is a beneficiary of the value proposal designed and developed by B-corporations.

Education, environment, and society are the most cited themes. Education is seen in terms of spreading a social and sustainable aim among all actors. B-corporations claim a strong commitment to meeting the challenges of value change and providing associated benefits. They are concerned with their impact on their immediate, as well as more distant, context in order to improve the quality of life.

B-corporations might turn out to be like civil rights for blacks or voting rights for women—eccentric, unpopular ideas that took hold and changed the world. (Document from Firm N. 13).

B-corporations' values are aligned with everything we believe in. It's important to educate and allow our consumers to see and understand our business practices as well as our commitment to sustainability. And we only surround ourselves with like-minded individuals and companies—those that believe in giving back and making the world a better place. (B-corporation web site)

Environmental responsibility is a constant issue, and the companies emphasize engagement in preserving and, in some cases, rebuilding it through sustainable local and global business approaches. In addition, the social component is a detailed feature of company proposals that is linked to the mission, responsibility, and company impact in a broader way than their narrow business context.

The values advanced by B Lab and B-corporations are ones that are important to us and also to our stakeholders. By becoming a B-corporation, we are better able to broadcast our commitment to those values and hopefully set an example of social and environmental responsibility in our community. (documents from Firm N. 26)

Our company, through the lines of work on issues of urban agriculture, environmental education and sustainable community development, seeks to create better cities and responsible consumers. (documents from Firm N. 35)

10.4.2 Practices Linked to Value Propositions

The principles, standards, ethics, and ideals of B-corporations conveyed in the value propositions guide the actions of both the organizations and their people.

These companies strive to have a positive impact on society by considering how to benefit their business context. Constructive change projects begin with an examination of how firms can contribute to challenging the status quo of traditional business and social practices; such evaluation is synthesized in the so-called ‘change we seek’, which is a sort of call to action. Three main practices are dominant, and we named as follows: (1) creating collective sense, (2) supporting actors, and (3) improving contexts.

A first practice expressed by B-corporations as of critical concern within their value propositions pertains to creating a collective sense of change. B-corporations strive to build a shared meaning of what a better company should be with respect to customers’, stakeholders’, and other actors’ needs by aligning their beliefs with economic, social, and environmental values as well as by providing clear and relevant evidence of the benefits of sustaining responsible social and business practices. The following quotes illustrate how companies attempt to elicit conscious support for responsible behaviour from their customers:

Our proposal is to propagate the responsible use of solar energy, pioneer conscientious business practices and create holistic wealth for ourselves and our community offline. (documents from Firm N. 6).

The company challenges professionals from different fields to work together and create a sustainable project plan. It accomplishes this collaboration by holding a Green Design Charrette—a facilitated, multi-day design event that challenges diverse groups of professionals and community members to collaborate on developing the most sustainable plan/design for a given project offline. (documents from Firm N. 14)

B-corporations seek to unlock resource potential by actively *supporting* actors in their responsible change practices. In doing so, they provide actors with tutoring, support to improve the environmental and social aspects of activities, and, in some cases, extending the same services to customers and communities of B-corporation clients. In a similar way, many companies establish and diffuse sustainability standards in their industry and supply chain.

We became a Certified B-corporation: to inspire other companies to adopt socially responsible practices, and to be inspired by others; to allow our stakeholders to know that (the company) is a socially responsible company; and to learn how (the company) can be more socially responsible. (documents from Firm N 22).

The company provides services and tools to support the design, construction, and operation of buildings that are responsible, enduring, and healthy. With its collective expertise and open exchange, it helps clients integrate sustainable practices that benefit their business, their community and the environment. (documents from Firm N. 33).

The company and its partners have developed innovative ways to encourage members to live a greener lifestyle. This includes ‘Green Your’ challenges that leverage the powerful concept of ‘gaming for good’ to engage members online in a fun, educational environment while influencing eco-friendly behaviors offline. (documents from Firm N. 13).

Finally, B-corporations work to *improve* the context they share in order to remain close to their economic, sustainability, and social goals and values. The

extent to which B-corporations articulate their efforts relies on their ability to signal to customers, shareholders, investors, and other actors what to expect from the companies' activities. They clearly provide their way to correspond with how they act. In this sense, B-corporations clearly and systematically communicate their social and environmental outcomes and performances in order to 'walk their talk' about being a better company. They act with the understanding that each actor is dependent on upon another, and they are thus responsible for each other and for future generations.

Our business is to protect and improve the quality of life in the communities we serve. Our motto is Serve Others. We believe that business can and should be a powerful force for positive social change. (documents from Firm N. 4)

The company seeks to unlock the potential of urban small businesses to create value in the marketplace; produce and retain jobs; improve standards of living; and produce sustained economic vitality in their communities. (documents from Firm N. 35)

10.4.3 Value Propositions and B-corporations Ecosystems

B-Lab and B-corporations enact shared institutional logics between all actors by disseminating common norms and values on which they strategize and act.

We became a B-corporations because we saw real value in embracing a 3rd party assessment focused on benchmarking socially aware businesses. Through the assessment, we can take a step back and analyze our business according to a balanced scorecard, taking all ecosystem stakeholders into account. Through the community of B-corporations we can expand our ecosystem to include like-minded businesses, improving our ability to deliver on our Social Business vision. (documents from Firm N. 12)

Within the analysed context, the ecosystem is not an abstract concept but represents a reality to be developed and preserved, with local and global implications involving different actors. B-corporations' value propositions tackle multiple value-creation contexts, not just for users or main stakeholders, but for the whole ecosystem of actors.

We want to generate a positive impact inside the ecosystem in which we operate by improving the quality of community life. (documents from Firm N. 26)

We aim to create an [...] ecosystem filled with companies that matter to the world, because the world matters to them. (documents from Firm N. 32)

B-corporations envision their value propositions as a unified goal that considers values as the building block for creating an ecosystem of value practices among all actors. The Impact Report collected from companies includes the following quote:

Transforming How We Make Money While Making a Difference. We need to work on to create the system/framework for B-corporations [...] We strongly believe that this is the way to go, we need to change the way we are doing all kind of businesses. (documents from Firm N. 23)

The value propositions highlight responsibility in the business as well as the social context so that goals are not only profit-oriented, but also include benefits for everyone in the service ecosystem. Companies strive to make the values of responsibility achievable by proposing their idea of what a better company should be, and working to implement this idea in practice within the ecosystem.

Our aim is to grow a fluid and mobilised global ecosystem where any enterprising idea can enter at a local level and immediately scale sustainable impact. (Documents from Firm N. 31)

We strive to create products that protect health but do so at no net cost to our planet or our quality of life. They aim to enrich the lives of their users, their retailers, their stakeholders and their neighbours. This is our Ecosystem and the basis of their triple bottom line. (Documents from Firm N. 10)

B-corporations are not simply firms that voluntarily meet higher standards of transparency, accountability and performance; they also work to build a collective voice through the power of the unifying values, rules, and practices. By breaking free from traditional business in terms of actions, language, norms, and performances, they are actively dedicated to creating shared value for the ecosystem.

The company is driven by sustainable prosperity and by cultural, social and ecosystem regeneration. In a transition toward green and social economies, the company creates community and sustainable value with its clients, suppliers, competitors and strategic partners. (documents from Firm N. 2).

Leading the business revolution is only one step to creating true, positive change—we must, as all companies must, uphold a values system that integrates social, economic and environmental wellbeing. (documents from Firm N. 13).

10.5 Discussion

This work aimed to understand the contributions of actors' values, aims, and practices towards a service ecosystem. The authors focused on the role of value propositions by investigating the community of B-corporations. In order to answer to the research question (What is the role of value propositions in shaping a service ecosystem?), this work built on performativity research (Kjellberg and Helgesson 2006) and analysed the performative role of value propositions as a bridge between actors' values, aims, and practices in shaping a service ecosystem.

B-corporations' value propositions are built on the companies' values, with specific reference to social and environmental issues. They are not only committed to providing add-on benefits for customers in order to achieve strategic advantage, but also involve the diffusion of values, norms, and practices that surpass the offering of new or better products/services. Value propositions enable compelling and self-powered experiences of what a good business should be, which are capable of regenerating the ecosystem. Regeneration is a key issue in the value propositions

of B-corporations and this feature leads to favour a responsible use of resources towards the creation of value for all stakeholders. This consideration is in line with the theoretical proposal by Greer et al. (2016), as value is addressed through value proposition to external customers and all the other stakeholders.

By espousing and performing a new logic of conducting business, the B-corporations' value propositions assume a performative role. Following Kjellberg and Helgesson's (2006) notion of *performativity*, this work suggests viewing the role of value propositions in shaping the ecosystem as framed by a multiplicity of actors who share collective values and perform common practices (Hagberg and Kjellberg 2010). Main contribution of this work is that it addresses how ideas—which are the pre-constitute aspects of the ecosystem such as values, norms and meaning—participate in shaping reality (i.e. the ecosystem) through the translation of such ideas into practices. In understanding 'how actors influence reality' (Storbacka et al. 2012, p. 69) theoretical constructs are not simply a guide to describe reality, but actively contribute to the construction of reality by shaping actual practices.

A model depicting the performative role of value propositions in shaping service ecosystem is shown in Fig. 10.2. It consists of two levels:

1. An idea level, where values shape value propositions;
2. A practice level, where value propositions shape practices.

Concerning the idea level, the findings show that B-corporations contribute to shaping the service ecosystem through their ideas and principles regarding a better way of doing business in terms of environmental, social, economic health, and responsibility dimensions. Such collective beliefs and values shape value propositions, which bring multiple benefits: economic performance enables the achievement of environmental and societal outcomes. Companies offer values, not simply

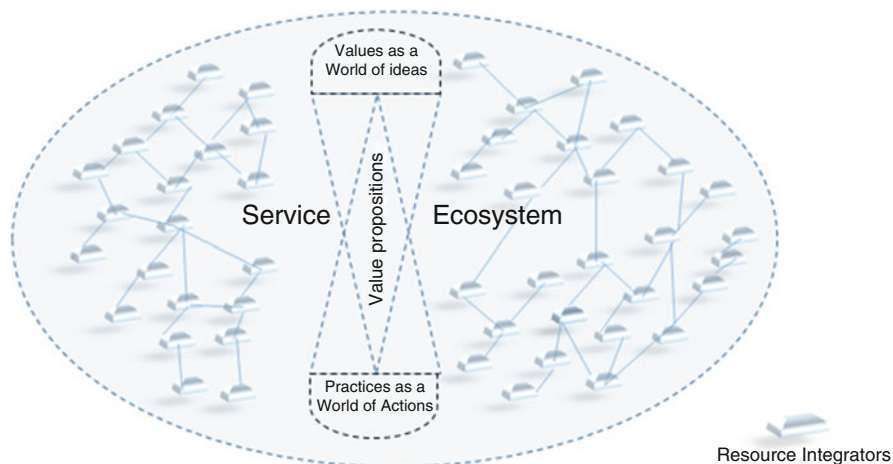


Fig. 10.2 The performative role of value propositions. Source: Authors' elaboration

goods and services, and seek a change within the service ecosystem in terms of rules, norms, and practices for all actors.

B-corporations' value propositions address a context in which every actor is connected to another through collective values. In accordance with (Payne and Frow 2014a) and Storbacka and Nenonen (2011), value propositions are formed by transforming the logic of individual value creation—for the customers and/or for the companies—into a more integrated viewpoint that emphasizes all the actors involved in the ecosystem (Gummesson and Mele 2010). Values are the glue that links together companies and with other actors (Edvardsson and Enquist 2009), whereas the creation of value is set in wider actors to actors or the ecosystem context (Vargo and Lusch 2016). Value propositions are a tool for joining actors (Frow and Payne 2011; Lusch and Webster 2011; Payne and Frow 2014b) in collective sense-making activities aimed at framing a shared ecosystem view (Storbacka and Nenonen 2011). By disseminating the common norms and values on which they strategize and act, B-Lab and B-corporations enact shared institutional logics that further connect stakeholders and all other actors, and enable mutual value creation (Vargo and Lusch 2012). Moreover, collective norms and resources integration are crucial in favouring new value propositions and the reshaping of ecosystems (Frow et al. 2016; Greer et al. 2016). In this perspective the reciprocity of value propositions (Ballantyne et al. 2011) mirrors the common interests of all stakeholders and the interest in achieving goals aimed by various actors. These goals are represented by the 'doing good', 'acting for good' and 'making a difference' in B-corporations principles.

The second level focuses on practices, and provides understanding of how firms act to face current economic and societal challenges. B-corporations' value propositions address not only values, but also the practices involved in implementing those values within the community. More than a promise of future benefits, they are a declaration of actions—i.e., a performative utterance. More specifically, B-corporations make ideas concrete by performing actions in order to impact on the way they do business. The practices we named—*creating a collective sense*—depict these efforts. B-corporations do not simply adopt responsible behaviours, but spread their vision and act to inspire other actors to adopt common ways of sustaining and translating values into the realm of practices. The vision of what it means to be a better company is supported by the premise that all actors are mutually dependent on one another. Practices are led by a business vision that relies on the actions of interconnected actors who depend on one another for their mutual effectiveness and wellbeing. This can be seen in the B-corporations' practices of *supporting actors* and practices of *improving their context*. Through their value propositions, B-corporations attempt to change the practices of the service ecosystem and to align the respective interests of all actors. A community arises, whereby actors actively participate in the promotion of shared values and meanings in a collective context and support all other actors in performing in accordance with them. This view is line with the study by Payne and Frow (2014a) addressing the service ecosystem as the context hosting the emerging of value propositions and their effect on achieving wellbeing.

As Fig. 10.2 shows, circular relations between the worlds of ideas and the worlds of practices occurs by means of value propositions. Values inform value propositions, which can be seen as narratives or discourses of value potential (Vargo and Lusch 2016) that affect actors' practices in shaping the service ecosystem. Value propositions are discourses that connect the worlds of idea—what a better business can be—to the world of practices—what a better ecosystem is.

In sum, this work promotes a conceptualization of value propositions that is neither firm- nor customer-centric, but that revolves around values and practices that a multiplicity of actors espouses and performs in their value processes. Such value proposition links ideas about the service ecosystem to the real service ecosystem.

10.6 Main Implications

This research highlights the *performative* role of value propositions, which lies in the ability of values and practices to shape a service ecosystem. In this view, value propositions act on the worlds of values and practices concerning what an ecosystem can be and what it effectively is. In line with Kjellberg and Helgesson (2006), this study illustrates how envisioning a world of ideas and developing a world of practices can affect the wider service ecosystem.

The results have implications for both managers and scholars. For managers, the need to develop value propositions by adopting a service ecosystem perspective is addressed. If a company's focus is on the service ecosystem as a whole and not simply an individual or company's perspective, then value propositions will be necessarily intermeshed with the practices and values of the whole ecosystem. This means that all actors should be seen as co-responsible for others, in the same way that they co-create value for themselves. Managers can contribute to the alignment of value, interests, and practices of all actors within the service ecosystem. They should be aware that companies' strategies are tools that shape the service ecosystem by seeking changes in the ideas and actions of a number of actors to achieve shared values and practices that support the viability of the ecosystem as a whole.

The service ecosystem perspective can be employed to understand the interaction between actors in a multi-level context where the concepts of survival and the health of the ecosystem are intrinsically linked to an actor-centred perspective of value. This perspective takes into account the social norms and institutional structures that support ecosystem viability. Ideas and practices can be seen as means by which to grasp how companies support and perform their strategy within the service ecosystem; additionally, the roles of all stakeholders in contributing to change practices, norms and the ideas of value should be considered by managers in reshaping the content of value propositions.

In this view, managers could work on developing value propositions not as supplier promises to customer or stakeholders, but as an agreement among multiple

actors to shape the service ecosystem. The focus should be on the matching process between values and practices.

For scholars, the *performativity* view contributes to the extant research by expanding the conceptualization of value propositions (Payne and Frow 2014b; Vargo and Lusch 2016). This work offers a fresh perspective on the role of value propositions in disseminating values that influence actors' practices in shaping service ecosystems (Payne and Frow 2014b; Vargo and Lusch 2016). Value propositions are not simply promises of reciprocal or mutual benefits (Ballantyne et al. 2011); they assume a performative role in actors' aims and actions. Thus, performativity of value propositions through linking ideas and practices together gives substance to the strategy of companies within the service ecosystem, and contributes to ecosystem viability. Value propositions represents the way leading to a more sustainable service ecosystem, due to the involvement of actors in integrating resources, the institutional change in supporting ecosystem viability (Meynhardt et al. 2016), and the sharing of practices by multiple actors in a shared context (Wieland et al. 2016).

However, studies on this topic are still in their infancy and the extant and recent literature is further calling for investigations on how actors can be part of a service ecosystem (Frow et al. 2016) and on the need to consider value co-creation in a society-based perspective (Meynhardt et al. 2016). Some questions that remain to be addressed in future research are: What are the antecedents and mechanisms according to which companies' values and practices affect customers' and other actors' values and practices? How can different actors' values and practices be aligned? What implications do the interrelationships between different ideas and practices have for a unified ecosystem's value proposition? What effect do changes in one context exert on another from a multi-actor perspective? How may the performativity of value propositions change according to different contexts and under several conditions? Are there moderating factors that are able to influence the performativity of value propositions?

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