

The success of a value-delivery process does not only rely on the effort of an organisation or its managers, but it is also dependent on stakeholders who are the most important associates of a value-delivery outcome. It is therefore crucial that entrepreneurs are aware of and address challenges, mutually utilise opportunities and create value with their stakeholders to work towards a win-win outcome.

Entrepreneurial Challenges in the 21st Century analyses this relationship by systematically discussing how entrepreneurs influence their stakeholders, and vice versa, to work interdependently towards multifarious goals, and to mutually create value that ensures a sustainable business performance with a feasible socio-economic impact. Crucial reading for academics and scholars of the subject, this book explores how entrepreneurs can and should influence these collaborative initiatives when encountering challenges, and co-create value in order to prosper in the markets of the 21st century.

Hans Ruediger Kaufmann is Professor of Marketing at the University of Nicosia, Cyprus, and a visiting professor at the International Business School, Vilnius University, Lithuania. He was previously President of CIRCLE and is currently Vice-President of EMBRI, a board member of the AMA Global Marketing SIG and a co-founder of the Consumer Brand Relationship Association. He is a member of the editorial board of various journals and Associate Editor of the WREMSD.

S M Riad Shams is an associate fellow at the EuroMed Academy of Business, Cyprus. Currently, he is pursuing his sponsored PhD at the University of Newcastle, Australia. His research focuses on entrepreneurship, value co-creation, relationship marketing, corporate reputation, image and brand positioning. He has an emerging publication record, with papers in top-tier journals and conferences.

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HANS RUEDIGER KAUFMANN
S M RIAD SHAMS

ENTREPRENEURIAL CHALLENGES
IN THE 21ST CENTURY

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Creating Stakeholder Value Co-Creation

HANS RUEDIGER KAUFMANN
S M RIAD SHAMS

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Edited by

Hans Ruediger Kaufmann

University of Nicosia, Cyprus

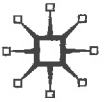
International Business School at Vilnius University, Lithuania

and

S M Riad Shams

University of Newcastle, Australia

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Foreword

Entrepreneurs are the key agents for maintaining the equilibrium in a market economy. They offer visions, a passion for innovation, and drive and understanding to assist stakeholders to recognize the changes confronting their environment and adjust accordingly. This is especially true in turbulent economic times, when entrepreneurs act as vital mediators of economic recovery and growth. Entrepreneurship research is traditionally focused on the individual entrepreneur. However, in contemporary markets, entrepreneurs proactively influence their stakeholders to tackle issues together, to develop prospects, and reciprocally to establish, maintain and enhance value. Therefore, postmodern entrepreneurial research focuses on introducing a new mindset, targeted on integrating the associated stakeholders. From this perspective, the authors in this book discuss the issues and challenges that the postmodern entrepreneurs and their stakeholders encounter. They then show how these actors' joint efforts successfully meet those challenges to advance their interrelationships, interdependence and co-creation of value, in order mutually to survive and prosper.

Various chapters of this book systematically explore relevant contemporaneous issues, and discuss how they jointly conceive and contribute to the entrepreneurial co-creation concept by scrutinizing entrepreneurs' influences on their stakeholders to work interdependently towards their multifarious goals. In response to the call for a new entrepreneurial mindset that incorporates and underpins stakeholders' contributions to entrepreneurial initiatives, this book puts forward the concept of entrepreneurial co-creation. It would go beyond the scope of a single book to claim to provide all exhaustive summaries of all emerging issues; however, this one is an introduction of the stakeholder-centered entrepreneurial mindset to combat the challenges in entrepreneurship in the 21st century through stakeholder value co-creation. By presenting a new concept in a new context this book is a key information source for the new directions of entrepreneurship.

Michael R. Czinkota
Washington, DC

Preface

The rewarding value-delivery process does not rely solely on an organization's or its entrepreneurs' inspired efforts. Stakeholders, the most important associates of a value-delivery network and their significant contributions, are certainly required for a win-win outcome. Entrepreneurs need to be aware of various cross-functional issues, such as where they and their stakeholders face challenges, mutually utilize opportunities and create value. Therefore, this book analyzes traditional and contemporary issues concerning the potential of entrepreneurial innovation to co-create value, in association with the key stakeholders. The chapters of the book holistically discuss how entrepreneurs influence these collaborative initiatives to tackle challenges and co-create value so as to prosper in the markets of this 21st century. The various chapters collectively constitute and contribute to the entrepreneurial co-creation concept by analyzing how entrepreneurs influence their stakeholders to work interdependently towards multifarious goals and to mutually create value that ensures a sustainable business performance with a feasible socio-economic impact.

Chapter 1 discusses the perspectives of entrepreneurship and its impact on stakeholders' co-creation from a historical context. It attempts to provide coverage of various theoretical perspectives underlying the origin and evolution of entrepreneurship. The implications of traditional entrepreneurial perspectives on stakeholder co-creation are then explained by emphasizing responsiveness towards co-creation.

Chapter 2 focuses on the future of entrepreneurship following the complexity of definitions, concepts, levels of analysis, management, public policies and the importance of the influence of institutional, demographic and cultural factors. It presents a critical discussion on who the entrepreneur is, where entrepreneurship happens and how to enhance entrepreneurship.

Chapter 3 emphasizes practice-based theorizing. There has been scant focusing on entrepreneurship practices as foundations of theorization. Recent studies point to a new direction in theorizing. Centered on this direction, the chapter frames a model of practice-based entrepreneurial theorization.

Chapter 4 highlights the relationship between networking and the performance of firms to understand to what extent the specific features

of networks influence co-creation and performance, which is the challenge of entrepreneurial co-creation. It discusses "network contracts" for improving innovation and competitiveness, and contributes by analyzing for the first time the network contract tool. Studies in both dynamic capabilities (DCs) and value co-creation (VCC) highlight the role of capabilities for value creation.

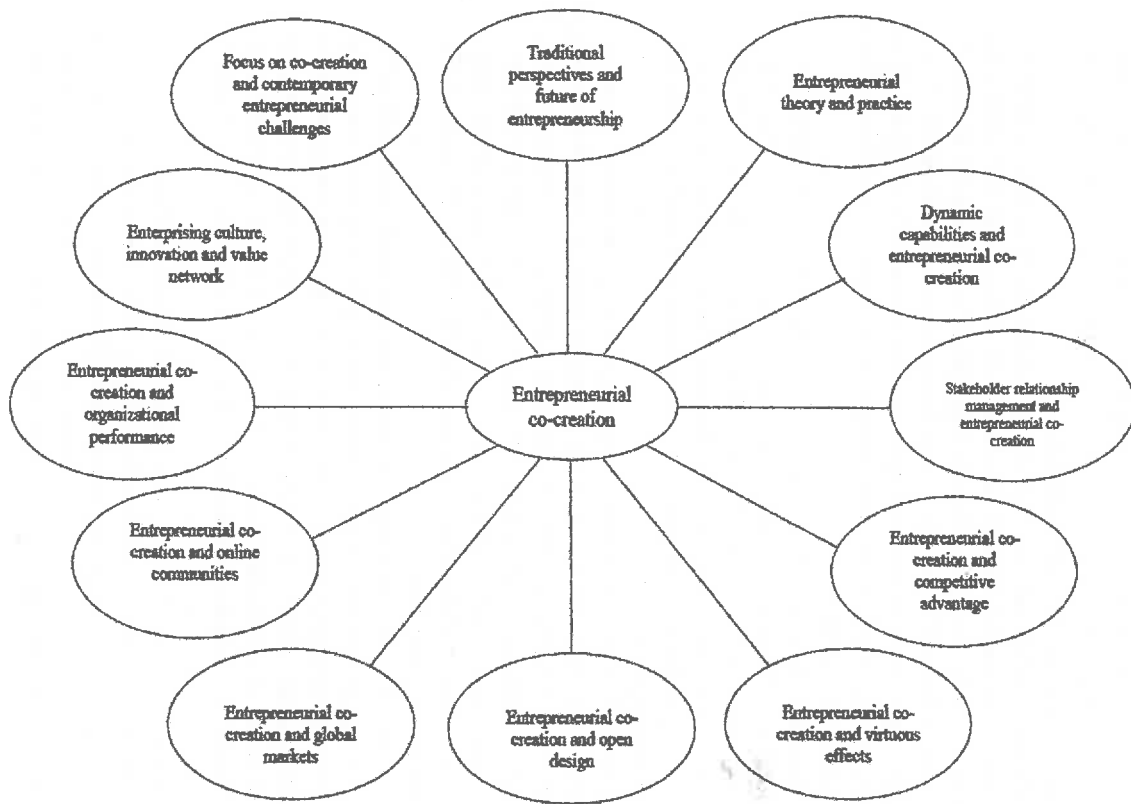
Chapter 5 takes up the challenge of linking these two seemingly disparate research streams by examining their relationship in low-tech entrepreneurial ventures. The findings reveal interesting relationships between different DCs and VCC, and add to the scarce theoretical efforts on the exploration of the conceptual interactions between them so as to explain how firms could reinforce entrepreneurial co-creation within changing environments.

Chapter 6 offers a useful analysis of the pivotal role of enterprising culture in pursuing sustainable serial entrepreneurship through systematic stimulation of innovation, co-creation and the optimal utilization of dynamic value-networks. Correspondingly, Chapter 7 presents a much needed evaluation of the impact of enterprising culture on innovation and value-networks.

Chapter 8 draws attention to cross-cultural peculiarities of stakeholders' interrelations, which explain the modified approach to entrepreneurial innovation and stakeholder relationship management. Chapter 9 discusses "entrepreneurial initiatives and competitive advantage" from the contexts of the composition of the management team, the entrepreneurial propensity towards growth, and the variation in the size and age of the firm.

Chapter 10 aims to investigate factors perceived as being of high value and to explore whether manufacturers are able to anticipate value and understand how to co-create value. From the contexts of entrepreneurial initiatives, co-creation and organizational performance, the chapter discusses how stakeholders can contribute to a long-term value co-creation process, thus increasing effectiveness and efficiency in a complex industry.

Chapters 11 and 15 concern the impact of virtual community and web 2.0 on entrepreneurial co-creation. Chapter 11 reviews some of the core manifestations of co-creating activities in the new network economy, in particular with respect to potential influences on entrepreneurial firms. Acknowledging the unique circumstances under which entrepreneurs operate, the chapter suggests a framework highlighting ways in which entrepreneurs can underpin product development, marketing and financing activities through web 2.0, with respect to the core entrepreneurial



Core issues in entrepreneurial co-creation

processes. Chapter 15 discusses the impact of brand identity and virtual brand community (VBC) on entrepreneurial co-creation, and offers a new classification of co-creation and insights into the positive and negative effects of VBC.

Chapter 12 discusses the factors initiating entrepreneurship and how these can contribute towards value co-creation in cross-border markets. A framework is proposed to suggest how the challenges can be converted into opportunities for exploring global markets through the collective system of government mechanism, institutional support and the people involved therein.

Chapter 13 argues how Islamic culture and institutional characteristics can strongly encourage entrepreneurial activities and venture creation. It also discusses ineffective public policies and institutional weaknesses that do not help to realize the teachings of Islam with regards to entrepreneurship.

Chapter 14 analyzes and compares the evolution of some strategic parameters of the production process, focusing in particular on the process of open design. Its evolution produces effects on the technical and managerial organization of enterprises.

The figure on page xii shows the core issues that entrepreneurs should consider when facing challenges mutually and utilizing opportunities to co-create value in association with their stakeholders. The application of these issues is elaborated in the various chapters of this book through the academia–practice interface in order to reinforce entrepreneurial co-creation by means of stakeholder value and relationship management. The book will serve as a high-level reference for researchers and research students. The topics cover all the important entrepreneurial issues, focusing on stakeholder value co-creation from the traditional and contemporary perspectives of different regions. The book also elaborates the concept of entrepreneurial co-creation from the managerial point of view; thus, it will also be a useful resource and reference for these practitioners.

Hans Ruediger Kaufmann
and
S M Riad Shams

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Hans Ruediger Kaufmann
and
S M Riad Shams

Notes on Contributors

Alexandros Antonaras holds a BSc, an MSc and a PhD, and is an assistant professor at the University of Nicosia. He is a European Excellence Assessor and Validator for the European Foundation for Quality Management Excellence Model and the European Business Ethics Network Model. He is an Executive Director of the Cyprus Institute of Business Ethics and board member of the Cyprus Quality Association.

Ridhi Arora is a doctoral candidate at the Indian Institute of Technology Roorkee. She holds a Master's from the University of Pune. Her articles have appeared in the *Career Development International*, the *Psychologist-Manager Journal* and *Europe's Journal of Psychology*. Her research interests include personality, career management, mentoring and entrepreneurship.

Zhanna Belyaeva is an associate professor at the Ural Federal University, Russia, where she leads the Global Social Responsibility Excellence Centre and is a member of the Scientific Council of the BRICS (Brazil, Russia, India, China, South Africa) Studies Centre. She has extensive teaching and business practice overseas, and possesses active membership in many academic networks, including the EuroMed Research Business Institute, Cyprus. Her research interests include corporate social responsibility and international business strategies.

Héla Benmiled-Cherif is an associate professor at Paris 1 Panthéon Sorbonne. She is a member of the French Association of Marketing and the European Marketing Academy. She was a member of the Scientific Council of the Sorbonne and is currently a board member.

Mhamed Biygautane is a research fellow at the Monash University's Faculty of Law in Australia, and a non-resident fellow at the Mohammed Bin Rashid School of Government, UAE. He is the author of more than 70 peer-reviewed studies. His work has been featured in international and regional media such as the BBC, Dubai One, the *New York Times* and other news outlets.

Silvia Cantele is an assistant professor at the University of Verona. She teaches CSR and sustainability reporting, and management control. Her research concerns the determinants of firms' performance, especially SMEs, with regard to interorganizational cooperation, social

responsibility and internationalization. She is the author of more than 30 papers and books on networks, sustainability, financial and management accounting and performance measurement.

Mònica Cerdán-Chiscano is a lecturer in the School of Tourism & Hospitality Management, Ramon Llull University and is a researcher at the Open University of Catalonia. She holds a PhD, a BBA, and a Bachelor's in Marketing. She became the Head of Innovation and New Ventures Creation at the Autonomus University of Barcelona and has been associated with diverse academic institutions.

Nicola Cobelli holds a PhD in Business Administration and Company Direction. He is Adjunct Professor of Advanced Marketing for Goods and Services, with research interests in healthcare service marketing and management.

Ilenia Confente is an assistant professor at the University of Verona, with a final doctoral dissertation about offline and online consumers' interaction analysis. Her main research areas are focused on marketing, word-of-mouth marketing, and customer value.

Paraskevi (Evi) Dekoulou works for the Centre for Innovation, Entrepreneurship and New Technologies at the University of Nicosia, and is a lecturer at the Open University of Cyprus. She holds a PhD, an MSc, an MBA and a Bachelor's degree. She has taught innovation and entrepreneurship, marketing communications, media and advertising, and worked for European organizations.

Bjørn-Tore Flåtten is an associate professor at the University of Agder, where he is Head of the Department of Management and the Centre of Entrepreneurship. His research focuses on knowledge management, online collaboration, and virtual teams. He has authored textbooks on strategic management and entrepreneurship. His research has been published in *Information and Organization*, and *Journal of e-Business*.

Ana Isabel Jiménez-Zarco is Associate Professor of Innovation and Marketing at the Open University of Catalonia, Spain, and also a part-time Professor of Marketing at the Pontificia de Comillas University. Several of her articles have appeared in high-standing journals, such as *Tourism Management*, *Computers in Human Behavior*, and *Service Business*, among others.

Glykeria Karagouni is a lecturer at the Technological Educational Institute of Thessaly, Greece. Her research focuses on knowledge-intensive

entrepreneurship, innovation studies, dynamic capabilities, and strategic and industrial management. She has contributed as a researcher to a number of related research projects and has presented her work in international conferences and journals.

Hans Ruediger Kaufmann, following appointments as manager, consultant and academic in five European countries, is Full Professor of Marketing at the University of Nicosia, Cyprus, and is a visiting professor at the International Business School at Vilnius University and an adjunct professor at the University of Vitez, Bosnia and Herzegovina. He was president of the Center for International Research in Consumers, Locations and Environments (CIRCLE) from 2007 to 2009 and is currently Vice-President of the EuroMediterranean Research Business Institute (EMRBI). He is a board member of the American Marketing Association (AMA) and Global Marketing Special Interest Group. He is a member of the editorial board of various journals and is associate editor of the *World Review of Entrepreneurship, Management and Sustainable Development*.

Maiefane Lebusa holds a PhD in Entrepreneurship within education and has published widely on self-efficacy, entrepreneurial intention, small retail outlets, sustainable competitive advantage and effectuation. His current research focuses on effectuation.

Ria Nicoletti Morphetou is an associate lecturer at the University of Nicosia. She is a business consultant and was involved in European projects. She received qualifications in marketing and HR. Her research interests include marketing of innovation and entrepreneurship, consumer behavior and social media. Her work has been supported by research grants and published in proceedings and journals.

Enrico Maria Mosconi is an associate professor in the Department of Economics and Management at the University Tuscia in Viterbo, Italy where he conducts courses on technology, innovation, quality, and quality management techniques for the Interdepartmental Center for Research and Diffusion of Renewable Energies.

Sujia R. Nair is a marketing consultant at Educe Micro Research, Bangalore, and is currently pursuing a PhD. She has been a faculty member and has written more than 20 textbooks related to marketing research, consumer behavior, retail management and organizational behavior. She contributed a chapter, 'Ethics in Higher Education', in a book titled *Handbook of Research on Higher Education in the MENA Region, Policy and Practice*, published by IGI Global.

Antoni Olive is Professor of Strategic Management and Entrepreneurship at the Ramon Llull University. His areas of specialization are business opportunities recognition, business models design, and technology entrepreneurship. He has published articles in various journals and authored books on teaching. He is a business columnist.

Teboho Pitso holds a PhD in Creativity and Innovation in Engineering Education, and has written widely in the areas of engineering creativity, innovation and entrepreneurship, as well as in the scholarship of teaching and learning. He is a member of the International Society for the Scholarship of Teaching and Learning.

Stefano Poponi is a research fellow in the Department of Economics and Business at the University of Tuscia, Viterbo, Italy. He deals with certification of quality, innovation management, technology transfer and spin-off. He is the CEO of the academic spin-off Gentoxchem that operates in the bio- and nano-technology fields.

Aimilia Protogerou holds a PhD in Business Strategy and Industrial Policy and is a senior researcher in the Laboratory of Industrial and Energy Economics at the National Technical University of Athens. Her research interests revolve around strategic management of technology and innovation, technology policy and cooperative research and development, innovation networks and knowledge-intensive entrepreneurship.

Alessandro Ruggieri is Full Professor of Commodity Science in the Department of Economics and Management and is Rector Magnificus of the Università degli Studi della Tuscia in Viterbo, Italy.

Ivan Russo is Associate Professor of Marketing and Supply Chain Management at the University of Verona, with research coalescing around logistics and marketing relationships, value in B2B contexts, and returns management.

S M Riad Shams is an associate fellow at the EuroMed Academy of Business, Cyprus. He has completed BBA, MBA and professional doctorate studies. Currently, he is pursuing his sponsored PhD at the University of Newcastle, Australia and is working as a sessional academic at the Australian Institute of Business, Adelaide, Australia. His research focuses on entrepreneurship, value co-creation, relationship marketing, corporate reputation, and image and brand positioning. He is the author of many papers that have appeared in top-tier journals and conference presentations.

Rotem Shneor is an associate professor at the University of Agder, the academic director of the university's Center of Entrepreneurship, and the head of the Nordic Crowdfunding Alliance. His research includes international and cross-cultural marketing, internet marketing, cognitive aspects of entrepreneurship and education, venture financing and crowdfunding. His articles have appeared in *Cross Cultural Management, Entrepreneurship and Regional Development*, and the *Journal of Product & Brand Management*.

Cecilia Silvestri is Assistant Professor of Commodity Science in the Department of Economics and Management at the University of Tuscia, Viterbo, Italy, where she ran the course Quality and Customer Relationships and Systems of Quality Management and the Environment. She obtained her PhD in 2011 in "Economics and Local Development" at the University of Tuscia.

Joan Torrent-Sellens is an associate professor at the Open University of Catalonia (UOC). His teaching areas in economics and business studies are related to economic growth, productivity, competitiveness, labor markets and firm networking. He is the director of the interdisciplinary research group on ICTs (I2TIC). He is the director of the UOC's Business School.

Silvia Vernizzi is an assistant professor at the University of Verona. After receiving a PhD in Business Economics, she began teaching on several courses at both Bachelor's and Master's level. Her research activities are focused on strategy, strategic analysis and networks analysis, on which she has had several publications.

Kristin Wallevik is Managing Director of the Norwegian Applied Research Institute. She holds a PhD in Economics and an MBA. Her research areas are entrepreneurship and regional innovation. She worked as a controller, Chief Financial Officer and manager in the security and energy sectors, and serves on the board of directors of various industries.

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10

Entrepreneurial Initiatives, Organizational Performance and Value Co-Creation: Evidence from a Business-to-Business Context

Nicola Cobelli, Ilenia Confente and Ivan Russo

Introduction

Many entrepreneurs or business owners focus on discussions about the lowest price or the quantity of an order without considering that there are often greater and more valuable aspects of the relationship with the supplier. In a changing business world, there is more to the relationship with the supplier than the amount of an order, particularly where the competition is not necessarily about company against company but rather about the supply chain against supply chain (Jüttner et al., 2007).

Entrepreneurs should be able to interact with suppliers about matters beyond the cost of doing business with them, but they need to understand how suppliers can improve their own business and how to work together in the perspective of value creation for the consumer. Thus, suppliers, even in small firms, are critical to contributing to the day-to-day value proposition, particularly if there is an exchange of know-how and the will to help suppliers understand the customer's value perception and consumers' expectations. Small entrepreneurs need to engage with their suppliers more than they have traditionally done. Thus, investing time, effort and energy into the relationship with suppliers should be part of creating value with suppliers for consumers, and in some cases it should be considered a benefit rather than a cost.

Customer value is defined as the customer's perceived trade-off between benefits and sacrifices within relationships (Ullaga and Eggert,

2006; Blocker, 2011; Graf and Maas, 2014). Scholars agree that benefits, sacrifices and value are perceived by customers in the market and are not determined by sellers in the "factory" (Anderson and Narus, 2008). This conception of value perception is the principal focus of this study, which intends to advance value exploration in the context of the business relationship between suppliers and industrial buyers (their customers), expressed in terms of value perception, value co-creation and value anticipation in the business-to-business (B2B) market. More precisely, value co-creation can be defined as that course of action through which reciprocal value is created (Ramasmamy, 2011) in a process where initiatives need to be taken by both service provider and customer.

To enrich the value creation and co-creation perceived and created by several actors, one additional value-adding activity is value anticipation, meant as the ability of suppliers to anticipate customers' future needs, expectations and requirements. This can be reached through the understanding of future requests for particular products and services from the demand.

The business under investigation is located in the audiology industry, where hearing aid manufacturers are the suppliers and audiologists are the retailers and resellers. We believe that this industry is interesting for the following reasons. First, the complexity of the products (hearing aids and fitting services) drives final customers to search for advice from trustworthy and reliable sources (Grupponi, 2009). Second, the audiology industry is a good example of a changing and under-studied business area, with emerging actors playing a larger role in value exchange. Third, scholars have begun to pay attention to healthcare products, particularly in the B2B context (Cr   and Chebat, 2013), and the academic debate relating to this sector is becoming increasingly vital.

Hearing loss affects just over 13.24 per cent of the Italian population, with 33 per cent aged over 60 and 50 per cent over 80; approximately 8 million Italians have some degree of hearing loss (Grupponi, 2009), yet only 15–20 per cent use a hearing aid despite the availability of National Health Service funded hearing aids (Grupponi, 2009). Hearing loss in Italy is increasing, yet despite the availability of free hearing aids and access to qualified community-based health professionals specializing in audiology services, their uptake remains low. Some studies (Cobelli et al., 2014) have investigated this phenomenon by focusing on the consumers' perspective and what interestingly emerged was that one of the reasons for the low market penetration and adoption of hearing aids in Italy may be related to other factors associated with differences in the roles performed by the actors operating in this industry, with the

necessity for them to develop an inter-professional cooperation within a holistic perspective (Gill et al., 2011).

In this study we intend to investigate the ways to help hearing aid manufacturers and audiologists identify each other's needs and perspectives, to understand how the gap between them can be if not completely satisfied at least shortened with the objective of making their entrepreneurial initiatives and organizational performance more successful.

Customer value

Perception of customer value

Value creation is a central concept in the management and organization literature, both at the micro-level (individual, group) and the macro-level (organizational theory, strategic management) (Lepak et al., 2007). As the name implies, "customer value theory emphasizes the importance of being customer-focused and aligning resources and capabilities for superior value creation" (Slater, 1997, p. 164). Until now, research on building customer-value theory in B2B contexts has focused on defining the concept (Woodruff, 1997), measuring its antecedents (Ullaga and Eggert, 2006), and exploring value creation as a process (Gr  nroos, 2008) that dynamically unfolds in relationships (Blocker and Flint, 2007). Customer value conceived as buyer behavior has been researched for approximately 20 years. These studies cover the consumer (Smith and Colgate, 2007) and business contexts.

It is possible to create an understanding of how value is assessed by customers by distinguishing between value creation and value generation. Academic interest in customer value may result from the critical importance of every aspect of decision-making in marketing. There are calls for research to examine the differences in value perception between suppliers and customers (Nyaga et al., 2010). Previous research has focused predominantly on physical products, without thoroughly examining the value perceived in complex service offerings (Ker  nen and Jalkala, 2013).

In the service-dominant context of industrial complexity, intermediaries provide a combination of goods and services to address problems faced by the buyer firm (Helander and M  ller, 2007; Nordin and Kowalkowski, 2010). Understanding the value perceived by different players in a marketing channel is critical to the success of delivering customer value throughout the chain to the end consumer (Gr  nroos and Voima, 2013). Understanding this difference is important from

a managerial perspective so that managers can gain a better understanding of the value perceived by each different player (Ritter and Walter, 2012).

Blocker et al.'s (2011) model explores the antecedents of customer value, for example, standards for quality of products, personal interaction with employees, support services, supplier know-how, and relational/transactional costs. This model (Figure 10.1) provides a relevant contribution to the research on customer value.

Figure 10.1 shows the relationship between the main value drivers relevant in the B2B context and their impact on customer value and subsequent overall satisfaction. This study investigated the key factors in

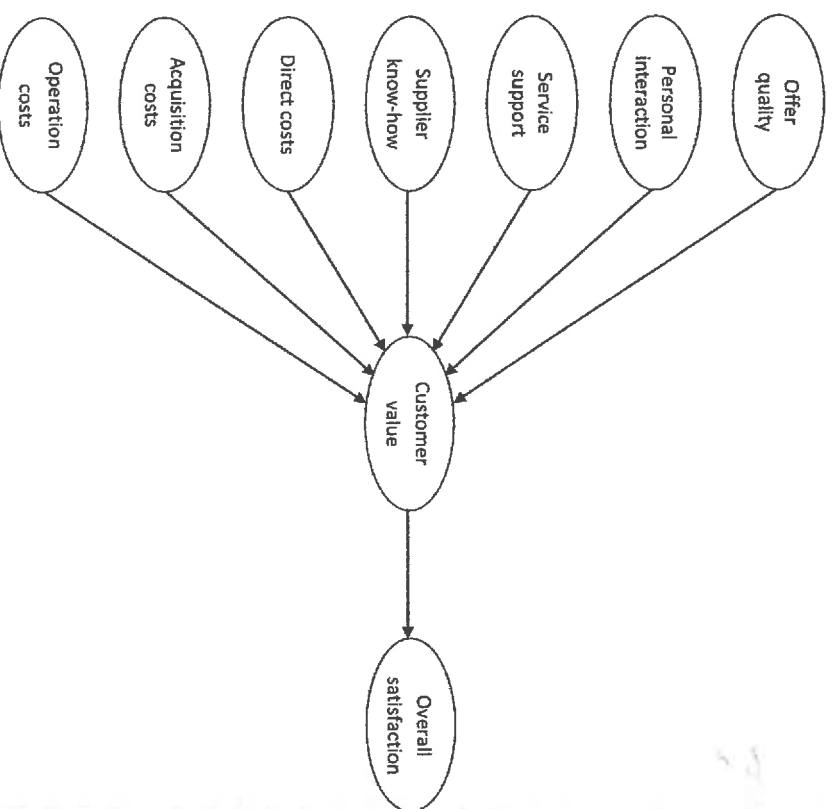


Figure 10.1 Value drivers in the B2B context
Source: Blocker (2011).

Blocker et al.'s model as they apply to the relationship between suppliers of hearing aids and the healthcare professionals (the audiologists) as the owners of specialized stores.

Value co-creation

Another important research issue in this study is related to value co-creation, defined as "the process by which mutual value is expanded together" (Ramasmawmy, 2011, p. 195). The concept "co-creation of value" has been described in terms of joint, interactive, collaborative, unfolding and reciprocal roles in a relationship (Vargo, 2009; Galvagno and Dalli, 2014). This emphasizes a process that includes actions by both the service provider and the customer (and possibly other actors).

Usually, the units employed in the analysis for co-creation value studies are supplier and organization (offer), customer (demand), exchange episodes and relationships, as well as value anticipation, satisfaction and loyalty (interaction process) (Leroy et al., 2013).

As shown in Figure 10.2, some of this expansion may reflect true co-creation activities in direct dyadic interactions, but parts of it may be based on independent activities by the parties in a business engagement, where the focus is on the mutuality of value creation (Aarikka-Stenroos and Jaakkola, 2012; Schertzer et al., 2013).

This concept has been recently extended by Vargo and Lusch (2011), who recognized the need to overcome problems of (mis)conception associated with the notion of a "producer" as a creator of value, versus a "consumer" as a destroyer of value. Vargo and Lusch describe this notion as one of the newer central tenets of a service-dominant logic, with all social and economic actors being considered resource integrators (Vargo and Lusch, 2008). In such a scenario, all parties (e.g. businesses,

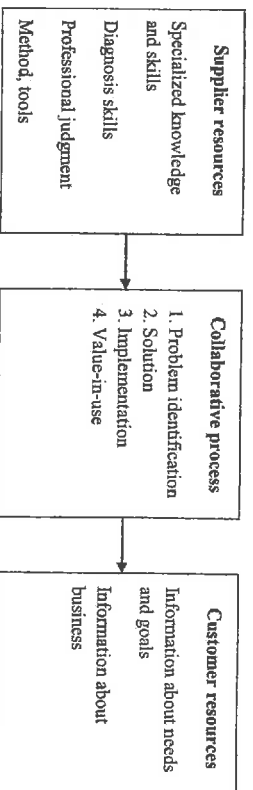


Figure 10.2 Tentative framework for value co-creation as a joint problem-solving process
Source: Adapted from Aarikka-Stenroos and Jaakkola (2012).

individual customers and households) engaged in economic exchange are similarly resource-integrating, service-providing enterprises that have a common purpose of value (co)creation.

Co-creation can occur only if interactions between the firm and the customer occur (Terpend et al., 2008; Frankel et al., 2010; Paswan et al., 2014). The ability of firms to understand customer needs and wants is critical to them learning how to manage customer interactions (Homburg et al., 2009; Russo and Cardinali, 2012). This is important, as interaction constitutes a platform for enabling the firm to interact and communicate with customers (Grönroos, 2011).

The complexity and information asymmetry inherent in knowledge-intensive business challenges both the supplier and customer in value co-creation: it might be difficult for the supplier to communicate the value proposition in advance and to manage the service process to achieve the best outcome. Qualified intermediaries such as the audiologists in this study can assist suppliers to develop and improve their value proposition for the final customers. In addition, acting as "partial customers", these intermediaries might perceive the value delivered by suppliers and it must also be considered that in industrial contexts, customers possess much of the knowledge needed for problem solving related to, for example, technological information, market insight and project objectives (Bettencourt et al., 2002).

Figure 10.2 shows the co-creation activities, in direct dyadic interactions, with part of this being created by simple suppliers or customers. The problem solving process is determined by both parties jointly.

Anticipation of customer value

Another key issue that is a top priority for firms is related to the ability in a B2B market to anticipate customers' future needs, expectations and requirements. However, with the exception of several studies (for example, Flint et al., 2011), there is still no direct empirical evidence of whether suppliers' anticipation affects customer satisfaction and customer loyalty.

When considering the anticipation of value, there are several interpretations of future customer needs, expectations and requirements. A common interpretation is the one focusing on forecasting, "where future requirements mean the future level of demand for particular products and services" (Flint et al., 2011, p. 221).

Responsiveness to change in demand levels can be termed "supplier flexibility" (Jüttner et al., 2007). Another interpretation of value anticipation is related to future products, services and product/service

modifications. This can be termed "supplier adaptation" (Cannon and Homburg, 2001). Changes in combinations of product and service attributes, as well as the related benefits and sacrifices that customers desire, have been referred to as "customer desired value change" (Flint et al., 2011). When the set of customer benefit-sacrifice trade-offs is complex, and the demand changes rapidly, the ability to anticipate the value becomes very difficult and expensive to be developed. One of the clear implications resulting from this research is the importance of marketers taking a proactive and anticipatory stance to customer desired value changes (Flint et al., 2011).

Overview of the audiology industry

Structure of the audiology industry

It is estimated that as many as 40 per cent of adults older than 65 years have some degree of age-related hearing loss (presbycusis), with this prevalence predicted to increase significantly over the next three decades (Shield, 2009; Uchida et al., 2011). Many researchers have demonstrated the severe effect of age-related hearing loss on the individual, their family members and their friends (Cox et al., 2005; Gopinath et al., 2012). In Italy, presbycusis affects just over 13.24 per cent of the population (Grupponi, 2009).

The Italian audiology industry can be described as a service-provision system that, in the institutionally regulated context of the Italian National Health Service, deals with people with hearing difficulties by providing them with goods (hearing aids) and professional services.

The structure of the industry is directly influenced by the various practitioners involved in hearing-aid supply and service provision. There are four categories of community-based health professionals working in the area of hearing loss and that assess devices for hearing-impaired users: general practitioners (GPs), otolaryngologists, audio-therapists, and audiologists. The hearing-aid supply process consists of the following four steps:

1. GPs and otolaryngologists control the investigation of hearing loss.
2. Audio-therapists, under the direction of otolaryngologists, conduct diagnostic hearing tests to determine the person's hearing threshold.
3. Once hearing loss has been diagnosed, and GPs or otolaryngologists have prescribed hearing aids to a person who would benefit from the use of these devices, those willing to adopt the use of a hearing device are referred to a private hearing center.

Health professionals involved in the audiology industry work in public and private practice. More precisely, while GPs, otolaryngologists and audio-therapists generally work in public hospitals or medical centers, in Italy, audiologists are health professionals, but they are also required to work as entrepreneurs, commission agents or employees (OlynDubisi, 2014).

The specific organization of this sector, with the mingling of activities that represent both entrepreneurial and health-professional skills, demonstrates the contemporary need for private and public practices to work together. In fact, over time, national health systems worldwide have been facing the necessity for a revision of traditional health-assistance models due to a rising demand for care and the continuous stream of technological innovations (Kuhlmann et al., 2011; Russo et al., 2015; Koelewijn et al., 2014).

Given the contemporary context of healthcare, there is a requirement for a profound revision of roles and perspectives, and a need for health



professionals to reduce the gap that exists between managers and entrepreneurs (Reay and Hinings, 2009; Klopfer-Kes et al., 2010; Freiling and Dressel, 2014). Physicians in hospitals and other health professionals, particularly those working in private practices, need to develop new business skills (Kuhlmann et al., 2011; Koelewijn et al., 2014). This is even more true for Italian audiologists, who were officially recognized as health professionals as recently as 1994, when the process of change from the traditional conception of the welfare state towards a business-like mentality had already begun. In Italy, audiologists are rarely employed in public clinics, with most of them working in small community-based private practices. As noted, they act as both health professionals and small entrepreneurs in the retail market. Nevertheless, these professionals are educated in medical schools that offer a very limited number of courses dedicated to the development of business skills (Goodall, 2011).

Method

Analytic approach

With the aim of investigating the key factors related to value co-creation, perception and anticipation in the audiology industry, an exploratory study was developed based on in-depth qualitative interviews (Jingard et al., 2008) with audiologists operating in a B2B context. Twenty-three individual semi-structured interviews were conducted, recruiting respondents by visiting them at the hearing centers in which they work. The selection criteria of the potential respondents were the following:

- audiologists running small businesses in the Italian hearing-aid-distribution industry;
- audiologists enabled by law to resell hearing devices to hearing-impaired end users;
- audiologists acting as independent resellers, who have no contract by which they are compulsorily asked to buy from a specific supplier (we avoided getting involved in this research with franchisees and entrepreneurs running companies in which the stake was held by a manufacturer).

Interviews were recorded and data were reduced using an *ex post* transcript open codification process (Corbin and Strauss, 1990; Glaser and Strauss, 2009; Bryman and Bell, 2011). The method used was strictly inductive (Fitzpatrick and Boulton, 1996), with codes being derived from

transcript analysis, with the aim of reaching an interpretative theory of the investigation field (Glaser and Strauss, 1967, pp. 161–170).

Once the transcripts were coded, it was possible to create a thematic framework and to continue the data analysis with the identification of an index. Thanks to this index, it was possible to start a process of interpretation through the definition of concepts and the identification of associations (Corbin and Strauss, 1990).

Sample and key themes investigated

All interviewees were audiologists – 20 men and three women – who purchase products/services from hearing-aid suppliers. The interviews focused on the audiologists' attitude, motivation and perceptions about their relationships with the suppliers, and the value proposed by the suppliers themselves. These audiologists are the key players in the transaction between suppliers and hearing-impaired end users, as they assess the best value that can be offered and provide advice to the end users themselves. Interviewees were asked to discuss their business relationship with their main supplier, the value drivers of the marketing channel and the expectations and evaluations they have of their main suppliers. A guide to the main value drivers (see Appendix for the interview protocol) was provided by the researchers to the respondents. This initially took into consideration the main value drivers highlighted by previous research in B2B contexts (Ulaga and Eggert, 2006; Blocker et al., 2011). In addition, respondents were free to allow to emerge any further value drivers that they consider as important.

The principal aim was to collect data and information on the marketing channel, the different customer-value drivers, and their perception of the reality of the business environment in which they operate.

Results

The analysis and codification of the data collected through the interviews allowed the comprehension of value in terms of value perception, co-creation and anticipation.

Value perception

For value perception, respondents identified 12 aspects (factors) of sense-making that illustrate audiologists' expectations and evaluations of their main hearing-aid suppliers. Seven of the items related to Blocker's (2011) theory and five new items emerged from the interviews. Table 10.1 presents the applicable, non-applicable and new factors raised.

Table 10.1 Items verified in and emerging from the research

Factors drawn from the research model	Definition	Applicability	Frequency (n)
Offer quality	Quality is a given, and suppliers must meet quality standards to be included in the supply base. In most cases, quality or engineering departments are asked by purchasing to preselect suppliers, which are then added to a pool of "qualified suppliers"	✓	23
Personal interaction	Suppliers may hold a specific technical expertise, which the customer may not have in-house or may not want to acquire	✓	18
Service support	The supplier's capacity to provide value-added services was another common theme	✓	23
Supplier know-how	Suppliers may hold a specific technical expertise, which the customer may not have in-house or may not want to acquire	✓	20
Direct costs	Direct costs are the actual price charged by the supplier for the main products sold to a customer firm. Because this cost is the most easily measured, it traditionally has received the most attention from business buyers and sellers	X	n.a.
Acquisition costs	Acquisition costs are defined as costs customers incur in acquiring and storing products from a particular supplier. They include expenses related to ordering, delivering and storing products, as well as the expense of monitoring supplier performance and coordinating and communicating with the supplier. Lowering such costs has been the primary objective of the supply chain management movement in purchasing and logistics practice	✓	18
Operation costs	Operations costs are costs inherent in the customer firm's primary business. In the manufacturing context of our study, such costs include expenses for research and development, manufacturing and downtime, and internal coordination	X	n.a.
New variables emerging from the research			
Coordination costs	These costs are related to remanufacturing and refurbishing costs, and additional costs for urgent provisions	✓	16
Communication costs	These costs derive from the management of administrative or logistical errors made by the supplier due to a lack of communication with the customer/intermediary	✓	15
Transaction costs	Transaction costs arise when audiologists find difficulties in replacing their main supplier due to the effort of building a new satisfying relationship with a different supplier	✓	18
Needs anticipation	The ability of their suppliers to anticipate solutions for these small entrepreneurs	✓	7
Returns management	This represents the flexibility of the supplier that allow audiologists to return the hearing aid if their client (the hearing-impaired person) decided not to purchase the product	✓	15
N=23			

Source: Adapted from Cannon and Homburg (2001) and Ulaga and Eggert (2006).

The quality of the technology (offer quality) of hearing aids seems to be assumed by audiologists: none of them doubted the performance of the products:

Mario: "Digital hearing aids allow all customers' needs to be satisfied; they are flexible, reliable and user friendly."

Giovanni: "Each manufacturer has the products audiologists need to assess customers' expectations."

Francesco: "Nowadays we can count on good products. I don't choose this or that supplier on the basis of the technology; they all have good hearing aids."

The interviewees declared that they had direct contact with a key account manager who is employed by the supplier and permanently available to assist them with hearing-aid provision and fitting (personal interaction):

Francesco: "The real difference between two manufacturers depends on how good their sales force is in providing assistance and answering my questions."

Elio: "Manufacturers' commission agents are essential. I couldn't be up-to-date without them."

This one-to-one relationship between the audiologists and the key account manager is one of the principal elements in which suppliers invest, as they fulfill the need to support the audiologists consistently through specialized technicians who develop and maintain a strong relationship with them. Thus, respondents were asked whether their main supplier provided them with support services and to describe what they considered a support service (service support). All respondents declared that there is a wide range of support services that they rely on to be provided by the supplier. These services consist of communication activities (such as the creation of the retailer website and advertising), the possibility of having evaluation time before products are purchased, and even the allocation of funding to support the opening of new hearing centers:

Davide: "A good manufacturer is not the one selling the best devices, but the one who helps me run my business."

Michele: "Since my main supplier gives me advertising material, I don't have to waste time with advertising-graphics"

technicians who don't know my business and my real needs."

Through the interviews, the strong interdependence between the respondents and their main supplier (know-how) was made clear. Italian law stipulates that suppliers must have audiologists to distribute their products and that audiologists need the expertise of their main supplier to help run their business. Twenty respondents declared that they would find it difficult to work without their main supplier. Based on their needs, the interviewees demonstrated that the costs related to the products are less relevant to them than the reliability of the supplier (acquisition costs). They are prepared to pay more for the hearing aids if the supplier is effective and efficient in the process of supply:

Elisa: "I'm happy to pay a mark-up on each hearing aid. I buy if this means that my provider helps me run my business."

The fact that the cost of the hearing devices was not found to be a highly important consideration seems to be justified by the low organizational level of the businesses run by the audiologists interviewed. None of the interviewees intended to try new products or change their product range. While acquisition costs seem not to be greatly relevant for audiologists, other costs unexpectedly emerged as important in the interviews. Respondents mentioned remanufacturing and refurbishing costs, and additional costs for urgent provisions as important. These item costs were labeled "coordination costs":

Paride: "I can't ask my clients to wait for assistance on their hearing aids. They need them for their daily life."

Roberto: "My main supplier is not the best in terms of price or technology, but they're very quick in providing me assistance and support, if needed."

Interviewees also considered other cost entries significant. These were labeled "communication costs", such as those related to the management of administrative or logistical errors made by the supplier:

Oliviero: "Our products are all customized. This implies that I need support from the administration office of my main supplier. My accountant cannot help me with this duty."

Monica: "I'm a health professional not a manager. I count on my main provider's help."

The strong supply relationships that emerged implicate the relevant "transaction costs" for the interviewed audiologists. It emerged that respondents found it difficult to conceive the possibility of replacing their main supplier due to the difficulty of building a new satisfying relationship with a different supplier:

Francesca: "I'm not sure my main provider is the most convenient, but of course I trust them and they know what I need and expect."

Mario: "I've been working with them for such a long time. I cannot even imagine substituting them with a new supplier."

It can be concluded that the value perceived by audiologist is referred to relational aspects. If on the one hand they develop a personal and customized relationship with their final clients, on the other hand they ask for a one-to-one relationship with the main supplier. In this sense, transaction costs to change the suppliers are perceived as high and the entrepreneurial initiatives of resellers count on an efficient organization of the suppliers that should consist of punctuality, accuracy and flexibility.

Value co-creation

According to the respondents, audiologists expect their main suppliers to involve them in important product and strategic choices. They appreciate the meetings organized by some suppliers in which resellers (that is, the audiologists) are asked to express their opinions on product features and service provision such as that related to marketing support, customer service and selling-technique courses, which the audiologists expect the suppliers to organize for them:

Claudio: "My main supplier invites me to an annual workshop where we discuss the products and the market. This is an important time for me to have discussions with other audiologists."

Michele: "Last year a Danish engineer [employed by my main supplier] came to our annual workshop to ask the opinion of Italian audiologists about technical attributes they wanted to implement into new devices. It was very useful to share our experience."

Given this acknowledgment of the dependence on the supplier, it was surprising to find that the audiologists saw their suppliers as an independent company. However, they also expressed that they felt they were part of a team in which the supplier and the reseller must work together:

Nicholas: "My main supplier is a colleague to me, not just a supplier."

From the respondents' comments, it was possible to categorize manufacturers into two distinct groups: those who involve their clients (the audiologists) in decision-making processes through focus groups and periodical meetings, and those who place no importance on resellers' involvement.

The attitude of suppliers on their clients' involvement is reflected in the perspective the resellers have on price relevance. In fact, in such a scenario, product price in the B2B agreements is not considered as highly important when the audiologists feel they are part of a team with the supplier. However, the interviewees whose main suppliers were known for not being proactive in involving audiologists in decision-making appeared to be more concerned about product price than were the others. Such a correlation between the higher or lower relevance of price and the resellers' level of involvement with the supplier is demonstrated by the importance given to the annual supply agreements. In fact, all respondents whose supplier ensures their resellers' involvement declared not to have a written contract with their main manufacturer; however, those whose suppliers were not interested in involving them tended to demand a detailed contract.

Value anticipation

The interviews also revealed that the audiologists were often technically well prepared, but had poor familiarity with even the most elementary managerial and entrepreneurial tools. As will be discussed, the audiologists expressed that they needed to ask for their suppliers' contribution to improve their business skills and manage their companies. As such, they were found to rely upon the competencies of their main hearing-aid suppliers, who have developed a considerable amount of support services for the audiologists that go beyond education on the technological features of the hearing aids.

The audiologists highlighted that their main supplier was often able to anticipate their needs, demonstrating the ability to slightly modify their goods and services to meet their customers' (resellers') requirements. In

addition, it seems that the audiologists, as health professionals, expected to be involved in the value co-creation process, but as small entrepreneurs they were aware of their limitations and rely on the ability of their suppliers to anticipate solutions (needs anticipation, see Table 10.1):

Federico: "I'm not good with papers. That's why I ask for the support of my main supplier."

For example, it was clearly stated that main suppliers were proactive in offering solutions and advice to support audiologists in their stock management. Fifteen respondents declared that their main supplier allowed them to return the hearing aid if their client (the hearing-impaired person) decided not to purchase the product (returns management). This service, offered by manufacturers to resellers, grants audiologists the necessary flexibility to meet their clients' needs. It was reported that this service was offered to the audiologists before they were even aware that an inappropriate management of their stock could be detrimental for their business. All respondents reported that potential clients are allowed to try the hearing aid to evaluate the quality of the product. Evidently, this practice is sustainable for retailers on the condition that they are able to return the product if the final customer does not purchase it:

Nicholas: "The idea of giving us the devices as free trial versions came from the supplier. I would have never thought about something like that."

Monica: "It is essential for us to try the products before we buy them. When my supplier offered me this opportunity it solved so many troubles for me."

All respondents declared they were extremely satisfied with the goods and services offered by their main supplier. Most of them reported an intention to maintain the supply relationship in the future given the value they perceived in the relationship.

Conclusions and managerial implications

This exploratory research allowed us to investigate the value drivers, proposed by the Blocker et al. (2011) research model, in the hearing-aid distribution industry in Italy. New drivers were suggested by respondents, which contributed to enriching the existing research stream. This study contributes to the theory of B2B marketing and relationships from

the perspective of healthcare professionals' perceived value of their main suppliers. It also provides useful implications for the manner in which healthcare professionals can affect value propositions from the supplier in the B2B context, identifying different value drivers and assessing the supplier's ability to anticipate value. If firms are able to focus on understanding what their supply-chain partners value, all individuals involved in the process can help to create value for themselves through the supplied products, services, processes and expert communication, which all create value and lead to greater profits for all firms involved in the supply chain.

Information on how healthcare professionals perceive value in the marketing channel and which value drivers they perceive as most important is greatly beneficial to their suppliers. Such information provides insight for suppliers on how to become more competitive in the market, particularly through the customer-value anticipation (Flint et al., 2011).

By actively managing the value co-creation platform offered by firm-customer interactions, the supplier is no longer restricted to making promises (making value propositions) or reducing prices to add value. In addition, value co-creation can influence customers' perceptions of the firm and its products and services, generating a positive effect on customer loyalty (Grönroos and Voima, 2013). In addition, in the audiology industry, as in other B2B industries (Paulin and Ferguson, 2010; Zhang and Ye, 2013), value co-creation seems to determine a higher level of trust in clients. As such, a close supplier-reseller relationship determines a value co-creation process, leading to relationship expansion, which can create a greater competitive edge (Zhang and Ye, 2013).

In conclusion, audiologists seem to be not only satisfied but also even dependent on their suppliers. This might be due to the dimension of the two categories of companies. In fact, while audiologist interviewed run a small business, manufacturers are multinational companies that can count on financial and information resources that resellers cannot afford. In a way, audiologists seem to delegate to their main supplier the task of finding the strategies to penetrate the market and hope they can anticipate a solution to develop their entrepreneurial initiatives. According to what emerged in the interviews with the resellers, the value anticipation is referred to activities that audiologists think "someone else" should develop. Some respondents wished for the implementation of software to create a two-way and direct communication between audiologist and otolaryngologist and to share medical reports. Some other respondents think manufacturers' websites should clearly declare that hearing aids are medical devices and can be fitted by audiologists only.

In terms of value anticipation, it is interesting that all these ideas were presented by audiologists, on the one hand, as opportunities to improve their entrepreneurial initiatives, but on the other hand, as initiatives they should not be involved in because they are not really pertinent to their professional skills and, in general, not affordable for a small company.

This contribution addresses several needs and discussions in the literature that describe the increasing complexity of understanding the roles (Prior, 2013), relationships and drivers among buyers, suppliers and other parties in the marketing channel (Terpend et al., 2008; Ritter and Walter, 2012). Further research will involve a cross-national quantitative survey to validate the main value drivers that have arisen from this study and to assess them specifically within the healthcare industry. As the boundaries between final customers, healthcare professionals and suppliers become increasingly uncertain, understanding the healthcare professionals' role and their perspective on their relationships with suppliers may provide new models to improve business relationships, and may identify a need for a fundamental rethinking about how to deliver value and manage marketing strategies in today's business environment. Currently, the pressure from consumers and competitors in the healthcare industry is particularly relevant. In this environment, highly qualified professionals are required to be partial entrepreneurs that need to be responsible for issues in management and marketing. As such, it is essential for these professionals and their suppliers, who equally face challenges, to utilize mutual opportunities and ways of creating value for their own businesses. This research highlights the importance of learning new skills for healthcare professionals in management and industrial marketing beyond their specific know-how. New value drivers were identified that are clearly relevant in ensuring the success of supplier-buyer relationships.

Appendix: interview protocol

(1) Opening.

- Introduction of interviewer and interview participant – the same introduction is used for all interviews: "I would like to interview you because I feel I can learn from your perspective. I would like to be open, informal and conversational. There are no right or wrong answers. You are the expert, not me."
- Provide overview of purpose of the study.
- Assure confidentiality and request permission to audiotape.
- Obtain signature for consent forms.

(2) Initial questions to address perceptions of each participant with respect to the role of audiologists in the healthcare industry.

- Can you tell me more about the industry from your perspective?
- How has the industry been changing over recent years?
- How has your role changed?
- How do you develop your business relationships?
- Would you be so kind as to tell me why you have chosen this business as your main supplier?

(3) Questions to address the perceptions of each participant with respect to the relationships between audiologists (as resellers) and their main suppliers.

- Who is your main hearing-aid supplier?
- What are the most important characteristics/drivers you look for in your supplier?
- Why did you select this supplier instead of another?
- Are you satisfied with your supplier?
- To what extent is your supplier able to be proactive for your needs?
- Do you have a written contract with your main supplier or do you only have an oral agreement with them?
- Do you trust your main supplier?

(4) Demographic data.

- Title.
- Age.

(5) Additional unplanned/floating prompts.

- Can you tell me more about that? How did it happen?
- Can you elaborate?
- Would you be so kind as to provide some more detail?
- Can you give me examples or tell a story of an experience about that?
- How does that work?

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