

An Exploratory Study on the Distribution for the Results of IT-Enabled Value Co-Creation

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Chih-Yuan Chou
Purdue University
chou33@purdue.edu

Linda Naimi
Purdue University
lnaimi@purdue.edu

Abstract

This paper proposes to discover the phenomenon from an existing online user-generated platform to understand the issue on distributing the results from the Information Technology (IT)-enabled value collaboration. The main purpose is to fill up the gap that there is no method to make sure the distribution fairly to find an impartial way on distributing the result of the value collaboration works. This study explores the interaction among the three main stakeholders from the platforms in holistic perspective. It is expected that this paper will help people know the importance of distribution on final value from co-creation and help the platforms of co-creation improve their performance of collaboration by identifying the participants' true needs or benefits to design a better environment for the next cooperation works.

Keywords

Value co-creation, value distribution, social network, IT-enabled collaboration.

Introduction

Value co-creation is a common strategy in recent years to enable customers to actively participate in shaping a company's value proposition. During the process of value co-creation, the stakeholders could learn from each other interactively (Ballantyne 2004). Because of the high degree of competition among companies, the works on value co-creation has become more popular to enhance firm performance in recent days. McColl-Kennedy et al. (2012) studied what the customers actually do when they co-create value for health care. They constructed a well-defined typology to examine how the co-creation process works to generate values. Grover and Kohli (2012) highlighted the importance of value co-creation in the IT industry. They simply discovered four layers, asset, complementary capability, knowledge sharing, and governance of the IT investments and briefly introduced four studies about IT-enabled value co-creation.

Most of the existing studies have examined either the critical factors on the value co-creation process or the process itself; however, the distribution of the finished value was not mentioned often in the past related literature. Kohli and Grover (2008) briefly stated without detail that we need to know how the IT-enabled value is co-created and shared among the stakeholders. Vega-Vazquez et al. (2013) proposed value co-creation as a determinant of customer satisfaction, a typical method to quantify the perceived value of customer (Fornell et al. 1996). The closest study on the effect of value co-creation was conducted by Alexander (2012). He concluded that consumers may get more trust on the co-created product and more close relationship with the organization (Jaworski and Kohli 2006) along with increased sense of enjoyment, accomplishment, and self-efficacy. The company may also gain customer loyalty, brand and relationship equity, and the direct financial benefit from the final product. A deficiency from the above studies can be found that there is no method to distribute the outcome of the value co-creation process fairly. The distribution method for the final product of value co-creation is essential to all the stakeholders because co-creation is recognized as a "two-way street", which means greater co-creation usually comes from more willingness to take the risk for the potential benefit (Prahalad and Ramaswamy 2004). If the involved member of the process gets less benefit compared to others, the value co-creation may face a problem of sustainable operation. That is, the stakeholders in the process of value co-creation may leave the collaborative works due to their unfair attainments from the distribution. The main purpose of this research is to explore the phenomenon on distributing the results of the value collaboration works. Specifically, the research questions are as follows:

- How does the current IT-enabled collaboration distribute its final value?
- What are successful factors for distribution methods for the results of IT-enabled value co-creation?
- What is the role of the stakeholders in the distribution process after co-operation?

Literature Review

Value co-creation

Value co-creation is an idea to invite the customer to join the production process instead of just staying at the consumption process in the traditional concept of value chain (Prahalad and Ramaswamy 2004). The extensive interaction and collaboration among all the stakeholders are prominent (Aarikka-Stenroos and Jaakkola 2012), and therefore the study on the interactions is essential. The company could be able to provide the precise product or service to the customer through the interaction (Pine et al. 1995), and at the same time the customer could know the company more as well as build trust on the firm. Through the co-creation process, the customers could be considered a partial employee of the company and therefore could lead to positive market and financial performances (Homburg et al. 2009). Customers may also realize what they want through the collaboration process with other stakeholders. Different members will get various outcomes from the co-creation process.

There would be three main roles in the process of value co-creation: supplier, customer, and encounter (Payne et al. 2008). Supplier is the equity who creates the superior value propositions and seeks to maximize the lifetime value of desirable customer segments (Payne and Frow 2005). Traditionally customer can only purchase the product or service outside the value creation process; nevertheless, customer has become an active partner of co-producer instead of an external passive audience in term of customization (Prahalad and Ramaswamy 2000). The encounter is usually a co-creation entity whereby the service rendered by the company is matched by the service provided by the customer (Echeverri and Skálén 2011). In the IT-enabled value co-creation, we define the encounter as the platform provider who creates the place for value co-creation and invites all the suppliers and customers to join the play. Especially in the nascent market, the cooperation with vendors and customers is evident in the context of social network (Santos and Eisenhardt 2009). Since different positions in the cooperation may take distinct actions, the proper value distribution to all the various roles would be an important issue.

In the early literature, the scholars identified customer participation behavior, which is the required behavior for the value co-creation, and customer citizenship behavior, which refers to the voluntary behavior that provides extraordinary value to the firm, as two types of customer value co-creation behavior (Yi and Gong 2013). When the customers are asked to co-create value, they would need to seek information to clarify the requirements, share information for use in the process, follow the directions from the suppliers or the platform providers to cooperative, and proactively interact with other stakeholders. On another hand, proactive customers would not only do the actions which the normal customer does but also provide valuable feedback as well as advocacy to the suppliers, tolerate when the service delivery does not meet the expectation, and proactively assist other stakeholders through their own positive or negative opinions about their experience (Frambach et al. 2007) in the co-creation process. The proactive customer will derive some types of benefits from participation such as cognitive or learning benefits, social interactive benefits, personal integrative benefits, and hedonic benefits (Cheung and Lee 2012; Nambisan and Baron 2009). Since the two customer behaviors follow different patterns on the value co-creation process, it could be concluded that the proactive customer involves more on the value co-creation process. It would be unfair if the two types of customers get the same outcomes from the distribution of the finished value.

Three dimensions

Based on the discussion above, there are at least three potential factors in the value co-creation process which could have impact on the fairness of the distribution on the final value. The distribution of the finished value from the value co-creation should be further examined to answer the main research questions. The following three dimensions of value co-creation should be considered to observe as the critical factors for the distribution process: social influence, position, and the extent of involvement.

- **Social influence.** The social influence with the characteristics of conformity and compliance can lead people to easily adopt or imitate behaviors exhibited by those they interact with in certain knowledge field (Hennig-Thurau et al. 2004). It could be expected that the proportion of outcome from value co-creation may be related to social influence.
- **Position.** The stakeholders may have various positions such as customer, supplier, and encounter (Payne et al. 2008) in the whole value co-creation process. Different roles in co-producing value will expect different numbers as well as types of outcomes they can get in common sense.
- **Extent of involvement.** Lawler (1986) highlighted that high involvement should be well managed with effective and comprehensive approaches to participation. The organizational structure, management philosophy, leadership style, personnel policies, and working conditions are supposed to be congruent with the involvement. Moreover, since the contribution on the comments, ratings, or recommendations for the travel attractions requires the investment in terms of skills, time, money, or psychological efforts (Hoyer et al. 2010), users usually take potential benefits and costs of co-creation activities into account (Etgar 2008). The researchers could easily refer the number of comments on the virtual platform of value co-creation as the extent of involvement to customers and suppliers. Also, more reviews would generate more curiosities among the public and make people spend more time on the online content (Ho and Dempsey 2010). For the encounters, Gnyawali et al. (2010) suggested that the involvement of the encounters in the forms of developing and leveraging technological capabilities through third-party developers, expanding the scope of the market by constructing alliance with other companies or websites, and acting aggressively in the marketplace will improve the performance of the encounter. Thus, people who put more effort on the co-creation process may deserve more results with no doubt.

Research Methodology

Strategy of inquiry

The research question is an examination of factors on the distribution of IT-enabled value co-creation. To understand the factors, the researcher must understand how IT-enabled collaboration is developed by stakeholders. While it might be useful to know the stakeholders' activities during the co-creation process by observation, the motives and reasons for joining the process would be missed. Therefore, a strategy of inquiry that is sensitive to the personal experiences of the stakeholders to explore the successful factors of IT-enabled co-creation is needed. Phenomenology is a strategy of inquiry that allows personal perspective to be discovered from the perspectives of participants involved (Denzin and Lincoln, 2011). Through realizing the lived experiences of stakeholders involved in IT-enabled co-creation, the researcher would better understand the phenomenon and capable of answering the research questions (Laverty 2003). Hence, an in-depth phenomenological approach will be used for this study.

There are two main variations of phenomenological strategies of inquiry in the field of qualitative research. Moustakas (1994) advocated that the researchers should set aside their own knowledge to observe the phenomenon in a naïve process. However, another group of phenomenological researchers asserted that it is hard to fully discard all knowledge to purely absorb the new knowledge or experience from the inquiry (Finlay 2009). The Interpretative Phenomenological Analysis (IPA) approach is a method to explore the idiographic subjective experiences, or social cognitions (Smith et al. 1995). The researchers adopting IPA approach can bring their own experiences with the phenomenon in the data analysis procedure. Therefore, the IPA methodology and a double hermeneutic approach will be adopted to interpret the phenomenon correctly (Giddens 2013). The researcher in the double hermeneutic approach plays a dual role in the study: the researcher needs to explore and interpret the phenomenon that the participants experienced from the phenomenon of data inquiry process (Smith et al. 2009). Hence, the benefit of bringing previous experiences with the phenomenon will rise during the data analysis phase since the researcher could understand deeper from the phenomenon observed.

Setting of the study

Data collection from a popular user-generated travel portal website is planned to explore the phenomenon of IT-enabled value co-creation and its distribution on final value. The review and rating mechanism on the website could be view as an online platform of value co-creation. The three main stakeholders,

customer, supplier, and encounter, could be easily obtained through the same website: the users are the customers, the travel attractions are the suppliers, and the website itself is the encounter.

Participants will be selected using a combination of both probability and nonprobability sampling. Although the personal information will be recorded, all the participants will be assured anonymity as part of this study and all the identifiable information will be removed from the final data. Participants will be given an information sheet that explained the details of the study. The researcher will carefully comply with the institutional review board (IRB) guideline to ensure the study is conducted ethically.

Interviews are generally regarded as the most common methodology of data collection in phenomenological research (Moustakas 1994). For phenomenological research, researchers could conduct semi-structured interviews with open-ended questions to get the lived experiences through the rich and complex descriptions from the participants (Finlay 2009; Smith et al. 2009). A semi-structured interview guide with several sample questions will be prepared to answer the research questions.

Planned data collection and analysis

Twelve interviews will be conducted. Followed by the recommended length for phenomenological interviews, the interviewer will ask several open-ended questions within 60 to 90 minutes to get possible rich descriptions. All the interviews will be tape recorded, and all sessions will be manually transcribed before the data is analyzed. The major findings from all interviews will be summarized; the summaries will be verified by the participants to enhance the accuracy of their answers.

The data analysis procedures will start from the transcription process. The initial coding of the transcript will be conducted after the research questions are clarified. During this period, the researcher would need to identify common themes and group the codes. Then the researcher will return to the audio interviews as well as the memos to examine whether there are other points that need to pay attention. After making sure most of the possible factors have been grouped and coded, the researcher could start to build inductive and narrative analysis to answer the research questions.

Conclusion

In term of expected contribution, the findings would provide a clear view on the phenomenon of the value distribution from IT-enabled value co-creation process. Due to different position, influence, and extent of involvement, the participants may feel to deserve different outcomes from the co-work. The other possible participants in the collaboration process such as advertisers and opinion leaders could be considered in the future research. The results of this research are also expected to help the virtual platforms of value co-creation improve their performance of collaboration by identifying the participants' true needs and benefits to design a better environment for the next cooperation works.

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