Co-creation: Resource integration and perception of value in research

Strand: **Academic (A)**

Themes: **Building Innovative market places and networks**

Universities as interactive partners

Keywords: **Co-creation; Practitioner Engagement; Knowledge Exchange**

ABSTRACT

Introduction

The conference theme of "co-innovation to solve economic challenges" implies the importance of co-creation between a range of stakeholders in the process of identifying what needs to be researched, in conducting the research and in achieving impact from the research results. This paper considers the literature on co-creation and in particular, the theoretical debate that has taken place over the last nine years around Service-Dominant Logic (Vargo and Lusch, 2004). The objective is to demonstrate how the theoretical ideas of Service-Dominant Logic (S-D logic) can usefully be applied to collaboration between different research stakeholders.

Co-creation practice and theoretical underpinnings

Broadly, co-creation refers to the processes by which two or more parties collaborate, or participate, in creating value for themselves or others. The assumption behind co-creation is that there will be a benefit through the involvement of the relevant parties in developing a product/service/initiative. Co-creation is said to be becoming the prevalent approach to innovation for many companies (Bilgram et al., 2011). It is no coincidence that the interest in co-creation has coincided with technological developments, such as Web 2 (Rossi, 2011). The emergence of social networks allows companies, such as Unilever, to listen to customers "talking" to each other and to test out new product ideas, through exposing them to the scrutiny of customers on-line. However, co-creation can take many forms and its use is not confined to large consumer companies or exclusively on the web. The theoretical understanding of co-creation has been enhanced by the ongoing debate around S-D logic (Vargo and Lusch, 2004, 2008). S-D logic challenges the dominant logic of exchange of the last 200 years (goods-dominant logic [G-D logic]), based on embedded value, where the end point of a transaction is conceptualized as the provision of a product or service (Ballantyne, and Varey, 2008). A central and fundamental aspect of S-D logic is that value is only created when a

product or service is consumed or used (Vargo and Lusch, 2004). The supplier cannot create value unilaterally, value is always co-created.

S-D Logic provides a lens that may also be usefully be used to view the process of knowledge co-creation between academics, practitioners and other stakeholders. In the sphere of contemporary research, G-D logic can be seen in mode 1 research approaches, which emphasize problems that are set and solved in a context governed by the largely academic interests of a specific community. In Mode 2 approaches knowledge is created in an interactive way in the context of application (Gibbons, et al. 1994), representing value in use in line with S-D logic. S-D logic challenges the conventional distinction between consumer and producer; in the same way that mode 2 research emphasizes heterogeneity in terms of knowledge production.

The core elements of co-creation

The debate around S-D logic has stimulated discussion around two areas (resource integration and the perception of value) that are particularly pertinent in considering the co-creation of knowledge between academia, practice and other stakeholders.

Resource Integration

Resource integration is the means through which co-creation of value is achieved. S-D logic stresses the resources possessed by both the customer and supplier and the way they are utilized at the point of interaction. This raises an interesting point in relation to the co-creation of knowledge, if we accept that effective knowledge creation involves a number of different stakeholders. What resources are provided by the different parties involved and how are they integrated in the process of knowledge creation? S-D logic stresses the importance of operant resources in driving value creation (Vargo and Lusch, 2008). In broad terms operant resources are seen to be synonymous with knowledge and skills (Vargo and Lusch 2004; King and Grace 2008; Layton 2008; Vargo and Lusch 2008). This may be tacit or explicit. Tacit knowledge consists of "know-how or competencies gained through observation, imitation and mutual experience…", whereas "…explicit knowledge is media-based and can be digitized, duplicated and circulated." (Ballantyne and Varey, 2006 p. 340). Tacit knowledge as an operant resource in knowledge co-creation is particularly significant because it may be more likely to come from the practitioner than the academic community.

The perception of value

Value is a customer perception of the service outcome and is 'always uniquely and phenomenologically determined by the beneficiary' (Vargo and Lusch, 2004). Value realisation may be highly complex in some contexts: emerging from a series of interactions (Gronroos, 2011, p. 240); being reciprocal amongst the actors involved (Ballantyne et al., 2011; Ford, 2011); and needing to be understood in relation to all stakeholder domains (Frow and Payne, 2011). Therefore value realisation may involve a range of perspectives from the actors involved and in many cases takes place over an extended time period, with the evaluation of value varying at different stages in the process of realisation.

Again these ideas can be seen to be applicable to the sphere of knowledge co-creation out of research. The impact of research will be determined by the perception of the user community of the value of the findings and this perception will be partly determined by interactions between the communities involved in knowledge production and use. Therefore understanding the complexity of how value is perceived in the various user communities is vital.

Implications

Applying S-D logic to the research process takes the perspective that the value of any research project is only realised when the research is used in some way. This puts a focus on the different user groups for the research and on how they access and utilise the findings. Value may be realised by different groups over varying time periods and in different ways. Traditionally the emphasis for academics in disseminating research has been the academic user group, through journal publication, conference papers and citation. However, including all the potential user groups requires a consideration of the full range of routes and networks for dissemination (Hughes et al. 2011) and an understanding of how these different actors create their own value in use. That is to say how they access, process and use the information. Traditional academic papers are not generally accessible and useable by practitioners and new technology provides many novel opportunities for disseminating knowledge. While open source publication may make academic journal articles more generally available there remains the problem that academic papers may well not be read by busy practitioners. The challenge is that effective dissemination of research to different user groups requires time and resources and professional communication skills that may not be available to the research team. The implication is that greater emphasis on communication plans needs to be built

into research projects with dedicated resources being provided to deliver professional and dedicated communication programmes.

Moreover, co-creation is an interactive and collaborative process and therefore effective dissemination of research results is only half the story. Co-creation in research requires collaboration with users from an early stage. The perspective taken here is that knowledge creation is a social process (Nonaka, 1994; Amabile et al. 2001; Nowotny et al. 2001; Tsoukas, 2005) and that knowledge is socially constructed in communities (Lang, 2001). This suggests that co-created research needs to get through the "double hurdle" of both addressing a knowledge gap in the traditional sense and addressing a subject that is important to a significant group of users (Pettigrew, 1997). A central idea in S-D logic is that resource integration is the means through which value is co-created (Vargo and Lusch, 2011) and this provides a potential framework to consider the role of the stakeholders in the research process. What resources do different actors contribute to the process? Where are the most significant operant resources situated in the network? How can different types of resources in a network be used effectively? What is the role for tacit knowledge of practice in the research process?

Conclusions

Creating a more effective and collaborative research culture is highly challenging. It is now nearly 20 years since Gibbons et al. (1994) argued for a greater emphasis on research in the context of application and yet there is still a long way to go in matching the needs of business with the outputs of research (Wilson Review of Business-University Collaboration, 2012). New thinking on how value is created in the wider economy, as epitomised in S-D logic, has the potential to stimulate new initiatives in working with research users to co-create value in the same way that commercial organisations are learning how to co-create with their customers. Developments in technology for networking provide far more opportunity for this than ever before. However, it requires new skill sets for researchers and also the motivation on all sides to contribute to the co-creation process. Further research on co-creation in the specific context of academic research projects, across a range of fields would be useful in providing evidence of successful practice. S-D logic provides a theoretical framework as a starting point for this research.

References

Amabile, T. M. Patterson, C. Mueller, J. Wojcik, T. Odomirok, P.W. Marsh, M. and Kramor, S.J. (2001), Academic Practitioner Collaboration In Management Research: A Case Of Cross-Profession Collaboration, *Academy of Management Journal.* Vol 44 No 2, pp.418-431.

Ballantyne, D. and Varey, (2006), Creating value-in-use through marketing interaction: the exchange logic of relating communicating and knowing, *Marketing Theory, Vol* 6, p 335.

Ballantyne, D., Williams, J., and Aitken, R., (2011), Introduction to service-dominant logic: From propositions to practice, *Industrial Marketing Management,* Vol 40, No. 2, pp. 179-180.

Bilgram, V. Bartl, M. and Biel, S. (2011), Getting Closer to the Consumer- How Nivea Co-Creates New Products, *Marketing Review St Gallen*, No 1, pp. 34-40.

Ford, D. (2011), IMP and service-dominant logic: Divergence, convergence and development, *Industrial Marketing Management*, Vol 40 No2, pp. 231-239.

Frow P. and Payne, A. (2011), A stakeholder perspective of the value proposition concept, *European Journal of Marketing*, Vol 45 No ½, pp. 223-240.

Gibbons, M. Limoges, C. Nowotny, H. Schwartzman, S. Scott, P. and Trow, M. (1994), *The new production of knowledge: The Dynamics of Science and research in Contemporary Societies*, Sage, London.

Gronroos, C. (2011), A service perspective on business relationships, *Industrial Marketing Management*, Vol 40 No 2, pp. 240-247.

Hughes, T. Bence, D. Grisoni, L. O'Regan, N. and Wornham, D. (2011), Scholarship That Matters: Academic/Practitioner Engagement in Business & Management, *Academy of Management Learning and Education*, Vol 10 No1, pp. 40-57.

King, C. and Grace, D. (2008), Internal branding: Exploring the employees' perspective, *Brand Management*, Vol 15 No5, pp. 358 – 372.

Lang, J. C. (2001), Managerial concerns in knowledge management, *Journal of Knowledge Management*, Vol 5 No 1, pp. 43-57.

Layton, R. A. (2008), The search for a dominant logic: A macromarketing perspective, *Journal of Macromarketing,* Vol 28 No 3, pp. 215 – 227.

Nonaka, I. (1994), A dynamic theory of knowledge creation, *Organization Science*, Vol 5 No 1, pp. 14-37.

Nowotny, H. Scott, P. and Gibbons, M. (2001), *Re-Thinking Science: Knowledge and the Public in an Age of Uncertainty*, Blackwell, Oxford.

Pettigrew, A.M. (1997), The double hurdles for management research. In T. Clarke Ed. *Advancement in organizational behaviour: Essays in honour of J.S. Pugh* (277-296), Dartmouth Press, London.

Rossi, C. (2011), Online consumer communities, collaborative learning and innovation, *Measuring Business Excellence*, Vol. 15 No 3 pp. 46 – 62.

Tsoukas, H. (2005), *Complex Knowledge: Studies in Organizational Epistemology,* Oxford University Press, Oxford.

Vargo, S. L. and Lusch, R. F. (2004), Evolving to a New Dominant Logic for Marketing, *The Journal of Marketing,* Vol 68 (1), pp. 1-17.

Vargo, S.L. and Lusch, R.F. (2008), Service-dominant logic: continuing the evolution, *Journal of the Academy of Marketing Science*, Vol 36, pp. 1-10.

Vargo, S. and Lusch, R.F. (2011), It's all B2B……. and beyond: Toward a systems perspective of the market, *Industrial Marketing Management,* Vol 40 (2), pp. 181-187.