Literature review of value co-creation in education institutes: current states and future perspectives

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Abstract

Education has an essential place and influence on the future and current economy and society in general. Understanding the mechanisms of value co-creation in the education environment is therefore of paramount importance for improving the quality of educational services. Value co-creation focuses on the interaction with the learner with the aim of better academic performance and students’ satisfaction. This paper presents areas in which value co-creation is applied in higher education institutions and the results of its implementation, both for universities and students. Value co-creation promotes and enhances the interaction between educational institutions and students and seems to have a positive impact not only on academic performance, but also on students’ satisfaction and engagement levels. The process of value co-creation allows educational units and students to work together to optimise their experience and enhance their ability to actively participate in the educational process.

Keywords: Value co-creation, higher education, students as customers, education marketing, management

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Literature review of value co-creation in education institutes: current states and future perspectives  
Maria CHATZARA & Theodosios TSİAKİS

Introduction

The traditional producer-consumer exchange, whereby the producer creates value, and the consumer consumes or destroys it, is no longer valid and it is replaced by the value co-creation (Vargo & Lusch, 2008). In the value co-creation process, the organization forms a balanced and reciprocal relationship with consumers and allows them to shape aspects of the service or products by expressing their ideas and preferences (Prahalad & Ramaswamy, 2004a).

According to value co-creation, it is not necessary to distinguish services from products or vice versa, as all products contain elements of services and all services contain elements of products (Gummesson, 2007). The producer is no longer content to make assumptions about his consumers’ needs, but in contrast he opens up the previously closed production process, thus allowing greater consumer participation. Through co-creation, consumers are encouraged to express their views, negotiate, complain, support the organization and interact with it using new methods (Cova & Dalli, 2009). By enabling connection and collaboration between universities and students, value co-creation bridges the gap in knowledge and information between producers and consumers (Von Hippel, 2009).

Through co-creation, the different knowledge and resources of students interact with those of university institutions and teaching staff, resulting in superior and more comprehensive outcomes (Frow et al., 2015; Von Hippel, 2009; Zwass, 2010). Already in the private sector, it has been proved that firms that use more consumer resources to co-create value observe more profits and larger market shares (Cefis & Marsili, 2005; Czarnitzki & Kraft, 2004). Value co-creation can be defined as the active participation of consumers that enhances higher service performance and value and hence satisfaction (Prahalad & Ramaswamy, 2004a).

Value Co-creation

Value creation is the main purpose of economic exchange of services, and as schools are considered service-providing businesses, it is the application of service delivery competencies by educational institutions that leads to customer value. However, it is argued that
value is created in conjunction with a co-creation relationship between the two parties (Spohrer & Maglio, 2008).

According to Edmondson (2002), value in a school is perceived by students and other stakeholders as credibility, assurance, responsiveness, and empathy. With the contribution of both the student and the school, value and co-creation are combined and evolved into a powerful marketing tool that can be adopted and used by schools. Value and co-creation, as described by Vargo and Lusch (2004), find a place in the school, which is considered to be a service and provides both a quality education and secondary services that enhance the development and growth of students and improve the school experience.

According to value co-creation, value arises through consumption and experience and therefore students cease to be passive recipients (Ng & Forbes, 2009; Diaz & Gummesson, 2012). Vargo and Lusch (2008) argue that organisations can offer value propositions only when they encourage value co-creation, through interaction and collaboration. Universities, therefore, should enhance value creation opportunities and encourage student interaction and value creation (McClung & Werner, 2008).

As Dziewanowska (2017) points out, students need instruction that emphasizes to a more fun and direct teaching of theories and their importance, and the teaching format should be adapted in order to effectively meet this need. Vargo and Lusch (2008) argue that value co-creation always requires participation. Co-creation can be applied at different scales, including individual initiatives, classroom and teaching initiatives, as well as at the institutional level concerning operational strategic and pedagogical objectives. At each of these levels, co-creation creates challenges in different ways as regards the rules (Cook-Sather et al., 2014).

In co-creation, the purpose, outcomes and approaches to teaching and learning are subject to common understanding and agreement and there is a shared responsibility for learning, which implies a greater level of empowerment and action by learners. In other words, it involves the development of deeper and more meaningful relationships between students and teachers, and between students and other students too. Education is perceived as a joint effort, where
Learning and teaching are occurred in collaboration with students (Cook-Sather et al., 2014). Abrantes et al. (2007), Duke (2002), Sierra (2010) and Clayson (2009) point out through their studies the importance for higher education institutions of engaging with student learning and the other aspects involved in this process, such as the interaction between teachers and students and the assessment process. In Figure 1 below, we can see some of the crucial components of value co-creation in higher education.

Figure 1. Components of value co-creation in higher education

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Students as customers
Entrepreneurial practices have found a place in universities (Ng & Forbes, 2009). As a natural consequence of commercialization, universities aiming to gain competitive advantages in the marketplace are becoming more customer-focused, and using marketing strategies to attract, retain and manage customers (Cuthbert, 2010).

Based on the marketing orientation, the student is perceived as a customer of the university institution. According to this perspective,
the student and the university institution are in a mutual and dynamic process of co-production and value exchange (Vargo & Lusch, 2004). Both parties work together to shape the educational experience. The perspective of customers in universities is broader. Thus, potential customers of universities can be identified as students, employers, parents, the government, the research community and society as a whole (Franz, 1998).

The perception of students as consumers has resulted in educational institutions being perceived and acting as providers of services and goods (Woodall et al., 2014). In higher education, goods and services may include curricula, teaching, examinations and other learning experiences. However, the view of students as consumers is criticized (Franz, 1998; Saunders, 2015), especially as regards learning, since there are many who believe that viewing universities as standardized service providers can harm both the university institutions and education itself (Natale & Doran, 2012). Their main argument is that treating students as customers implies their empowerment, which in turn can turn the intellectual and professional services offered by the university into a mere transactional service, where students receive a degree in exchange for the fees they pay or the scholarship they hold.

The commercialisation of universities has been studied by various theoretical approaches to marketing, such as service marketing (Newman & Jahdi, 2009), market orientation (Hemsley-Brown & Oplatka, 2010) and relationship marketing (Bowden, 2011).

Some authors argue that viewing students as customers can improve the quality of university teaching and student satisfaction levels, as university institutions are in a constant struggle to remain competitive (Koris & Nokelainen, 2015). However, others argue that viewing students as customers is counterproductive (Cuthbert, 2010), can pose an ethical dilemma (Natale & Doran, 2012) or have a negative impact on students and the academic community (Diaz-Mendez & Gummesson, 2012).

There is empirical evidence to show that too much customer orientation can lead to poor academic performance of students (Bunce et al., 2017) and threaten the quality of education as it can form unrealistic expectations and stimulate narcissistic characteristics of students (Nixon, Scullion & Hearn, 2016). In addition, teachers and
students may have different perception of who the client is. By perceiving themselves as customers of university institutions (Pitman, 2000), a gap is created between the expectations of students and the expectations of faculty, with students placing emphasis on short-term desires and professors oriented towards long-term student benefits, such as learning (Nguyen & Rosetti, 2013).

The learning process is actually compromised, as students perceived as customers may not be aware of their desires (Kamvounias, 1999), and may not participate actively in their education (Finney & Finney, 2010), as by considering themselves as customers they believe that they have the ability to purchase academic services in order to obtain a degree (Wellen, 2005). University is thus perceived as a passport to find a better job rather than a learning experience (Nixon et al., 2016). As a result, obtaining a degree becomes an end in itself, rather than learning of vocational skills (Molesworth et al, 2009). Students gain a sense of entitlement to the degree (Delucci & Korgen, 2002), and feel that they have the right to criticize and evaluate the abilities of the teaching staff (Edmundson, 1997), considering they have equivalent rights (Svensson & Wood, 2007) and demanding more fun courses (Wong & Chiu, 2019).

The incentives of educational institutions and students

Universities have various incentives that push them to improve the student experience. Global competition is constantly increasing, while state subsidies are decreasing, prompting the institutions to seek additional revenues. (Frasquet et al., 2012; (Frasquet et al., 2012; Mark, 2013). To satisfy and attract students, universities are applying theories that were previously only applied in businesses, such as relationship marketing theories, which make it easier for organizations to build strong relationships with their consumers (Schlesinger et al., 2015).

Students, on the other hand, are increasingly interested and willing to play a more active role, as partners, during their time in higher education (Bovill & Felten, 2016; Healey et al., 2014). Motivated by the rising price of tuition fees and the stress of finding employment for graduates, students seek to find value in their degrees that will satisfy
Literature review of value co-creation in education institutes: current states and future perspectives

Maria CHATZARA & Theodosios TSİAKİS

their current and future needs (Tomlinson, 2008; Vickers & Bekhradnia, 2007).

The value co-creation in curricula

The area in which collaborative work between students and teachers is most often played out is co-creation in curricula. Co-creation of the curriculum is defined by Lubicz-Nawrocka (2020) as the implementation of an ongoing, creative and beneficial process, between students and staff, based on values, and in which both parties work together to discuss and negotiate decision making about various aspects of the curriculum.

Dunne and Zandstra (2011) note that co-creation of learning is a demanding process that requires commitment from students and which asks them to invest both intellectually and emotionally in the classroom. Co-creation in the curriculum, therefore, can be achieved through mutual collaboration, which, according to Bovill and Bulley (2011), is transformed into different phases and levels of interaction. The curriculum, that is, it can be fully teacher-driven and have the lowest level of interaction, or on the other hand, it can enable students to have full control over the curriculum, gaining more roles and influence in the final model.

Ryan and Tilbury (2013) argue that new pedagogical methods should focus on engaging students through co-creation, while the democratic reconfiguration of learning environments is considered necessary. The possibilities for co-designing curricula are influenced by individual perceptions of the curriculum and students in relation to pedagogy and knowledge.

There are many different ways in which professionals and researchers co-create curricula. Sometimes, students take the lead and design the course from the beginning (Woolmer et al., 2016), while in other cases the curriculum is designed by students as the course evolves (Cook-Sather et al., 2014). Mihans et al. (2008) describe students who collaborate with staff on curriculum planning committees and Rock et al. (2015) describe co-creation within curriculum approval systems. Flexibility in curricula does not mean that students make decisions on their own about the content of learning, but enables teachers to
Literature review of value co-creation in education institutes: current states and future perspectives
Maria CHATZARA & Theodosios TSİAKİS

discover through collaboration alternative contents and ways to achieve the defined objectives and learning outcomes. In other words, the purpose is to reduce students' learning difficulties, guide and support students' learning decisions, coordinate each student's individual goals with program goals, and provide comprehensive support throughout the learning process (Halverson & Peppler, 2018). The process of co-creation in curricula enhances motivation, engagement, identity formation, metacognitive understanding of teaching and learning and can lead to improved performance in terms of assessment (Cook-Sather et al., 2014; Lubicz-Nawrocka, 2018). At the same time, the participation of students in the co-creation processes of the curriculum can contribute to the transformation of students' thinking and practice. Changes in students' identity and metacognitive understanding of learning are often observed (Cook-Sather et al., 2014).
Co-creating the curriculum can promote authentic learning and teaching (Lubicz-Nawrocka, 2019b; Temple Clothier & Matheson, 2019). It is also worth noting that both students and staff find the curriculum co-creation processes extremely meaningful and enjoyable (Dollinger et al., 2018; Lubicz-Nawrocka, 2019b; Lubicz-Nawrocka, 2019b; Temple Clothier & Matheson, 2019). Finally, the positive outcomes of co-creation curriculum include professional development and employability (Billett & Martin, 2018; Dickerson et al., 2016) as well as personal development (Bovill, 2020b; Lubicz-Nawrocka, 2019b).

Effects of the implementation of co-creation in higher education
Constructive relationships and collaboration between students and teachers in higher education result in a number of benefits. Interaction between students and teachers, both in and out of the classroom, can lead to academic success and in particular contribute to students' higher academic achievement, higher educational aspirations, intellectual and personal development, and enhancement of their motivation and satisfaction (Cuseo, 2007; Lundberg & Schreiner, 2004).
The concept of students as co-producers in the learning process has been the subject of study in the educational literature (Mavondo et al.,
Literature review of value co-creation in education institutes: current states and future perspectives
Maria CHATZARA & Theodosios TSİAKİS

2004), which has shown that value co-creation constitutes an important prerequisite for effective learning (Ng & Forbes, 2009). Students who consider themselves as co-producers in the learning process take full responsibility for their learning and use teachers and other resources to support their effort and achieve maximum positive outcomes (Mavondo et al., 2004). It is very difficult to achieve the desired results without the involvement and participation of students (Astin, 1984).

In higher education, students' relationship with the university institution can have an impact on their feelings about the university; their learning and their learning experience in general (Carini et al., 2006). Positive relationships between students and their universities can create a community (Zhao & Kuh, 2004) that can facilitate and encourage future collaborative behaviors. Since co-creation of value fosters and promote interaction and relationship building through dialogue and balanced roles, it can have a positive effect on improving students' relationships with university institutions (Prahalad & Ramaswamy, 2004).

Although co-creation of value brings complex challenges for teachers and students, requires increased responsibilities and effort, as well as increased time demands for both students and staff, the researchers Cook-Sather et al. (2014), Lubicz-Nawrocka (2017) note that the experience of co-creation contribute to the development of important competencies such as leadership, teamwork and communication.

It is therefore important to enhance interactions between students and faculty in order to improve the students' learning experience and meet their expectations (Pinar et al., 2011). Through this co-creative perspective, students gain more responsibility as the teacher works in a way that facilitates the learning process. Through interaction, students take on more responsibilities and it is easier for the teacher to control them. At the same time, learning flexibility and programme customisation are enhanced (Bowden & Alessandro, 2011), and by allowing co-creation of knowledge, students can also improve their knowledge and skills (Yeo, 2009).

Nystrand and Gamoran (1991) support that value co-creation has a positive impact on students’ performance and is therefore essential for their satisfaction. Maxwell-Stuart et al. (2018) report that students
Literature review of value co-creation in education institutes: current states and future perspectives

Maria CHATZARA & Theodosios TSİAKİS

who participate in the value co-creation process observe an increase in satisfaction regarding their experience, both in academic and non-academic aspects of student life. Empirical researches confirm the relationship between value co-creation and student satisfaction (Giner & Rillo, 2016). Mills and Morris (1983) and Bateson (1983) argue that students, who interact, feel valued and appreciated, and their sense of satisfaction of their needs and wishes increases. Students who collaborate with teaching staff have the opportunity to develop a range of skills and put their knowledge into practice. This results in significant changes in their self-confidence, understanding of their identity, and their professional and personal development (Bovill, 2020b; Mercer-Mapstone et al., 2018). Benefits for students include quality interactions, greater satisfaction and advanced postgraduate skills, while benefits for universities include student loyalty, enhanced university image and student-university identification (Dollinger et al., 2018).

In this context, customer value has emerged as an essential concept. Understanding students' needs and subsequently delivering superior value enables higher education institutions to provide higher levels of student satisfaction, adapt educational offerings to their needs and optimize their learning experience (Ledden et al., 2007).

Conclusions

In conclusion, we could say that the majority of businesses are increasingly turning to creating value for the customer through the quality of services and products, with the main objective of gaining a competitive advantage. Like any other organization, higher education institutions strive to provide high quality services in order to create the right conditions for student satisfaction and to remain competitive in their sector. In other words, the student is treated as a client of the university and a mutual process of co-creation and value exchange is created between the student and the educational institution, which seems to contribute significantly to achieving both pedagogical and business results (Vargo & Lusch, 2004). Value co-creation allows students and educational institutions to collaborate, improving the learning experience of students, while providing space for developing interaction between them (Dollinger et al., 2018). It can therefore be
seen as key to developing good learning experiences for students, as it allows them to participate and take an active role in their own learning.

We observe, therefore, that the implementation of value co-creation in tertiary education brings significant benefits and has a positive impact both on students' learning performance and on enhancing their satisfaction of their studies and university institutions. Taking into account the positive results and the success of value co-creation in higher education, our main aim is to obtain data and evidences that could be used in other levels of education. The literature review of value co-creation in higher education institutions raises questions and identifies areas for future research. How could value co-creation work in primary and secondary education institutions? Is it feasible to create the right conditions at other levels of education so as to subsequently achieve positive results from its implementation? The extension of co-creation of value at all educational levels could actively contribute to the improvement of provided educational services, aiming at satisfied students who will participate substantially in the achievement of the cognitive outcome.

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Literature review of value co-creation in education institutes: current states and future perspectives
Maria CHATZARA & Theodosios TSİAKİS


Literature review of value co-creation in education institutes: current states and future perspectives

Maria CHATZARA & Theodosios TSİAKİS


Literature review of value co-creation in education institutes: current states and future perspectives

Maria CHATZARA & Theodosios TSİAKİS


Literature review of value co-creation in education institutes: current states and future perspectives
Maria CHATZARA & Theodosios TSİAKİS


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Maria CHATZARA & Theodosios TSİAKİS

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Literature review of value co-creation in education institutes: current states and future perspectives
Maria CHATZARA & Theodosios TSİAKİS


Literature review of value co-creation in education institutes: current states and future perspectives

Maria CHATZARA & Theodosios TSİAKİS


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