Co-creating value in distance education: A Malaysian case-study

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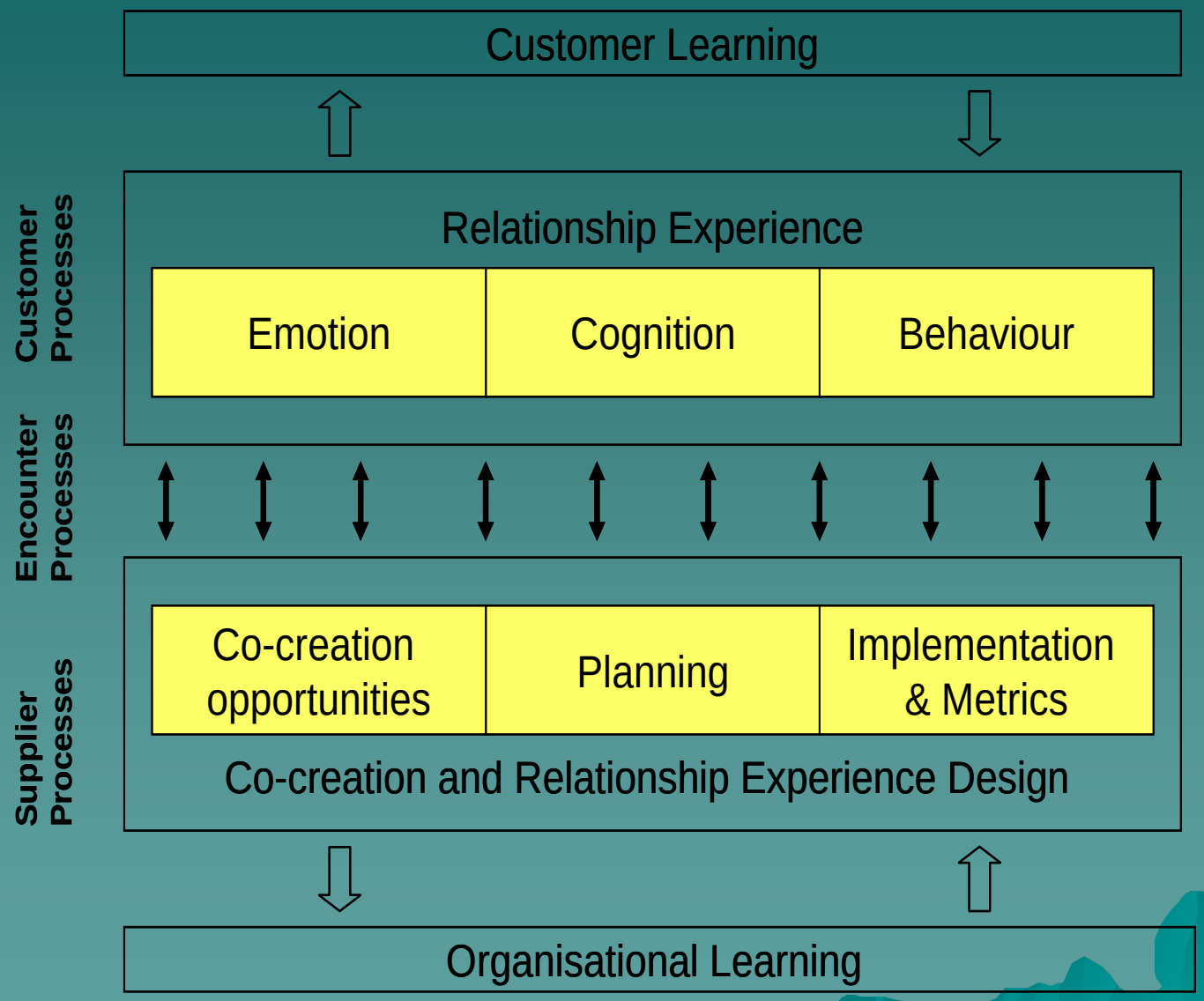
Introduction

- Value creation for the customer, in service particularly an interesting point of discussion.
- Customers becoming interconnected, passive customers becoming active (Prahalad & Ramaswamy 2004)
- Customer is "co-creator of value" implying that customers co-create value dependent on "value-in-use" (Vargo & Lusch (2004)
- Hence, value co-creation means that customer is partly or wholly responsible for creating value in the economic exchange – firms only offer the value proposition
- This paper follows studies on value co-creation (Ng et al 2009, 2010, Yip & Ng 2011)

Service Marketing Literature

- Service Dominant Logic (SDL) suggests changes the dynamics of the economic exchange (Vargo & Lusch 2004).
- Firms can only make value propositions and customers create that value - customer is involved as a co-creator of value (Payne 2007). Still much to learn about value co-creation.
- 3 value co-creation frameworks: service-oriented architecture (Ordanini & Pasini 2008), value co-creation model (Payne et al 2008) and DART Model (Prahalad & Ramaswamy 2004)

Service Marketing Literature



Higher Education

Value co-creation in HE - Literature in HE suggests that students can be viewed as "customers" and university lecturers/administrators can be seen as "service providers" (Redding 2005).

Students can also be viewed as co-producers of their own education. Studies show that in order for learning to occur, high levels of student participation and intellectual effort required (Syson 2008).

To support this, aspects of value co-creation such as "student expectations" (Sanders 2000), "information and processes" (Eisenberg & Small 1993), "perceived confidence" (Sander & Sanders 2003), "authority and empowerment" (Kotze & Plessis 2003) have been proposed to assist the student in facing the challenges of their university education (Cook-Sather 2002).

Attributes of value co-creation (Higher Education)

ATTRIBUTES OF VALUE CO-CREATION SERVICE MODEL FOR HIGHER EDUCATION

UNIVERSITY			STUDENT
Expectations	1	Congruence of Expectations	Expectations
Competencies	2	Complementary Competencies	Competencies
Processes	3	Process Alignment	Processes
Changing Behaviour	4	Behaviour Transformation	Willingness to Change
Perceived Control	5	Perceived Control	Perceived Control
Empowerment	6	Empowerment for Behaviour Transformation	Willingness to Engage

Attributes of value co-creation (Higher Education)

1: Congruence of my expectations of the university (v.v.)

Initial qualitative analysis suggests that in order to be successful in co-producing and co-creating value, expectations must be in congruence. This means that the student's expectations of the university must match the university's understanding of the student's expectations of the university (and vice-versa). A lack of congruence results in 'boundary issues'

2: Complementary competencies

In co-creating value, the case studies found that the student and the university have to provide the right competencies, in terms of expertise and judgment. Interestingly, this is not to say that the competencies are the actual competencies per se, but rather the perception of complementary competencies. Complementary competencies are the essence of value co-creation, and both parties must contribute resources and skill competencies to enable value co-creation.

Attributes of value co-creation (Higher Education)

3: Process alignment

In multi-environmental states, value-in-use changes dynamically and as such, co-production and value co-creation need to build in the alignment of processes whereby customer changes would flag up changes in the alignment. This is clear in situations where student processes change and the university discovers only later the impact on value co-creation is clearly untenable.

4: Behavioural transformation

The initial analysis of the data suggests that in an environment of co-production and value co-creation where value-in-use changes and where usage has an impact on satisfaction and delivery, the students and the university have to ensure that they have skills and are able to transform each other's behaviours to achieve greater effectiveness and efficiencies. Both parties have to ensure that the right behaviours are in place to ensure effective and efficient co-production and value co-creation. In that respect, it is critical that relationships can be turned around by implementing corrective actions such as changes in the behaviour of personnel involved in the delivery of the service.

Attributes of value co-creation (Higher Education)

5: Perceived control

Perceived control is a basic need and literature in psychology (Ajzen 2002) and OB (Smith et al. 1997) reiterates that control is a principal human driving force. Humans are motivated to demonstrate their competence and superiority over their environment. Our initial analysis show that perceived control is a crucial dimension in interpersonal interactions and human-environment interactions as it is associated with positive outcomes in relation to their performance. Hence, in the co-production of the service and value co-creation, establishing a system that allows both parties to have a perception of control is essential

6: empowerment

The initial analysis also demonstrates that behavioural transformation must be preceded by a willingness and sense of empowerment to recognise a situation that needs to be changed, and willingness to change others for effective co-production. This implies that both parties must be pro-active in their engagement of others as this had an impact on value co-creation.

Distance Education (DE)

Four Models of DE (Huang 2007)

Corporate University Model – ***in-house distance training programs. These can be found in most international organisations that deliver distance training programs for their employees as it is a practical approach due to its cost-effectiveness***

Strategic Alliance Model - ***different universities and industries to provide distance learning services in both the local and international marketplace.***

Virtual University - ***mainly proprietary and for non-profit organizations. Their markets are mainly working adults seeking to further their education through distance education. This business model is often considered a threat to traditional universities because it provides among its attributes; convenience, flexibility, cost-saving alternatives.***

Distance-Learning Venture model - ***prestigious university such as Stanford University collaborates with private for-profit distance learning organization. This creates a value-chain partnership.***

Distance Education (DE)

Four Characteristics of DE (Simonson 2011)

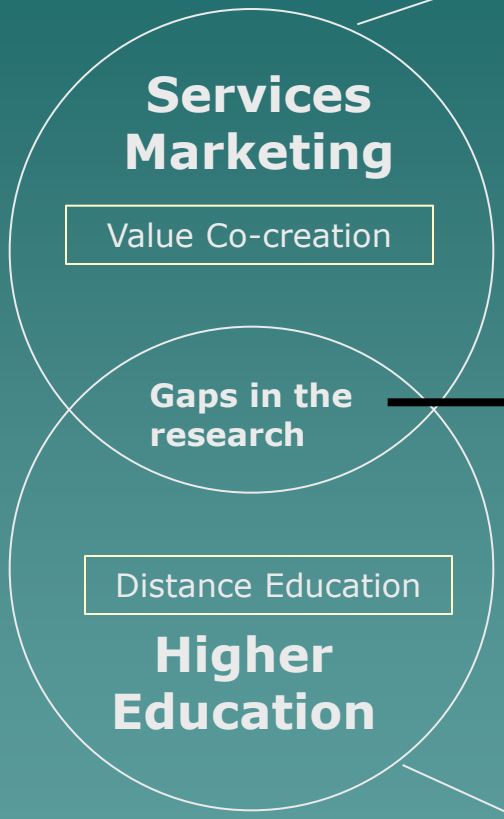
Delivery / Accreditation – ***Delivers an education programme, not self-study or a non-academic learning environment. The institutions might or might not offer traditional classroom-based instruction but accreditation is highlighted.***

Geographic Separation - ***Geographic separation was inherent in distance education, and time might also separate students and teachers. Accessibility and convenience are important advantages of this mode of education. Well-designed programs build bridges.***

Interactive Communications – ***Interactive communications connects the different stakeholders. Whatever the medium, interaction was essential to distance education, as it was to any education. The connections of learners, teachers, and instructional resources became less dependent on physical proximity as communications systems become more sophisticated.***

Learning Communities - ***establishes a learning community, which was comprise students, teachers and instructional resources—i.e., the books, sound, video, and graphic displays that allowed the student to access the content of instruction.***

Conceptual Development



Service Dominant Logic (SDL) / Attributes of Value Co-creation:
1. Congruence of Expectations
2. Complementary Competencies
3. Process Alignment
4. Behavioural Transformation
5. Perceived Control
6. Empowerment

Modern customer is becoming increasingly empowered and more engaged with the firm

Responsible for creating their own value-in-use (value co-creation)

Significant role for the student and little is known about value co-creation

How might value co-creation manifest itself in distance education?

Distance Education (Four characteristics):
1. Delivered/Accreditation by institutions.
2. IHIP Characteristics and its relevance – separation, intangible
3. Interactive?
4. Learning community (different stakeholders)

Why is this research significant?

- Service is important area in the economy yet little is understood about its research to disciplines / industry.
- Service research is fragmented -different meanings for the different disciplines engaged in its research. This multidisciplinary approach is perhaps key in understanding "service" and its research.
- Co-creation / co-production has been discussed for some time but now is seen through the SDL. Value co-creation is important marketing concept because consumption is about experiences, and the firm needs to understand how and why customers are implicated in creating value?
- Education is an important sector and with the technology advancing rapidly, how students learn/interact – specially in DE.

Research Methodology

- Exploring both qualitative and quantitative methods.
- Initial qualitative study to understand how DE students perceive themselves as co-creators of their education.
- Based on Service Marketing and Higher Education literature, we developed an instrument to measure the possible dimensions of the students' experience with regards to value co-creation in the distance education.
- The instrument employed the use of perceptive measures i.e. 5-point "Likert" scale.
- In total, 16 perceptual measures were adapted to assist with understanding the student's perspective of their university experience with regards to value co-creation.

THE MEASURES
My current university experience is about engaging with academics.
My current university experience is about engaging with the university's support staff.
My current university experience is about engaging with other students.
My current university experience is about attending social activities and interacting with other students
My current university experience is about attending social activities and interacting with academics.
My current university experience is about gaining knowledge by interacting with academics.
My current university experience is about gaining knowledge by interacting with other students.
My current university experience is about gaining knowledge through independent self study
My current university experience is about being able to challenge the people at the university on issues that are important to me.
My current university experience is about recognising the changes I see in myself through learning.
My current university experience is about understanding my internal processes (i.e. learning, studying) through interaction with people at the university.
My current university experience is about sharing my resources with people at the university.
My current university experience is about people at the university sharing resources with me.
My current university experience is about influencing issues that are important to me.
My current university experience is about working towards getting a degree.
My current university experience is about enabling my abilities to secure a job in the future.

Discussion

Theoretical Implications –

- ❖study of value co-creation attributes important as it provides a platform for understanding its impact on the creation of value for all parties in the service system
- ❖provides a theoretical framework in understanding how attributes of value co-creation can impact on the service provision
- ❖presents an opportunity to rethink delivery strategies in disruptive technology
- ❖increase our understanding of preferences and behaviour of the consumer.

Managerial Implications –

- Firms should relook at blending important behavioural, psychological and sociological aspects into the service experience, rather than focusing on the technological aspects of the service delivery.
- Informed and collective integration operant and operand resources are necessary to enable value co-creation and therefore critical that organisations recognise that these resources can impact on value co-creation.
- Ensure that roles are defined within the service system. Include customer resources into the system to enable better value co-creation.
- Understanding how to incorporate relevant attributes of value co-creation into the service system.

Conclusion

Demonstrates under the context of DE that students are co-producers of their own education and needs to co-create value to attain their desired outcome. Value co-creation attributes are important in supporting their university experience.

Thank You
Any Questions?