Organizational level antecedents of value co-destruction in the hospitality industry: an investigation of the moderating role of employee attribution

Maria Nascimento Cunha, PhD
IS CET- Instituto Superior de Ciências Empresariais e do Turismo
CIIIC - Centro de Investigação Interdisciplinar
Rua de Cedofeita, 285
4050-180 Porto, Portugal
https://orcid.org/0000-0002-1291-231X
Email: mnascimento@iscet.pt

Abstract

The investigation in this study focuses on evaluating phenomenon, relationship and variance between variables in destructive relationships as a critical component of organizational life, facing it from various points of view, such as trust and partnering, project management and relational coordination. The term “co-destruction” is now used in the hospitality service environment to describe the phenomenon in which multiple actors interact and integrate their resources to realize valuable benefits, yet their collaborations result in a decline of the wellbeing of at least one of the participating actors. In the recent past, scholars have begun to dedicate their attention towards destructive relationships as a critical component of organizational life, facing it from various points of view, such as trust and partnering (Cunha, 2014), project management (Adrian et al, 2000), and relational coordination. The term “co-destruction” (Payne, 2016) is now used in the service ecosystem to describe the phenomenon in which multiple actors interact and integrate their resources to realize valuable benefits, yet their collaborations result in the decline of the wellbeing of at least one of the actors (Cunha, 2019). Considering the research objective of this investigation which thus focuses on evaluating phenomenon, relationship and variance between variables, the aim and objectives of this study were met through adopting a descriptive research design. Additionally, state of art aspects have been made through the use of an explorative research design for establishing the background for assessment of the capacity of the entire investigation.

Keywords: Co-destruction, relation, hotel, service industry, hospitality.

Introduction

Most service organizations and particularly in the hospitality sector understand the value creation capabilities of their guests and seek to involve them in the value creation processes in order to achieve optimal performance. While value co-creation is a goal and perhaps the intended objectives of many hospitality settings, interaction between frontline employees and their customers during service encounters may trigger misbehavior incidents which mostly results in co-destruction of value (Adrian et al, 2000; Lin & Wu, 2011).

The composition of service-systems which include both the customers and employees at their core suggests that the interactions between employees and customers are integral in the value creation process of service firms. According to Franke, et al (2016), the effective management of a firm's resources is precursory to the quality of value created and delivered by the organization. Thus, firms must effectively manage the interactions between their employees and customers to deliver cutting edge values that beat the competition. It will not be out of place to infer that as customers are integral to the co-creation of value process, they can also be a key part of the journey to co-destruction of value (Lin & Wu, 2011).
Although service literature seems to be thorough in its investigation of value co-creation, its antecedents and consequences (Lin & Wu, 2011; Payne, 2016; Cunha, 2019), the same level of active research is lacking in the area of value co-destruction. The detrimental impact of value co-destruction if unchecked, is similar if quantified to the beneficial impact of value co-creation and must thus be given adequate attention in order to forestall its influence over the overall service delivery and firm’s value propositions.

Following the aforementioned reasoning, this research aimed at understanding the antecedents of value co-destruction in service organizations. Specifically, the current study draws from the hospitality firm’s population to investigate the influence of organizational commitment to service co-creation, leaders’ support, organizational climate and knowledge management system on value co-destruction experiences of the firm. Further, the moderating role of employees’ attribution is also investigated as the employees with a low attribution rate may tend to manage misbehavior incidents better than their counterparts with higher attribution rates. The fundings of this study are expected to provide both theoretical and practical implications that will not only extend the body of knowledge in the field, but additionally offer reliable recommendations to hospitality service business stakeholders on procedural remedies to value co-destruction.

Value co-destruction

In the recent past, scholars have begun to dedicate their time and attention towards destructive relationships as a critical component of organizational life, approaching it from various points of view, such as trust and partnering (Lin & Wu, 2011; Watjatrukul, 2018) project management (Payne, 2016), and relational coordination. The term “co-destruction” is now used in the service ecosystem or environment to describe the phenomenon in which multiple actors interact and integrate their resources to realize valuable benefits, and yet their collaborations result in a decline of the wellbeing of at least one of these actors (Lin & Wu, 2011; Payne 2016).

Interactive efforts between service providers and their consumers often result in value creation or at the very least value proposition with the objective of value creation. However, it is seldom that these interactions result in negative outcomes (Lin & Wu, 2011; Payne, 2016; Cunha, 2019). According to Gagnon and Roh, (2016), value co-destruction is the resulting decline in at least a component of the service system’s well-being as a result of interactions between the service systems. In essence, value co-destruction is the negative outcome of a failed system interaction process (Leigh & Tanner, 2014). Like service failures, value co-destruction can occur at various points in the interactional processes for service delivery. Scholars have elucidated areas such as organizational incompetency (Rahimi & Kozak, 2017), lack of adequate resource (human and material) (Lin & Wu, 2011; Payne, 2016; Cunha, 2019), inadequate communication or lack of information (Gagnon & Roh, 2016) and so on.

The consequences of value co-destruction range from manageable decline in well-being to more severe loss of reputation and assets such as revenue (Rahimi & Kozak, 2017). A failed process may also result in lack of trust in future dealings and engagements thereby quenching the potentials for future value co-creation initiatives (Lin & Wu, 2011; Payne, 2016; Cunha, 2019). In spite of the growing interest and significance of value co-destruction, there is a dearth of study examining the antecedents of the construct with the exception of Meyer and Schwager (2015). Both studies however examined the antecedents of value co-destruction conceptually and at a broad level. This study extends both research findings by empirically investigating the organizational level antecedents of value co-destruction within the hospitality settings. Thus, the researcher explored the views of the service providers to harness valuable insights into why and how value co-destruction can be initiated from the organization’s viewpoint.
Service dominant logic

This paradigm of study believed that in the context of service delivery, organizations provide the services while the users consume the created services in a dichotomous manner (Richards & Jones, 2016). S-D logic distinctively provides individual roles of service providers and users in the resource integration process of value co-creation. Thus, S-D logic has been deemed appropriate theoretically for underpinning research focused on co-creation and co-destruction (Marianna et al, 2015). In conceptualizing the research model, the researcher applied S-D logic to highlight the roles of service providers in the interactional process of value co-creation. As previous studies have noted, an organization’s readiness is important to facilitate their value co-creation initiatives. Thus, the researcher examined the impact of an organization’s supportive climate, commitment to value creation and leadership support on value co-destruction, and also the moderating role of employees’ attribution style on the relationship in the study.

Leadership support and value co-destruction

Service transactions mostly occur between the internal customers and external customers of service organizations (Richards & Jones, 2016). As depicted by the S-D logic, each actor in the service system uniquely contributes to the overall value proposition that is eventually delivered to the external consumers. While internal consumers are saddled with the responsibilities of service creation, they sometimes rely on information made available to them by the external consumers in forming the value offerings (Cunha, 2019). Although this process may be fruitful and productive, its optimal performance is hinged on the disposition of the leadership of the service organization towards value co-creation. Employees are either given the task or role to perform specific functions, or are empowered to take initiatives in certain circumstances. Irrespectively of the approach or scenario in which service employees operate in, they require either directly or indirectly the support of their leaders to deliver the desired optimum value to their end-users.

Leadership support refers to the willingness of leaders in organizations to provide the needed support to an operating process and their explicit role of giving the necessary directions for running the business (Richards & Jones, 2016). In other words, it refers to the commitment of top managers to act as executive sponsors for specific projects (Richards & Jones, 2016). Leadership support helps in building trust, helpfulness and support among employees (Watjatrakul, 2018). Since the leadership role in organization involves resource allocation, organizations whose leaders support value co-creation will undoubtedly allocate resources that will enable the smooth running of value co-creation processes (Schmitt, 2014). Thus, the researcher posits that service organizations that provide leadership support for value co-creation initiatives are more likely to experience lesser cases of value co-destruction than their counterparts with more stringent views on value co-creation.

Supportive organizacional climate and value co-destruction

Robert and Du (2012) have defined organizational climate as the “policies, practices, and procedures jointly perceived by members of an organization, as well as perceived reward, support, and anticipation”. Organizational climate is a major distinguishing factor that differentiates organizations from one another. At an individual level, it refers to the subjective individual’s psychological perception of the environment (Richards & Jones, 2016). Employees often perceive the climate in their organization as supportive when they enjoy the backing of
the organization with regards to their role prescription and special strategic goals that favors the employees (Lin & Wu, 2011; Payne, 2016; Cunha, 2019). Scholars have also highlighted that a supportive organizational climate fosters communication among employees which aid the flow of tacit knowledge in the organization (Read, 2011). Further, Luthans et al. (2008) alluded that felt organizational support reduces frustrations and pessimism, while Tanner et al. (2015) CRM believed that a supportive climate will induce optimistic psychological outcomes, stimulate employees’ psychological potentials and minimize their sense of isolation.

Commitment to value co-creation and value co-destruction

Service experience is a total package of the service ambience, service product and service delivery. Service-dominant Logic (S-D logic), as a paradigm and reaction against Goods-dominant logic, highlights the role of intangible resources (e.g., skills and knowledge) and interactions to create value (Ganesan-Lim et al, 2015). This logic emphasizes the fact that the customer can become a co-creator of value (Payne, 2016). Value co-creation is the process during which consumers take an active role and co-create value together with the company (Read, 2011). It is concluded that value co-creation helps to achieve competitive advantages (Payne, 2016) and fulfill personalized demands (Thanner et al. 2015). Firms and customers receive mutual benefits of value co-creation. Firm related benefits are lower prices, faster speed (Spencer-Matthews & Lawley, 2006); brand awareness, idea generation marketing insight, cost savings (Deloitte, 2008); effectiveness, efficiency and increased complexity (Stein & Ramaseshan, 2016). Customer-related advantages are enhanced operating efficiencies, greater service value (Watjatrakul, 2018) the ability to fulfill personal needs and interests (Stein & Ramaseshan, 2016); fit with consumer needs, relationship building, engagement and satisfaction (Meyer & Schwager, 2015). Spencer-Matthews and Lawley, (2006) indicate customer participation in co-creation activities results in increased interest in the firm and reduced communication and new product development costs. In service-dominant logic, the inherent tendency of value co-creation is assumed as a result of the interactions between the parties. However, if value can be created in such a situation, the possibility of co-destruction must also be supposed due to the interactions (Meyer & Schwager, 2015).

Marketing literature has been criticized because of focusing on positive aspects of customer engagement to date (Schmitt, 2014). Lin and Wu (2011), Payne (2016), and Cunha, (2019), note in terms of S-D logic, that it would seem that the notion of value co-destruction has been rather implicit until now. These scholars define value co-destruction as “an interactional process between service systems that results in a decline in at least one of the systems' well-being”. Ganesan-Lim et al. (2015), mention that both the upside and the downside of interactive value formation should be considered. They go on to convey that value co-destruction, like value co-creation, can occur when providers and customers have interactions. Meyer and Schwager, (2015) indicate that customer engagement in value creation may be positive or negative. Indeed, actions such as word of mouth, blogging, online reviews and brand recommendation can be done positively or negatively. Rajnish et al. (2017), believe there are risks when involving consumers in co-creation. Activities such as negative word of mouth (Ple & Caceres, 2010) and negative complaining (Zikmund et al, 2013), can lead to destruction of value in organizations. Some scholars such as Meyer and Schwager (2015) confirm the possibility of devaluation processes (e.g., value co-destruction) during customer engagements in value co-creation activities. For instance, this view is in line with Rajnish et al., (2017) report that there are not always value creative process in interactions between supplier and customers, rather value destructive outcomes are also possible. Like Gagnon and Roh (2016), they claim possibility of value co-destruction at the provider-customer interface. Mxunyelwa and Henama (2019) point out that co-destruction of value may have negative effect on a firm’s
profits. Customers who are disappointed with the services offered by a firm may have a negative engagement through negative word of mouth or may resort to writing negative reviews or blogs.

**Moderating role of employee’s attribution style**

The set of theoretical frameworks that underpins attribution theory were built on the assumption that everyone is a “naïve psychologist” who has been wired to always make sense of their encounters (Lemon & Verhoef, 2016; Cunha, 2019). Particularly when they are faced with disappointing situations or experiences (Lin & Wu, 2011; Payne, 2016; Cunha & Santos 2019). Attribution styles are justly established propensities of ascribing cause across a variation of circumstances (Viet & Nguyen, 2019). Therefore, attribution styles can be considered as an individual's trait-like tendencies to make specific forms of attributions (Park & Kim, 2013). It can also be viewed as degree of an individual's bias in attributing cause to events (Gagnon & Roh, 2016).

**Methodology**

Methods applied towards accomplishing this study, such as research design, data collection tool, analysis and techniques for the data sampling would be covered in this section of the study.

Cunha (2019) describes research design as a blueprint that is made at the beginning stage of an investigation and should be used as a guide to complete the investigation. In designing a research project, several frameworks can be considered, such as, explorative research, descriptive research and some others. Explorative research is helpful for getting familiar with perceptions and subjects, adopting secondary data tools such as, reviewing of literatures (Cunha, 2014). Descriptive research is used when analyzing the attributes of a specific group, predicts and make estimations on individuals that acts in a particular way within a group, it is also utilized when analyzing the relationship that exist between two variables.

Selecting a research design should be based on the objectives and aims of the research investigation (Gagnon & Roh, 2016; Cunha e Santos, 2019). Regarding this study, the major aim concentrates on investigating organizational level antecedents of value co-destruction in the hospital industry.

The aim and objectives of this study will be met through adopting a descriptive research design. Additionally, the body of literature has been crafted for use through the use of an explorative research design for establishing the background for assessment of the capacity of the entire investigation. Both research designs have been chosen due to time frame and available sources of finance, thus they are able to cover the goals of this current investigation. Research could of course adopt both qualitative and / or quantitative methodologies. Gathering and investigating data, which includes the examination and calculation of occurrences and displaying factual evaluations of progression of numerical data are all the functions of the quantitative research methodology (Cunha, 2019).

Considering the research objective of this investigation which focuses on evaluating the phenomenon, relationship and variance between variables, thus, it was pertinent to adopt a quantitative research. Cunha e Santos (2019) stated that the collection of data in quantitative research involves several forms such as survey, experiment and tracking. But the questionnaire is the most widely and popularly adopted tool used to collect data in quantitative
research in both business, marketing and social science researches. This thesis study also adopted the questionnaire instrument to elicit responses from the sampled respondents.

This study focused on customers of hospitality industries in Oporto, Portugal, as they contributed to the population of this research. Since all the customers have equal chances to be selected, a simple random sampling method was adopted for this study.

**Empirical analysis**

The aim of this analysis is to examine the collected data through the questionnaire instruments. The data were further collated and stored into the SPSS database. This section analyzed the demographic features of participants in the study, descriptive analysis of the responses of the participants in accordance with the Likert scale measurement.

At this juncture, the researcher introduces the Research Model, which includes the hypotheses and the main variable: Value co-destruction.

![Research Model](https://via.placeholder.com/150)

**Figure 1.** Research Model  Source: Own elaboration

The demographics of the sample have been analyzed with respect to their various characteristics. Their findings displayed thus, 55.5% (111) are male participants and 44.5% (89) are female participants in the study. Based on the age of the participants, 12.5% (25) are between the ages of 20-26 years, 40.0% (80) and 47.5% (95) all are between the ages of 27-33 and 34 and above respectively. Based on the monthly income of the participants, participants who earn between 500-1500 euro are 33.0% (66) while 53.0% (106) and 14.0% (28) earn between 1501-4000 euro and 4001 euro and above respectively.
The most popular approach to evaluate the reliability and consistency with regards to the scale of a questionnaire is the use of a Cronbach’s alpha coefficient. Cunha (2014) states that Cronbach’s alpha coefficient examines how well the items in a questionnaire set are linked to one another. To also measure the internal stability and connectiveness in an instrument, the researcher also adopted the Cronbach alpha.

The result of the scale examination of the instrument adopted in the study appears to be larger than a 0.8 mark-up which is considered to be good for a research study (Cunha, 2019) as we can see on table 3.
Hypothesis

In order to answer the first Hypothesis, it’s important to understand that high levels of leadership support of value co-creation in hotels will result in low occurrences of value co-destruction in the same establishment. In essence, the impact of leadership support, commitment to value co-creation and supportive organizational climate on value co-destruction will be as significant as the attribution of the employees to them. If an employee attributes failure in organization to organizational leadership, such an employee will likely believe that the causes of value co-destruction in the organization is more of a leadership problem than others with low attribution styles. This argument also holds true for the other proposed relationships.

Hypothesis 2 is completely confirmed for empirical results, meaning that high perception of supportive organizational climate among service employees will result in low occurrence of value co-destruction in their organization. It’s important to mention that supportive climate have been found to impact feelings of value and respect on the employees. The author Akroush et al. (2011) concurs with this finding. This feeling in turn aids their resilience, hope, optimism and many other desirable psychological qualities that enable individual to quickly bounce back after setbacks, such as having an unsatisfactory idea or ineffectively helping other members. They are likely to experience greater resiliency when a setback occurs, because they are not blamed and do not have permissions reduced, but can remain focused on helping others as mentioned by Gagnon and Roh, (2016). Thus, in the event of value co-destruction, employees with perception of supportive organizational climate will be more optimistic to learn and innovate from the failure thereby leading the way to value co-creation.

Results also confirm Hypothesis 3. So, high perception of commitment to value co-creation will result in low occurrence of value co-destruction. We have to understand that for consumers, a core issue in achieving a memorable service experience is the service provider’s commitment of resources toward creating the delightful experience (McLauchlin, 2010). Gagnon and Roh, (2016), asserted that value co-creation process often is borne out of the form of resources made available by the organization. Pimonratanakan (2019), posit that resource commitment fosters strategic relationship perspective as it implies the willingness to invest resource in the business strategy (Frawley, 2014). Consequently, specialized knowledge and process activities are developed (Faed & Forbes, 2010).

Such advances in knowledge and processes will lead to better value creation and co-creation processes as both the resources and know-how required for adequate management of the co-creation initiatives are readily available. In turn, value co-destruction is driven away.

By evaluating Hypothesis 4 it easy to understand that service employee’s attribution style will moderate the relationship between (a) leadership support, (b) supportive organizational climate, (c) commitment to value co-creation and value co-destruction such that employees with high attribution rate will likely perceive stronger effect than their counterparts with lower attribution rates. Notably, empirical findings affirm that attribution style can be reliably measured. Also, attribution style predicts behavior. Therefore, same experiences or actions are interpreted with significant levels of difference because of difference in individual’s attribution styles. For instance, an optimistic employee will likely attribute successes in the organization to internal factors while a pessimistic one will rather make such an attribution towards failure in the systems in operation (Coelho & Henseler, 2012).
Conclusion

According to this research organizational level antecedents of value co-destruction in the hospitality industry depend on some variables such as leadership support, supportive organizational climate, commitment to value co-creation and value co-destruction, such that employees with high attribution rate will likely perceive stronger effects than their counterparts with lower attribution rates. The additional findings of this research are that high perception of commitment to value co-creation will result in low occurrence of value co-destruction. Empirical results also showed that high perception of supportive organizational climate among service employees will result in low occurrence of value co-destruction in their organization. Finally, a high level of leadership support of value co-creation in hotels will result in low occurrences of value co-destruction in the same establishment thus bolstering sustainability.

It is suggested that researchers investigate more about organizational level antecedents of value co-destruction in the hospitality industry. Research on this is at an early stage and there are many aspects of the construct that could be studied in later research initiatives that would add greater value.

References


