

Actors, actor engagement and value creation

Suvi Nenonen and Kaj Storbacka

Suvi Nenonen, Associate Professor
University of Auckland Business School, Graduate School of Management
Private Bag 92019, Auckland, New Zealand
Tel: + 64 99237213
Email: s.nenonen@auckland.ac.nz

Kaj Storbacka, Professor, Markets and Strategy
University of Auckland Business School, Graduate School of Management
Private Bag 92019, Auckland, New Zealand
Tel: + 64 99237213
Email: k.storbacka@auckland.ac.nz

Actors, actor engagement and value creation

As Mele, Russo Spina and Peschiera (2018) argue, academia has been lagging behind when it comes to understanding how smart technologies influence value creation. In our research we have encountered this in two ways: (1) previously static actor roles are increasingly pointless, indicating a need to reconsider what an actor is, and (2) limited understanding exists about how actors engage in resource contributions that, through resource integration, create value.

First, as digitalization drives universal connectivity (Storbacka, 2018), actors can be present in other actors' processes continuously, which blurs the previously strict actor roles. Based on the idea of generic actors that have ownership of, or access to resources and participate in resource integration with other actors in a market system (Vargo & Lusch, 2011), Storbacka et al. (2016) argued that the previously strict roles of producer vs. consumer or seller vs. buyer are fleeting, as actors can have different roles. An actor-to-actor perspective effectively renders useless clearly specified and static actor roles (Kjellberg, Nenonen & Thom e).

Furthermore, a focus on human actors alone ignores the impact of technologies. Building on a sociomateriality discourse, which views the human and social dimension interwoven with materiality and technologies (Cecez-Kecmanovic et al., 2014; Orlikowski & Scott, 2008), Storbacka et al. (2016) argue that advances in autonomous technologies provide increasing opportunity for re-shaping actor-to-actor interaction. Hence, they argue that "actors need to be viewed not only as humans, but also as machines/technologies, or collections of humans and machines/technologies, including organizations" (Storbacka et al., 2016, p. 3010). Machine learning enables smart machines to act without being explicitly programmed (Cearley, Burke, & Walker, 2016). These machines offer opportunities to deliver autonomous (or semi-autonomous) "actants" (autonomous actors as agents for human beings), including robots, autonomous vehicles, smart vision systems, virtual customer assistants, and smart agents.

Second, more efforts are needed in understanding both how actors contribute resources and what resource integration means. Importantly, and as noted by Bingham and Eisenhardt (2008), it is not the attributes of resources that make them valuable, but the linkages between them. Hence, the value of resources is determined only when they are integrated with other resources. Key to this is the idea of actor engagement: to improve value creation, focal actors need to focus on inter-actor resource linkages and encourage actors (humans and/or machines) to contribute resources. Intelligent algorithms influence connectedness between people, things, processes, building foundations for seamless multi-channel actor engagement.

Normann (2001) argues that greater density of resources corresponds to more value. Digitalization liquifies resources (Lusch, Vargo, & Tanniru, 2010), allowing them to be easily moved about in time and space, and creating an abundance of opportunities for linking resources between actors in new ways. As Amit and Han (2017, p. 232) argue: "digitization enables firms to expand [...] the scope of resources they could access and utilize". Density relates not only to 'physical' resources but also to the density of various forms of socio-cultural resources such as meanings, designs and/or symbols (Storbacka et al., 2012). Consequently, resource density can be improved both by exchange-based and non-exchange-based resource contributions, which underscores the importance of actor engagement as a driver of resource density and, thus, value creation.

Interestingly, actor engagement may lead to both homeopathic (summative) and heteropathic (emergent) resource integration patterns (Peters, 2016). Heteropathic resource integration generates new properties in the market systems, e.g., entities, structures, concepts, qualities, capacities. Thus, heteropathic resource integration can be viewed as a mechanism

for emergence, implying that actor engagement is a microfoundation for emergence (Storbacka et al., 2016), and thus innovation.

References

- Amit, R., & Han, X. (2017). Value creation through novel resource configurations in a digitally enabled world. *Strategic Entrepreneurship Journal*, 11(3), 228-242.
- Bingham, C. B., & Eisenhardt, K. M. (2008). Position, leverage and opportunity: a typology of strategic logics linking resources with competitive advantage. *Managerial and Decision Economics*, 29(2-3), 241-256.
- Cearley, D.W., Burke, B., & Walker, M.J. (2016). *Top 10 strategic technology trends for 2016*. Available at: <https://www.gartner.com/doc/3231617?srcId=1-6595640781>.
- Cecez-Kecmanovic, D., Galliers, R. D., Henfridsson, O., Newell, S., & Vidgen, R. (2014). The sociomateriality of information systems: Current status, future directions. *MIS Quarterly*, 38(3), 809–830.
- Kjellberg, H., Nenonen, S. & Thomé, K. (2018), Analyzing service production at the micro level: Actors and practices, in In R. F. Lusch and S. L. Vargo (Eds.) *The SAGE Handbook on Service-Dominant Logic*, Sage, pp. 411-430.
- Lusch, R. F., Vargo, S. L., & Tanniru, M. (2010). Service, value networks and learning. *Journal of the Academy of Marketing Science*, 38(1), 19-31.
- Mele, C., Russo Spina, T., & Peschiera, S. (this issue). Value creation and cognitive technologies: opportunities and challenges. *Journal of Creating Value*.
- Normann, R. (2001). *Reframing business: When the map changes the landscape*. Chichester: Wiley.
- Orlikowski, W. J., & Scott, S. V. (2008). Sociomateriality: Challenging the separation of technology, work and organization. *The Academy of Management Annals*, 2(1), 433–474.
- Peters, L. D. (2016). Heteropathic versus homopathic resource integration and value co-creation in service ecosystems. *Journal of Business Research*, 69(8), 2999-3007.
- Storbacka, K., Frow, P., Nenonen, S., & Payne, A. (2012). Designing business models for value co-creation. In Special Issue—*Toward a Better Understanding of the Role of Value in Markets and Marketing* (pp. 51-78). Emerald Group Publishing Limited.
- Storbacka, K., Brodie, R. J., Böhmman, T., Maglio, P. P., & Nenonen, S. (2016). Actor engagement as a microfoundation for value co-creation. *Journal of Business Research*, 69(8), 3008-3017.
- Storbacka, K. (2018), Extending service-dominant logic - outside marketing and inside managerial practice, in In R. F. Lusch and S. L. Vargo (Eds.) *The SAGE Handbook on Service-Dominant Logic*, Sage, pp. 639-654.
- Vargo, S. L., & Lusch, R. F. (2011). It's all B2B... and beyond: Toward a systems perspective of the market. *Industrial Marketing Management*, 40(2), 181-187.