

## VALUE CO-CREATION MANAGEMENT: ASPECTS OF STUDENTS' INVOLVEMENT AT UKRAINIAN UNIVERSITIES

*Value co-creation is a modern marketing and management approach that implies customer involvement in the process of generating values. The purpose of the paper is to identify the main directions of such cooperation in Ukrainian higher education. Value co-creation is defined as the holistic process of collaboration between the university management team, teachers and students, aimed at generating value for all stakeholders. Pros and cons of different co-creation activities are discussed, namely mass-customization, co-production, co-marketing, UGC, student government, and co-management. Being a complex issue, value co-creation management is facing additional challenges in higher education. Low qualification of student participants, top-down initiative, systematic crisis of university education, and conflict of interests are all adding to the uncertainty of the effectiveness of this approach in the Ukrainian realities. The author discusses the perspective of further implementation of value co-creation management to increase university competitiveness and to gain a strategic advantage.*

**Keywords:** value co-creation, Service-Dominant (S-D) Logic, university management, standardized value, personalized value, co-management, education commercialization.

**JEL classification:** L1, L2, I25, M10

### Introduction and Research Problem

Ukraine is currently experiencing deep economic and political transformation. The important role of higher education in this process is recognized by university management as well as by the society. Knowledge is considered to be one of the main assets of organizations. Efficient knowledge management delivers tangible benefits and becomes the source of sustained competitive advantage [1].

But the higher education industry responsible for generating and distribution of knowledge is currently experiencing a conceptual crisis. Information flow dynamics changes the methods of educational process. Classical system, based on the fundamental knowledge, competes with the more applicable and commercial system.

On one hand, the critics of academic capitalism point out the negative effects of students' university experience. Students, motivated by neoliberal intrinsic goals "tend to have a lower psychological wellbeing, are increasingly depressed, anxious, and narcissistic, at a greater risk of engaging in high risk behaviors, and have more conflicted relationships with friends and partners" [2, p. 6].

On the other hand, the advocates of commercialization claim that academic capitalism is only one of the instruments to enable universities to develop, conduct research, improve the quality of their inventions [3].

Under these circumstances we believe that value co-creation can be one of the possible management and marketing alternatives to ensure success, to increase university efficiency and student satisfaction. By implementing this approach, universities can take the leading role in the social transformation in Ukraine and bringing-up new generation.

**Recent publication analysis.** Value co-creation paradigm is a key concept of modern marketing thinking and the basis of the Service-Dominant (S-D) logic. Participatory approach in value creation is discussed by Ravald and Grönroos [4], who transfer the focus of marketing behavior from the product to the consumers' value-creating processes, where value emerges for consumers, and is perceived by them. It was then developed by Prahalad and Ramaswamy [5], emphasizing that cooperative value-creation process should involve multiple actors and resources. Views and definitions of value co-creations differ depending on the context and discipline (e.g., marketing theory, strategic management, innovation management, etc.) One of the most aggregated definitions is given by Roser et al., who consider co-creation as "an active, creative and social process, based on collaboration between producers and users that is initiated by the firm to generate value for customers" [6, p.9].

In terms of higher education management, in our opinion, value co-creation can be defined as the holistic

process of collaboration between university management team, teachers and students, aimed at generating value for all stakeholders. Joughin has identified three main ways, how institutions can involve students in order to benefit from their knowledge and talents [7]:

- provide for more information exchange;
- consult with students;
- give students decision-making responsibility in many spheres of university life and complete responsibility for some spheres of student life.

**Unsolved parts of the problem.** The latest reforms in higher education in Ukraine have expanded the role of students on different stages of value curve, including the right to participate in university management. And though such customer involvement is considered to be beneficial for product markets, its peculiarities for services and public goods are still a problem for researchers [8]. In addition, Ukrainian university management is facing the problem of practical implementation of value co-creation approach to increase competitiveness. But the nature of such problems and challenges is still an issue for scientific research. Aware of the need for knowledge and competence of students to hold leadership positions in the dynamic market, universities are still in the search for appropriate forms and mechanisms for cooperation.

**Purpose and objective of the research.** In this paper we would like to characterize the possible forms of value co-creation in higher education. Additionally, we are going to emphasize on the current challenges that university management faces while implementing co-creation approach in Ukraine.

### Main Findings

Last decade of higher education transformations in Ukraine is characterized by the increase of the customer (student) role in university life. Firstly, 2005 Ukraine joined the Bologna process, aimed to ensure comparability in the standards and quality of higher education qualifications across Europe. At that time students first obtained the right to take part in the customization of their education through the European Credit Transfer and Accumulation System (ECTS). Its introduction provides students with the right to choose electives from the number of optional courses. These inter-disciplinary courses along with major courses make education more

broad-based. Secondly, previously advisory power of student management was transformed into a voting right according to the Law on Higher Education in 2014. These legislative acts made the value co-creation strategy a must for all Ukrainian universities. Thirdly, technology development and access to information allowed students to take more proactive part in course teaching and university marketing.

Providing universities with greater opportunities, discussed above changes ccoursed a number of problems. Ukrainian universities are currently facing the challenges of implementing the value-co-creation strategy and maximizing the efficiency of such involvement. Below we will describe the possible instruments of university-student cooperation, distinguishing their advantages and disadvantages.

Based on value co-creation matrix, introduced by Roser at el. [6, p. 8], we can distinguish six co-creation directions in terms of value type and university role (see Fig. 1).

Some forms of student involvement are more university-driven (mass customization), while others tend to be initiated by students (different forms of student goernment). Depending on the value created, collaboration may be addressing personalized benefits (through UGC or co-production) or benefits for all customers (through co-management).

Mass customization is the simplest way of value co-creation in terms of higher education. It is initiated by university and can be effectively managed. The list of optional courses is generally formed by university departments and can be adapted based on the number of students and their interests.

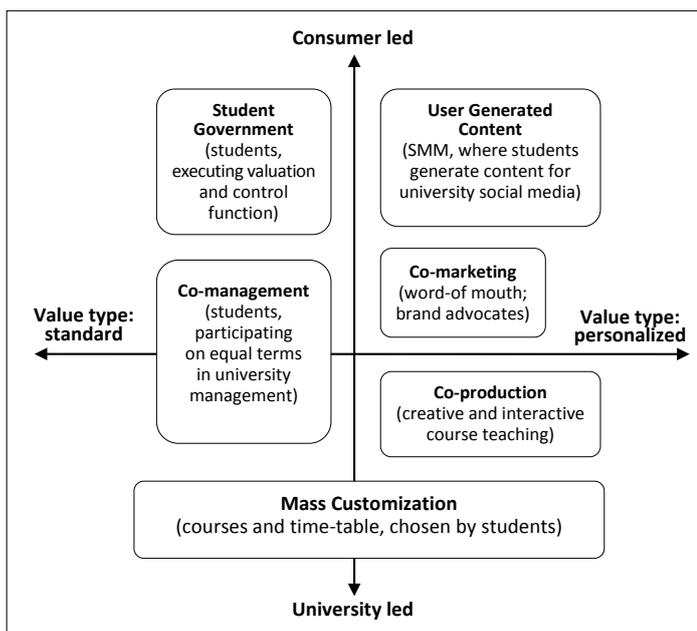


Fig. 1. Value Co-creation Matrix in University Management

Co-production, co-marketing and UGC are less university dependent. They are initiated and led by students, but need to be monitored by university management. These three forms have become possible due to the technology development and the Internet penetration in Ukraine. Having access to high quality professional information students can improve the level of creativity and interaction while teaching. This in turn contributes to the level of student satisfaction. Scientific organizations of undergraduate, postgraduate, and doctoral students are focused on improving the quality of research, the exchange of information between young scientists and researchers, the development of inter-university and international cooperation.

Students have become more active in marketing their universities and promoting them among prospective customers (enrollees) and the society. Most of the largest higher educational establishments have their social media pages, where students generate content. Furthermore, there are student organizations, aimed at marketing activities at some universities. For example, Buddy Department at the National University "Kyiv-Mohyla Academy" deals in university

promotion among schools and dissemination of corporate culture values among freshmen.

Student government can become an efficient instrument of consumer valuation and control function as long as it is really consumer led and the members are highly motivated. According to the Law, student government takes part in discussing and solving the issues of the educational process improvement; participates in activities concerning the quality of the learning process; submits proposals on the content of curricula.

Co-management is the most complicated form of value co-creation. Article 36 of the 2014 Law on Higher Education defined the terms of student membership in University Academic Council [9]: not less than 10 percent of the Academic Council should be the elected representatives of the students. Elected representatives of the students (cadets) are elected by students (cadets) by direct secret ballot. Therefore, students now have the same right to influence strategic and tactical decisions of university management as any other member of the Academic Council.

Tables 1 and 2 briefly outline advantages and disadvantages of different forms of student engagement to the value creation process in higher education.

*Table 1. Advantages of the forms of value co-creation*

Value co-creation direction	Advantages
Mass customization	<ul style="list-style-type: none"> <li>• education service and product are personalized, increasing the level of customer satisfaction;</li> <li>• continuous dialogue with students enables faster response to market trends [8]</li> </ul>
Co-production	<ul style="list-style-type: none"> <li>• provides personalization, that increases the level of customer satisfaction;</li> <li>• makes courses more creatively designed and delivered;</li> <li>• promotes equal partnership between service provider (teaching staff) and users (students) and affords equal value to different kinds of knowledge and skills, transferred both ways;</li> <li>• ensures the capacity to transform the service provided [10, p. 17]</li> </ul>
Co-marketing	<ul style="list-style-type: none"> <li>• increases credibility of marketing communication;</li> </ul>
UGC	<ul style="list-style-type: none"> <li>• decreases costs of SMM</li> </ul>
Student Management	<ul style="list-style-type: none"> <li>• increases value of education process for students by giving them rights to evaluate, control and advise education policy;</li> <li>• improves student leadership skills</li> </ul>
Co-management	<ul style="list-style-type: none"> <li>• taking into account the interests of students as well as the interests of other stakeholders;</li> <li>• increasing self-esteem of students as consumers and co-creators of services;</li> <li>• enhancing the emotional connection with the university through participation and corresponding increase of loyalty</li> </ul>

*Table 2. Disadvantages of the forms of value co-creation*

Value co-creation direction	Disadvantages
Mass customization	<ul style="list-style-type: none"> <li>• complexity and difficulty of making choices while choosing disciplines and adapting time-table;</li> <li>• decrease of education quality in case the motivation of students is not based on getting thorough knowledge;</li> <li>• the lack of focus on the development of in-depth technical and practical skills;</li> <li>• mass customisation being not sufficient point of difference for most of the consumers, who value the process more than the result [5, p. 27]</li> </ul>
Co-production	<ul style="list-style-type: none"> <li>• unsatisfactory experience for students with low self-motivation;</li> <li>• failure by students to co-produce quality service properly and successfully</li> </ul>

Продовження табл. 2

Value co-creation direction	Disadvantages
Co-marketing	<ul style="list-style-type: none"> <li>reliance the creation of UGC may lead to significant reduction of staff SMM efforts and decrease the value of SMM for the university;</li> <li>the pass between marketing information and consumer is no longer controlled by management [11]</li> </ul>
UGC	
Student Management	<ul style="list-style-type: none"> <li>in-depth dialogue with students is time consuming and preventing from making satisfying, but quick decisions;</li> </ul>
Co-management	<ul style="list-style-type: none"> <li>the risk of reducing the quality of education through participation of less skilled members in university management;</li> <li>excessive transparency could cause leaking strategic information and the corresponding loss of competitive advantage;</li> <li>weak corporate culture will result in weakening the competitive position of the university because of inconsistency of stakeholders' goals.</li> </ul>

From the discussion and tables, mentioned above, it can be concluded that co-creation is a complex issue. Current university management in Ukraine on the one hand is experiencing the same problems concerning value co-creation as the rest of the complex system. On the other hand, the external economic and marketing environment is creating additional challenges for strategic management in higher education. Below we outline the list of such challenges.

“Mother knows best”. Students are still regarded as low qualified participants: they are here to be taught, not to teach university managers. Under such circumstance two main conditions of the effective value co-creation are not met: students full access to employees and knowledge and transparency of all participants [5, p. 32–33]. Therefore, one of the strategic goals should be the increase in competence of all stakeholders, who take part in value co-creation.

- Top-down initiative. Value co-creation is a process, dictated from top to bottom, where top is the ministry of education and bottom is university management team. Whereas in other markets this strategic choice is made by the company management itself.

- Systematic crisis. Higher education is experiencing systematic problem: dilemma of theory and practice. In this process clients (students) follow the idea of education commercialization, while management of classical universities still sticks to the theoretical approach.

- Conflict of interests. Co-creation actors are characterized by different goals. Students regard higher education as the source of practical skills, needed for their future career. Whereas university teachers and management aim more for academic side of things, juxtaposing what is traditional and

what is innovative. On one hand, students are eager to obtain their new managing rights, while avoiding most of the responsibilities and duties. On the other hand, university management and staff tend to protect their knowledge, competence and existing rules.

- Corporate culture (CC) changes. Implementing of value co-creation approach requires the change of corporate culture. For successful corporate culture change process must take place under the supervision of top management. Solving this problem can not be transferred to lower levels [12, p. 423]. The purpose of changing the corporate culture should be to ensure the unity of all members of the management process around the mission of the university. While students and teachers may initiate, management should lead value co-creation process, taking rather proactive role in finding a compromise between participant parties instead of protecting just one of them.

### Conclusions and Further Research Suggestions

There is an understanding among stakeholders that value co-creation as a new way of thinking and university management has the potential to deliver major shift in the way education services are provided. But there is also a challenge of co-creation. It provides strong critique of existing university management approaches, but requires a stronger evidence base of its efficiency and sustainability. The proof of the real impact of value co-creation techniques (mass customization, co-production, co-marketing, UGC, student government, and co-management) on university competitiveness as well as the appropriate management instruments need further scientific research.

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## УПРАВЛІННЯ ПРОЦЕСОМ СПІЛЬНОГО СТВОРЕННЯ ЦІННОСТІ: АСПЕКТИ ВЗАЄМОДІЇ ЗІ СТУДЕНТАМИ В УНІВЕРСИТЕТАХ УКРАЇНИ

*Спільне створення цінності – сучасний підхід до маркетингу та управління організацією, який передбачає залучення споживачів до процесу продукування цінності. Метою статті є визначення основних напрямів такої взаємодії у закладах вищої освіти в Україні. Спільне створення цінності розглядається як холистичний процес співпраці між менеджментом університету, викладачами та студентами, спрямований на створення цінності для усіх стейкхолдерів. У роботі визначено переваги та недоліки різних форм взаємодії з метою спільного створення цінності, а саме: масової кастомізації, спільного виробництва, спільного маркетингу, створення споживчого контенту, студентського самоврядування та спільного управління. Комплексна проблема управління процесом спільного створення цінності стикається з додатковими викликами у галузі вищої освіти. Низький рівень кваліфікації студентів, що беруть участь у спільному управлінні, ініційоване згори впровадження концепції, систематична криза університетської освіти та конфлікт інтересів підвищують невизначеність питань ефективності використання такого підходу до управління в українських реаліях. Автор формулює перспективи подальшого впровадження концепції спільного створення цінності з метою підвищення конкурентоспроможності університету та формування стійкої конкурентної переваги.*

**Ключові слова:** спільне створення цінності, сервісно-домінантна логіка, менеджмент вищої освіти, стандартизована цінність, індивідуальна цінність, спільне управління, комерціалізація освіти.

*Матеріал надійшов 31.03.2016*