AFRICAN SCIENTIFIC JOURNAL
MANAGEMENT AND ECONOMIC DEVELOPMENT

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

Value co-creation: evolution or revolution?.

Auteur 1 : BENSLIMANE Ismail
Auteur 2 : BENJELLOUN Sanae
Auteur 3 : SIFOUH Nabil
Auteur 4 : ASSERRAJI Rym

BENSLIMANE Ismail (Doctor of Philosophy in Business Administration and Economics)
Studies and Research Laboratory in Organizational and Territorial Management (ERMOT) at Sidi Mohammed Ben Abdellah University, Fes, Morocco.

BENJELLOUN Sanae (Professor of Economics and Management)
Studies and Research Laboratory in Organizational and Territorial Management (ERMOT) at Sidi Mohammed Ben Abdellah University, Fes, Morocco.

SIFOUH Nabil (Professor of Economics and Management)
Multidisciplinary Faculty of Nador, Mohammed First University, Oujda, Morocco.

ASSERRAJI Rym (Professor of English Language and Literature)
Systems Theory and Computer Science Laboratory, Faculty of Sciences at Moulay Ismail University, Meknes, Morocco.

Déclaration de divulgation : L'auteur n'a pas connaissance de quelconque financement qui pourrait affecter l'objectivité de cette étude.

Conflit d'intérêts : L'auteur ne signale aucun conflit d'intérêts.

Pour citer cet article : BENSLIMANE .I, BENJELLOUN .S, SIFOUH .N & ASSERRAJI .R (2024) « Value co-creation: evolution or revolution? », African Scientific Journal « Volume 03, Numéro 23 » pp: 0829 – 0851.

Date de soumission : Mars 2024

Date de publication : Avril 2024

DOI : 10.5281/zenodo.11192055

Abstract

This paper aims to explore the evolution of the concept of value co-creation, particularly from a historical perspective, to address the fundamental question: Is value co-creation an incremental evolution or a disruptive revolution within the field of management literature? To achieve this, the initial section of this study summarizes scientific literature related to the concept of value, taking into account both philosophical and economic viewpoints, while also tracing their impact on the concept of value creation from a managerial perspective. Subsequently, this article elucidates the limitations of the traditional approach to value creation, which is based on three distinct perspectives: endogenous, exogenous, and their combination. This naturally leads to an exploration of the reasons behind the shift from the concept of value creation to that of value co-creation. Finally, the paper outlines the fundamental principles of this emerging paradigm.

Keywords : value, value creation, value co-creation, evolution, revolution**.**

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

Introduction

The seminal article authored by Prahalad and Ramaswamy, titled « *Co-creation experiences: the next practice in value creation* » and published in the 'Journal of Interactive Marketing,' has had a profound impact on the academic landscape. It has positioned the concept of 'value co-creation' as a central focus of rigorous and informed scholarly discourse (Leclercq et al., 2016). Moreover, a brief overview of the research conducted by academics on Google Scholar at the end of January 2024 revealed that the term 'co-creation' has been cited in a vast number of publications since 2000. It is worth noting that Prahalad and Ramaswamy's pioneering article alone has garnered an impressive 9, 617 citations.

The paramount significance of this subject lies in its ability to foster the emergence of a new paradigm in management sciences, while enabling businesses and customers to jointly create value through interactions. Since the early 2000s, the concept of co-creation has sparked numerous scientific studies, challenging one of the key principles of capitalist economies, which posits that value is determined a priori, before exchanges take place in the market. From this perspective, suppliers and customers are not two opposing stakeholders but rather actors who interact with each other to seize new opportunities. Absolutely, the way value is created, distributed, paid, and leveraged fundamentally differs from the classical supply and demand model (Galvagno and Dalli, 2014).

Given the growing interest in this topic, multiple researchers from various disciplinary fields such as marketing, brand management, distribution, innovation, online community studies, services, and customer relationship management, have conducted in-depth studies to precisely understand the mechanics of value co-creation (Ostrom et al., 2010 ; Ostrom et al., 2015 ; Hatch, 2012 ; Merz et al., 2009 ; Tynan et al., 2010 ; Füller and Matzler, 2007; Füller et al., 2011 ; Spohrer et Maglio, 2008 ; Schau et al., 2009 ; Vargo and Lusch, 2008 ; Roggeveen et al., 2012).

Concretely, by analyzing previous scientific research, academics aimed to provide insights into the following question: how do companies collaborate with consumers to develop new products and services? Prahalad and Ramaswamy's point of departure from other authors lies in the fact that the value co-creation process is not meant to exclusively place consumers at its core, at the expense of other stakeholders (Galvagno and Dalli, 2014). This idea, widely championed and popularized by the two scholars in their writings, has led to a broader shift in approaches, transitioning from a transactional approach to a collaborative one. Ipso-facto,

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

marketing has witnessed the development of a new theory, commonly referred to as *« Service-dominant logic »*[1],' which centers on two major questions: how do resource exchanges occur between actors? Furthermore, how do these exchanges lead to value co-creation? (Leclercq et al., 2016)

This paper departs from the outlined debates while paying particular attention to the subsequent question: **is value co-creation a logical outcome of evolution or a revolution?** Upon closer examination of scientific studies addressing topics related to value and value creation, it becomes evident that co-creation is the result of an evolution, as understanding its foundation and operational principles is closely linked to the aforementioned themes. Nevertheless, Véronique Christiane Malleret's proposition that value is simultaneously constructed, given, and interpreted emphasizes that the market is a meeting place for suppliers and consumers. Within this market, customers express their needs, and it is the company's responsibility to translate these needs into technical specifications with the aim of ultimately delivering the desired product to the customer, allowing them to assess the value provided (Malleret, 2009). As a result, the customer and the company collaborate upstream and downstream of the value creation process, which contradicts the guiding principle of value co-creation. In fact, this principle highlights that collaboration should be **explicit** and **active**, **fostering ongoing interactions** throughout **the entirety of the process**. Doesn't this mean that value co-creation is a real revolution?

From the above, the core purpose of this article is to shed light on the notion that value co-creation is an evolution and/or a revolution. To this end, we have structured this paper into two sections. On one hand, the first section aims to present the theoretical foundations of value and value creation, as well as to emphasize their intersections. On the other hand, the second section is dedicated to clarifying the idiosyncrasies of the novel paradigm, particularly focusing on value co-creation, with the ultimate goal of deriving significant conclusions that tackle the initial question.

[1] "The service-dominant logic was defined by Professors Stephen Vargo and Robert Lusch in their article titled 'Evolving to a New Dominant Logic for Marketing,' published in the 'Journal of Marketing' in 2004."

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

1. Evolution of value creation

1.1 The concept of value: problems in definition and delimitation

According to Ahmed and Yannou (2003), the concept of value is **polysemic** and **transversal**. Indeed, value can have several meanings. On one hand, it refers to the importance or utility of something, and on the other hand, in the plural (values), it pertains to the set of principles or behavioral norms, as well as judgments about what is important. Finally, value also relates to the numerical amount designated by an algebraic term, a magnitude, a quantity, or a number (Oxford Learner's Dictionaries). The definition and delimitation of this concept depend on the scientific discipline under examination. It is increasingly accepted that value is subdivided into three major categories: (1) measurement value, (2) economic value, and (3) philosophical value.

A meticulous analysis of the conceptual framework reveals the existence of two perspectives. The first is linked to exact sciences, such as physics and mathematics. The second, on the other hand, is predominantly linked to the domain of social sciences, such as philosophy and economics. In exact sciences, the notion of value is often used to express a conventional measure of an element in a hierarchically structured series or an approximate quantification of reality (Bourguignon, 2005). In her scientific publication entitled "Management Accounting and Value Creation," Bourguignon illustrates the various meaning that the concept of value can take in exact sciences:

> *« Value is an equivalent for measure, especially in the mathematical and physical fields. It refers also to the conventional measurement of an element in a hierarchically structured series (for instance, the value of a playing card). The specific meanings of 'value' in painting and music can also be associated with the measurement-related sense of 'value'. This first family of meanings refers to the concept of measurement, itself defined as a necessarily approximate quantification of "reality". In French, 'valeur', the equivalent for value, is systematically associated with measure, and the definitions of value and measurement are always circular. Value is defined by measurement, and measurement by value. The English language preferably relates 'measure' to 'amount' or 'quantity'. This suggests that this first meaning of value may be differently emphasised according to the language used. »* (Bourguignon, 2005)

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

Taking this viewpoint into account, it's significant to recognize that the concept of value transcends the realm of exact sciences and extends to various other disciplines, including philosophy, economics, and management.

1.2 Value: a matter of Ancient Greece

The concept of value has a long history, with its roots extending to some of the oldest civilizations in the world, including ancient Greece and Rome. During that era, value was grounded in the intrinsic assessment of goods, with a strong emphasis on practices and craftsmanship. Consequently, recognizing the owner or creator was regarded as essential (King and McLure, 2014). The primary contributions of ancient Greece concerning value stem from the works of prominent philosophers, such as Plato and his student Aristotle. Plato was one of the first to adopt the widely popularized idea that *« the craftsman assuredly knows the value of his work »*.

The meaningful contribution arises from Aristotle's endeavors to analyze value within an exchange context. As suggested by this author, the exchangeability of goods depends on their equivalence: *« things must be made equal »*. Thus, Aristotle identified the existence of two types of value, namely use value and exchange value, and established the foundational principles for these categories. As a result, Aristotle's conception sharply contrasts with the prevailing ideas of his time (Mooya, 2016).

1.3 The classical perception of value

In the field of economics, a question that attracts substantial attention is: Where do profits come from? Economists have certainly made concerted efforts to offer a compelling response to this query, emphasizing the significance of the concept of value. This is why value holds a central position in economic paradigms (King and McLure, 2014). Two theories have sought to elucidate the pricing of goods with reference to external factors. The initial theory finds its origins in the concepts of Adam Smith, often regarded as the founding figure of classical economics. Smith maintains that objective or exchange value stands as the exclusive metric capable of accurately representing a good's real value. In contrast, the second theory delves into a subjective viewpoint centered on utility-based interpretations of value (Hunt and Lautzenheiser, 2011).

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

Representatives of the classical school, including figures like Adam Smith, David Ricardo, and Karl Marx, firmly reject the notion that use value can determine the value of a good (King and McLure, 2014; Schumpeter, 1954; Henry, 2000; Ricardo, 1821; Faccarello, 2015; Marx, 1887). Adam Smith upheld this position and argued for it, drawing upon the analysis of the water-diamond paradox:

> « *The things which have the greatest value in use have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange have frequently little or no value in use. Nothing is more useful than water: but it will scarcely purchase anything; barely anything can be had in exchange for it. A diamond, on the contrary, has scarce value in use; but a very great quantity of other goods may frequently be had in exchange for it.* » (Smith, 1776)

The opening sections of the renowned work "The Wealth of Nations" illuminate Smith's perspective on the economy of any society. He claims that labor serves as the catalyst for all fundamental components and conveniences. Similarly, the well-being of a nation largely depends on its economic performance (Henry, 2000). Within his book 'History of Economic Analysis,' Joseph Schumpeter recognizes that the theory of objective value served as a precursor to the cost of production theory:

> « *In Book I, Chapter 6, A. Smith expressly states: 'Wages, profit, and rent, are the three original [my italics] sources of all revenue as well as of all exchangeable value.' If words mean anything, this is conclusive. His theory of value was what later on came to be called a cost-of-production theory. This is indeed the opinion of many students.* » (Schumpeter, 1954)

Although Adam Smith never developed a labor theory himself, he provided the groundwork for the most advanced versions presented by David Ricardo and Karl Marx (Hunt and Lautzenheiser, 2011). As outlined by these authors, the value of a good, or the foundation upon which the exchange of two goods relies, is heavily contingent on the labor necessary for its production, its scarcity, and the amount of capital invested (Ricardo, 1821; Faccarello, 2015). Additionally, within the initial volume of his work "Capital," Karl Marx posited that value presents itself in two distinct forms: use value and exchange value:

> « *Each useful thing (iron, paper, etc.) is to be considered from a double point of view, in accordance with quality and quantity.* » (Marx, 1887)

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

> *« The utility of a thing makes it a use-value. But this utility is not a thing of air. Being limited by the physical properties of the commodity, it has no existence apart from that commodity. A commodity, such as iron, corn, or a diamond, is therefore, so far as it is a material thing, a use-value, something useful. This property of a commodity is independent of the amount of labour required to appropriate its useful qualities. »* (Marx, 1887)

> *« Exchange-value, at first sight, presents itself as a quantitative relation, as the proportion in which values in use of one sort are exchanged for those of another sort, a relation constantly changing with time and place. Hence exchange-value appears to be something accidental and purely relative, and consequently an intrinsic value, i.e., an exchange-value that is inseparably connected with, inherent in commodities, seems a contradiction in terms. »* (Marx, 1887)

A brief overview of the classical economists' thesis on "value" reveals the coexistence of three conclusions. Firstly, the demarcation of capitalism is contingent on the analysis of the value concept. Secondly, as classical economists argue, value forms the core of production conditions. Finally, despite apparent discrepancies among the various theories, there has been a consensus on the significance of certain wage theories (K.S. Taylor, 2001).

In reply to this, classical economists contend that value is ascertained by aggregating all production-related costs. Even so, this does not signify that the value delivered to the customer aligns precisely with the expenses accrued in the development process. This argument would carry greater credibility in a production-driven economy, where demand outpaces supply. Hence, cost plays a central role in determining competitiveness. Nevertheless, given the increasing prominence of customers and heightened competition, this cost-based approach is viewed as insufficient (Mévellec, 2000). As the value advocated by the classical economists does not fully encompass the concept of value created for customers, would it be beneficial to shift the focus to use value?

1.4 Value through the lens of neoclassical economists

In the early 1870s, three noteworthy publications were released: 'The Theory of Political Economy,' 'The Principles of Political Economy,' and 'The Elements of Pure Political Economy' or 'The Theory of Social Wealth,' published by William Stanley Jevons (1871), Carl Menger (1871), and Léon Walras (1874), respectively. While these authors offer varying perspectives

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

from one book to another, it is striking to observe the similarities in the approaches and contents of these books.

The marginalists adopt a different perspective from the classical economists, embracing an individualistic and utilitarian view of value (King and McLure, 2014; Lagueux, 1997; Hons, 2014). Likewise, Jevons challenges the classical notion that production costs determine value by underscoring the pivotal role of utility. According to his tabular representation, the cost of production determines supply, the ultimate level of utility hinges on the provision, and value fluctuates in relation to the final degree of utility (Lagueux, 1997). Jevons goes so far as to declare that *'value entirely depends on utility'* (Jevons,1871).[2] The marginalists base their arguments on the law of diminishing marginal returns, which posits that each additional unit of a good results in a reduction of consumer satisfaction.

Menger independently arrived at the same conclusion as Jevons, asserting that value is purely subjective and immeasurable in nature. Therefore, value arises from the interaction between the consumer and the desired commodity. Furthermore, Menger affirms that scarcity is the foundation of value, establishing it as the central pillar of the economy. His notable contribution is to further the marginalist revolution by differentiating between 'superior' and 'inferior' goods (Hons, 2014).

The words of Joseph Schumpeter, a distinguished economist in the field of innovation, Léon Walras is regarded as one of the greatest economists of all time, thanks to his noteworthy contributions to economic research. Walras introduced a rigorous mathematical method to study economics, which differed from the previously employed approach, and labeled it "pure economy" to distinguish it from "political economy. Similar to Jevons, Walras postulated the presence of a standard measure of need or utility, governed by the law of diminishing marginal returns, for the assessment of all forms of wealth. Consequently, the cardinal measurement of utility is linked to the capacity for ordinal evaluation of qualitatively distinct goods. In essence, all economic goods can be categorized on a single utility scale, and economic utility is just one of several sought-after objectives (Hons, 2014).

[2] The very same articles vary in utility according as we already possess more or less of the same article, and thus when a man has purchased enough, he would derive equal pleasure from the possession of a small quantity more as he would from the money price of it (Jevons,1871).

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

In summary, classical school proponents focus on social classes and production to explain economic phenomena, while neoclassical economists eventually shifted their focus to individual behavior and the exchange process (Nicholas, 2012). Use value is considered to be the satisfaction derived from the consumption of a good; therefore, this value is subjective as it depends on both the characteristics of the consumer and the situation in which they find themselves (Simon, 2000). However, the value generated for customers in a market economy is not solely determined by individual preferences; price also plays a crucial role. In this spirit, Véronique Malleret, a professor at HEC, states:

> *« The economic value presented to the consumer aligns with the product's relative value within a specific context, reflecting the highest price a consumer would consider paying when equipped with comprehensive knowledge of the product and competing alternatives. »* (Teller, 1999)

> *« After comparing various offers, the consumer will choose the one they believe offers the best quality-to-price ratio. Value here is relative, as it depends on the comparison with competitive offerings. »* (Barwise and Meehan, 1999)

It becomes apparent that the understanding and definition of the concept of value created for the customer extend beyond use value. Without a doubt, a quick review of Malleret's (2009) excerpts highlights the correlation between value and price.

1.5 Towards a further clarification of the concepts of 'value' and 'price'

The price-value ratio is based on two analytical frameworks, in Malleret's (2009) analysis. The first acknowledges that price is a representation of value. Various authors follow this line of reasoning, notably Lorino (1995), who claims that "price, like any quantified indicator, can be a sign of value but is not value," Mévellec (2000), for whom "price, in exchange, crystallizes value," and Malleret herself, who indicates that price is an approximation of value originating from product attributes. This approach has been strongly advocated by McNair et al. (2001), who argue that "many marketing studies have demonstrated that customers' purchase decisions are influenced by the set of attributes possessed by the product or service."

The second analytical framework proclaims that price is an attribute of value; in other words, price is one of its components. Thus, value results from the coexistence of multiple elements, with price being just one among them. Many authors in marketing and strategy

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

emphasize that the value created for the customer comprises a blend of individual preferences and the price the customer is willing to pay. From this viewpoint, it's crucial to review select passages from the writings of the following researchers: Zeithaml, Monroe, Anderson et al.:

> *« Value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. »* (Zeithaml,1988)

> *« Buyers perceptions of value represent a tradeoff between the quality or benefits they perceive in the product relative to the sacrifice they perceive by paying the price. »* (Monroe, 1981)

> *« Value in business markets is the perceived worth in monetary units of the set of economic, technical, service and social benefits received by a customer firm in exchange for the price paid for a product, taking into consideration the available suppliers offerings and prices. »* (Anderson et al., 1993)

At first glance, these definitions appear to illustrate the reality that value represents a cause-and-effect relationship linking the attributes of the product to its price, as pointed out by Woodruff (1997). This reasoning is far from being new, as it dates back to the era of political economy.

Value is not merely a projection of a subjective evaluation of a product; rather, it is a measure shaped by the interplay of two factors. One factor is objective, represented by the cost of production, while the other factor is subjective, represented by a product's capacity to fulfill customers' needs (Lagueux, 1997). Jean-Baptiste Say (1803) affirmed that the value of each thing results from the conflicting assessments made by those who need or request it and those who produce or offer it. In the same vein, Marshall (1890) further supported Say's assertions: "It would be just as unreasonable to debate whether it is the top or bottom blade of a pair of scissors that cuts a piece of paper as to debate whether value is determined by utility or cost of production."

Similarly, the price that customers would be willing to pay for the acquisition of a new product is influenced by both their desire to obtain it and the extent to which they can allocate for the purchase. Their desire to acquire the product is, in part, contingent on the prospect of finding a similar product at a lower price if they choose not to buy it. This, naturally, is also influenced by factors governing supply and production costs (Jevons,1871).

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

1.6 Value creation: endogenous and exogenous approaches

Philosophers played a crucial role in shaping the theoretical foundation of value for classical and neoclassical economists, and these economists, in turn, have served as a wellspring of ideas for managers throughout different epochs. During the early 1900s, businesses focused on delivering uniform products by emphasizing cost management and reduction in response to address a situation marked by a surplus in demand compared to supply. Hence, cost management was at the forefront of managers' considerations, following a purely endogenous perspective based on the principles established by classical economists. The reasoning presented here was robustly supported by Schmitt and Bayad in their publication, as highlighted in the passage below:

> *« From an economic and managerial perspective, the approach to endogenous value is built upon the premise that demand exceeds supply, operating under the assumption that the company functions as a rational and objective entity. In line with this classical perspective, the market is predominantly oriented towards sellers, thereby benefiting the company. As a result, the focus is placed on production rather than demand.*
>
> *In addition, this approach presupposes that managers possess comprehensive knowledge about the market's state, encompassing both quantities and prices. It deems expectations as rational and postulates that plans are derived from a deep understanding of the market and production techniques. Resource optimization, with a strong focus on achieving economies of scale, is also a primary consideration. »* (Schmitt and Bayad, 2003)

Over the years, traditional assumptions have waned in relevance in light of a perpetually changing environment. Today, the concept of value creation is gradually shifting away from an exclusive focus on cost control and is placing greater emphasis on the market. This transition necessitates the adoption of an exogenous perspective, with particular attention directed toward external stakeholders to identify their needs, whether explicitly expressed or not. As a result, value is perceived as information conveyed by the customer, an idea endorsed by proponents of individual preferences, such as the marginalists, and embraced by business leaders who adhere to market-oriented principles. Schmitt and Bayad's publication provided steadfast reinforcement for the thesis put forward here, as elucidated in the subsequent paragraph:

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

« The economic and managerial perspective on exogenous value relies on two primary concepts: an abundance of supply relative to demand, and the notion that the company is a contingent or heteronomous organization. In contrast to the endogenous perspective, which predominantly sees the market as favoring sellers, the exogenous approach places its emphasis on demand, regarding it as the prevailing influence within the market. According to this approach, value is considered a variable for the company, as it is generated in response to market needs. Consequently, value is contingent upon the company, as it is shaped by its environment. This concept aligns with the tenets of marketing, as outlined by Kotler in 1997, asserting that the company's purpose revolves around customers and the market. » (Schmitt and Bayad, 2003)

2. Co-creation of value: towards an expanded paradigm of value creation

We were able to explore the main theoretical developments aimed at giving meaning to value as a fundamental, interdisciplinary and transversal concept. Emphasis was placed on the role of pricing determination mechanisms. However, given the diversity of approaches, and especially with the difficulty of choosing between the available modes of reasoning, it is more necessary than ever to redefine the concept of value in order to guide rapid change and assist the manager through the value creation process. Indeed, starting from a purely objective conception adopted by the so-called *« exact »* sciences, followed by theoretical constructions inspired by the social sciences, in particular, the economics and management sciences, a way of reflection has been imposed in our conception of value.

So far, a first observation is necessary: despite the nuances characterizing the two approaches taken by economists, classical or neoclassical, the labor value and utility value practically share the same vision converging towards the objectivity of value according to the substantial hypothesis[3] in a magnitude based economy (Orléan, 2011).

Moreover, by focusing this time on economic discipline, which gives particular attention to objects to the detriment of all logics integrating economic exchanges in their relational aspects, we have evoked a relatively radical vision that seeks to discover value that runs counter

[3] In his book "Empire of Value" published in 2011, Orléan discusses this concept to demonstrate the need to break with the classical view that identifies goods solely with substances and to favor an alternative approach that incorporates the relational dimension in understanding the nature of market relationships.

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

to a purely computational logic, inspired by the Walrasian conception of economics. Such a vision regards value as a mere « *convention* » justifying certain price deviations from the rationality advocated by the orthodox vision of the economy. The theory of mimicry being at the center of this reflection, explains in one way or another the mechanism of price formation in a framework of collective irrationality, and this is the logic adopted by behavioural finance, which integrates the psychological dimension of market participants.

At this stage of reflection, we are convinced of the existence of differences of opinion following the rather mixed conclusions of the theoreticians of value, which therefore remains an ambiguous notion for both the economist and the manager. The latter, being involved in the process of value creation, rather than just measurement, must be able to combine two fundamental logics, one being objective and involving the hypothesis of substantiality, and the other is subjective considering the relational dimension in such a process.

The value creation as such undoubtedly involves a process of organizational innovation focused on resource optimization. Moreover, as we mentioned, this value creation, based on a cost-centric approach, does not systematically take into account customer preferences.

Starting from an approach of complementarity between the two visions evoked, in recent years, a new term has appeared in connection with a new paradigm involving customers and companies in a process of value creation. In fact, it is the notion of « *value co-creation* » with the emergence of a broad literature focusing on an innovation process in which value is created reciprocally between different actors (customers, suppliers, companies, etc.). It is therefore the study of how companies can involve customers in order to create value that remains a central and topical issue in view of the inadequacy of traditional conceptions of value creation.

2.1 Value co-creation as a theoretical construct

Formally, value co-creation was introduced in the early 2000s by Prahalad and Ramaswamy which stipulates that in a world where the consumer no longer has, as a sole source of information, the communication produced by companies, he is now able, through inter-consumer communication to extract value itself and therefore choose products according to his point of view without any direct or indirect influence of the information provided by the company. Indeed, in an article published in 2004, the two authors consider the abundance of information sources an essential factor that helps the customer to build a value judgment on the market offer without being totally dependent on corporate communication. This view finds its

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

legitimacy in the technological advances that impose a change in the functioning of markets that have become increasingly transparent, causing, in a way, a revolution in consumer behaviour (Zhang et al, 2020).

To enrich the way in which the concept of « *value co-creation* » is perceived, Leclercq et al (2016) conducted a study following the work of Prahalad and Ramaswamy (2004), utilizing the 'content analysis tool' to define this concept. The researchers defined value co-creation based on 137 publications out of 181 that addressed this issue, to conclude that this is a process for which value is mutually created for each actor by taking advantage of the interaction and exchange of resources through a learning process leading to the development of new resources.

The concept is a management approach that offers consumers opportunities to work with organisations to produce their own value. Managers are now aware that a system based on product design without interaction with their potential customers would be inefficient to create value, and that it is time to break away from the traditional view that consumers are *« outside the company »*. In the same perspective of a logic of collaboration between producers and consumers in order to create value, the market is no longer a place of confrontation of supply and demand whose function is the extraction of value, but rather a place of production of information accessible to all the actors who end up analyzing the various functionalities and attributes of the offered products.

Certainly, value co-creation, as an emerging concept, was introduced through the founding work of Prahalad and Ramaswamy, However, there have been theoretical reflections dating back to the 1990s that have indirectly addressed this issue with an emphasis on the role of collective activities in product design. In fact, this activity requires the collaboration of different actors to benefit from the synergies generated by the plurality of skills (Terssac, 1996). In the same vein, Dyer and Singh (1998) have shown that in collaborative innovation situations, the relational dimension is strongly involved in the value creation process.

2.2 Co-creation, as a vector of value

In the value co-creation process, the interactions between the company and the consumers go through a dynamic process in which the experience is likely to delegate certain tasks to customers to design products that meet the needs before they could be identified by the market. Such a process involves the creation of platforms for dialogue with consumers in order to take advantage of the learning loop towards new knowledge by developing new resources (Leclercq et al, 2016).

High-quality interactions are thus at the core of any value co-creation action, going beyond traditional considerations that position consumers outside the company, with the company deciding what is, or what has value for its customers. Managers are now very aware that some of the work needs to be delegated to clients through the development of information and communication technologies (ICT) providing a wide range of choices for businesses to create the dialogue needed to define consumer needs. Consumers are involved through the resources provided by the company to the customer to participate, primarily, in the product design phase. On the other hand, clients provide services that will be transformed into value as perceived by the consumer.

2.3 The imperatives of value co-creation

Now, a practical question is related to how a system of value co-creation will be created. This refers explicitly to the elements that must constitute the interactions between customers and companies in order to enable co-creation experiences.

Prahalad and Ramaswamy (2004) suggest, **dialogue**, **access to information**, **transparency** and **risk-benefit analysis** are the main elements to be considered in this process.

Dialogue is very important because it implies a better interactivity and a strong commitment of the actors. Through the establishment of an effective system for ongoing dialogue, consumers can enhance their insights into products, aiding the company in gaining a better understanding of issues and taking timely action (Varey & Ballantyne, 2006).

Moreover, dialogue is conditioned by the second element, access to information. Certainly, when information is not accessible to all, we cannot imagine an effective dialogue, knowing that among the shortcomings of the traditional system, the asymmetry of information is found to be the main cause of the anti-selection problems that has been widely studied in contract theories.

The third element is transparency, which essentially means transparency of financial statements. This is a very crucial element since a poor (good) representation of the firm's economic reality conditions any external analysis by different actors including consumers. To better understand the role of transparency, the importance of public information in financial

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

statements must be recognized. When they do not reflect reality because of problems inherent in accounting valuation methods, for example, it poses measurement problems and is a source of error in any estimation of the firm's truth, which may make it difficult for external users to interpret.

For the benefit-risk trade-off, the two researchers consider that a rigorous risk analysis in return for the expected benefit is likely to improve the co-creation process. For the consumer, this is a personalized action of understanding the risk, which certainly depends on the risk profile of each individual, but it also remains a condition for making rational decisions in relation to the supply of enterprises when it is estimated relative to the profit.

Conclusion

Before each revolution, there is an evolutionary process, and conversely, it naturally asserts itself. In this perspective, value co-creation represents a departure from one of the key principles of capitalist economics. This is primarily due to an evolution that dates back to ancient times and has its roots in the most ancient civilizations in the world, namely, ancient Greece. Certainly, a thorough review of the literature has uncovered that philosophers have drawn a clear line between objective value and subjective value. The former entails an exploration of the knowledge-building process, free from personal judgments and experiences, aimed at generating valid knowledge. In contrast, the latter places individual perception at the core of the process, ultimately resulting in a personal judgment.[4] Referring to the contributions of philosophers, economists hold a strong belief in the duality of value, consisting of both objective and subjective facets. Alfred Marshall stands out as an exception, as he championed the necessity of combining these two aspects, famously illustrating this concept with the analogy of the lower and upper blades of a pair of scissors Marshall (1890). Although philosophers have had a substantial impact on economists, the latter have employed the concept of « *value* » to make judgments, not on the process of knowledge construction, but on the actual value of a specific good.

The chain of inspiration continued beyond this point, with the ideas of economists, especially classical and neoclassical economists, exerting a major influence on managers. Nonetheless, the concept of « *value* », originally synonymous with « *wealth* » as introduced and examined by economists, has evolved into the notion of « *value creation* » in the realm of management. In the pursuit of generating value for organizations, managers can choose between an endogenous or exogenous approach.

However, this dichotomy was embraced by Americans and rejected by the Japanese, with Professor Yutaka Kato at their helm. The latter argues that companies are supposed to be

[4] « *Conventionally, a distinction is made between subjective and objective values. In general, evaluative facts (e.g., the fact that knowledge is good, the fact that stealing is wrong) are called objective if they obtain independently of the beliefs and other attitudes (e.g., desires, approvals, hopes, wishes, fears, likings) of subjects. By contrast, evaluative facts are subjective if they depend for their existence on the beliefs or attitudes of subjects.* » (Raibley, 2014)

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

innovative while offering increasingly reasonable prices.[5] Nevertheless, the Japanese perception of value creation quickly revealed its limitations, as the continuous pursuit of price reduction may lead to a drastic decline in long-term profitability levels, thereby jeopardizing the survival of businesses.

In light of the above, a break with the conventional market operating methods is necessary, while opting for value co-creation as a new driver of value creation. Consequently, the market is no longer seen as a meeting place between suppliers and demanders, within which they collaborate implicitly and passively, covering one or a few phases of the value creation process at the expense of others. However, businesses and consumers collaborate explicitly and actively, generating ongoing interactions throughout the value creation process. This is primarily due to the new roles adopted by consumers, who have become increasingly informed, networked, empowered, and engaged.

[5] *« Many Japanese companies, such as Toyota, Nissan, Matsushita, and Sony, are seen as both cost leaders and differentiators (the usual Japanese approach). If you classify Toyota as a cost leader, and it is indeed a cost leader, how do you explain the Lexus (a luxury car) in its product portfolio? Many people believe Sony's products are unique. Is Sony a differentiator in the market? Yes, it is. But Sony is a company which is extremely cost conscious, as many knowledgeable Japanese and even western Sony-watchers know. Looking carefully at the operation of the leading Japanese companies, you notice they are all cost conscious companies, but at the same time they are pursuing differentiation strategies. From the perspective of Porter's framework, this is poor strategy which potentially leads to inconsistent decisions. »* (Kato, 1993)

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

References

Ahmed, W. B., & Yannou, B. (2003). *Polysemy of Values or Conflict of Interests : A Multi-Disciplinary Analysis*. 21.

Anderson, J. C., Jain, D. C., & Chintagunta, P. K. (1993). Customer value assessment in business markets: A state-of-practice study. Journal of Business-to-Business Marketing, 1(1), 2–29. https://doi.org/10.1300/J033v01n01_02.

Smith, A. (1904). An Inquiry into the Nature and Causes of the Wealth of Nations. Journal of Political Economy, 13(1), 136-136. https://doi.org/10.1086/251119

Barwise, P., Meehan, S. (1999). De l'importance de la perception de valeur par le client. L'Art du Marketing, Les Echos.

Bourguignon, A. (2005). Management accounting and value creation : The profit and loss of reification. *Critical Perspectives on Accounting*, *16*(4), 353-389. https://doi.org/10.1016/j.cpa.2003.03.001

De Terssac, G. (1996). Le travail de conception : de quoi parle-t-on ? In Coopération et conception. Octares.

Dyer, J. H., & Singh, H. (1998). The Relational View : Cooperative Strategy and Sources of Interorganizational Competitive Advantage. *The Academy of Management Review*, *23*(4), 660. https://doi.org/10.2307/259056

Faccarello, G. (2015). Labour Theory of Value. In H. D. Kurz & N. Salvadori (Eds.), The Elgar Companion to David Ricardo (pp. 247-255). In Economics 2015.

Füller, J., Hutter, K., & Faullant, R. (2011). Why co-creation experience matters? Creative experience and its impact on the quantity and quality of creative contributions: Why co-creation experience matters? *R&D Management*, *41*(3), 259-273. https://doi.org/10.1111/j.1467-9310.2011.00640.x

Füller, J., & Matzler, K. (2007). Virtual product experience and customer participation—A chance for customer-centred, really new products. *Technovation*, *27*(6-7), 378-387. https://doi.org/10.1016/j.technovation.2006.09.005

Galvagno, M., & Dalli, D. (2014). Theory of value co-creation : A systematic literature review. *Managing Service Quality*, *24*(6), 643-683. https://doi.org/10.1108/MSQ-09-2013-0187

Henry, J. (2000). Adam Smith and the Theory Of Value : Chapter Six Considered. *History of Economics Review*, *31*(1), 1-13. https://doi.org/10.1080/10370196.2000.11733330

Howard Nicholas. (2012). What is the Problem with Neoclassical Price Theory? *World Review of Political Economy*, *3*(4), 457. https://doi.org/10.13169/worlrevipoliecon.3.4.0457

Hunt, E. K., & Lautzenheiser, M. (2011). *History of economic thought : A critical perspective* (3rd ed). M.E. Sharpe.

Jevons, W. S. (1871). The Theory of Political Economy (3rd ed.). Macmillan.

Jo Hatch, M. (2012). The pragmatics of branding : An application of Dewey's theory of aesthetic expression. *European Journal of Marketing*, *46*(7/8), 885-899. https://doi.org/10.1108/03090561211230043

Kato, Y. (1993). Target costing support systems: Lessons from leading Japanese companies. Management Accounting Research, 4(1), 33-47. https://doi.org/10.1006/mare.1993.1002

King, J. E., & McLure, M. (2014). History of the Concept of Value (Discussion Paper No. 14.06). The University of Western Australia.

Lagueux, M. (1997). Menger and Jevons on value: A crucial difference. Cahier, 14.

Leclercq, T., Hammedi, W., & Poncin, I. (2016). Dix ans de co-création de valeur : Une revue intégrative. *Recherche et Applications en Marketing (French Edition)*, *31*(3), 29-66. https://doi.org/10.1177/0767370116638270

Lorino, P. (1995). Comptes et récits de la performance. Éditions d'Organisation.

Malleret, V. (2009). Peut-on gérer le couple coûts-valeur ? *Comptabilité - Contrôle - Audit*, *15*(1), 7. https://doi.org/10.3917/cca.151.0007

Marshall, A. (1890). The Principles of Economics. Great Minds Series.

Marx, K. (1887). Capital, Volume One: The Process of Production of Capital. Progress Publishers.

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

McNair, C. J., Polutnik, L., & Silvi, R. (2001). Cost management and value creation : The missing link. *European Accounting Review, 10*(1), 33-50. https://doi.org/10.1080/09638180122848

Menger, C. (1983). Princípios de Economia Política (F. A. Hayek, Introduction; L. J. Baraúna, Translation). Victor Civita. (Original work published in 1871).

Merz, M. A., He, Y., & Vargo, S. L. (2009). The evolving brand logic : A service-dominant logic perspective. *Journal of the Academy of Marketing Science*, *37*(3), 328-344. https://doi.org/10.1007/s11747-009-0143-3

Mévellec, P. (2000). Lecture duale des systèmes de coûts : Bilan d'étape d'une démarche de recherche-formation-action. *Comptabilité - Contrôle - Audit, 6*(1), 27. https://doi.org/10.3917/cca.061.0027

Monroe, K., & Petroshius, S. (1981). Buyers' Perceptions of Price: An Update of the Evidence. In T. Robertson & H. Kassarjian (Eds.), Perspectives in Consumer Behavior (3rd ed., pp. 23-42). Glenview, IL: Scott Foresman.

Mooya, M. M. (2016). *Real Estate Valuation Theory*. Springer Berlin Heidelberg. https://doi.org/10.1007/978-3-662-49164-5

Orléan, A. (2011). L'Empire de la valeur : Refonder l'économie. Paris: Seuil.

Ostrom, A. L., Bitner, M. J., Brown, S. W., Burkhard, K. A., Goul, M., Smith-Daniels, V., Demirkan, H., & Rabinovich, E. (2010). Moving Forward and Making a Difference : Research Priorities for the Science of Service. *Journal of Service Research*, *13*(1), 4-36. https://doi.org/10.1177/1094670509357611

Ostrom, A. L., Parasuraman, A., Bowen, D. E., Patrício, L., & Voss, C. A. (2015). Service Research Priorities in a Rapidly Changing Context. *Journal of Service Research*, *18*(2), 127-159. https://doi.org/10.1177/1094670515576315

Otte, G. (2014). Deconstructing Value Theory in Economics: A Trans-disciplinary Historical Critique of the Supply and Demand Template (Doctoral dissertation). University of Tasmania.

Prahalad, C. K., & Ramaswamy, V. (2004). Co-creation experiences : The next practice in value creation. *Journal of Interactive Marketing*, *18*(3), 5-14. https://doi.org/10.1002/dir.20015

Raibley, J. (2014). Objectivity/Subjectivity of Values. In A. C. Michalos (Éd.), *Encyclopedia of Quality of Life and Well-Being Research* (p. 4438-4443). Springer Netherlands. https://doi.org/10.1007/978-94-007-0753-5_1988

Ricardo, D. (1821). On the principles of political economy and taxation (3rd ed.). London: John Murray. (Original work published 1817).

Roggeveen, A. L., Tsiros, M., & Grewal, D. (2012). Understanding the co-creation effect : When does collaborating with customers provide a lift to service recovery? *Journal of the Academy of Marketing Science*, *40*(6), 771-790. https://doi.org/10.1007/s11747-011-0274-1

Say, J. B. (1803). Traité d'économie politique I (Tome Premier). Édition Variorum des six éditions (1803-1814-1817-1819-1826-1841) établie par Claude Mouchot. Économica.

Schau, H. J., Muñiz, A. M., & Arnould, E. J. (2009). How Brand Community Practices Create Value. *Journal of Marketing*, *73*(5), 30-51. https://doi.org/10.1509/jmkg.73.5.30

Schmitt, C., & Bayad, M. (2003). *L'importance de la conception dans la détermination de la valeur : Entre vision stratégique et traduction*. 25.

Schumpeter, J. A. (2006). *History of Economic Analysis*. Taylor and Francis.

Simon, C. (2000). Valeur et comptabilité. In Encyclopédie de Comptabilité, Contrôle de Gestion et Audit (Eds, Colasse, B.). Economica, 1245-1257.

Spohrer, J., & Maglio, P. P. (2008). The Emergence of Service Science : Toward Systematic Service Innovations to Accelerate Co-Creation of Value. *Production and Operations Management*, *17*(3), 238-246. https://doi.org/10.3401/poms.1080.0027

Taylor, K. S. (2001). Human Society and the Global Economy. In Online economics textbooks from SUNY-Oswego, Department of Economics.

Teller, R. (1999). Le contrôle de gestion – Pour un pilotage intégrant stratégie et finance. Éditions Management & Société.

Varey, R. J., & Ballantyne, D. (2006). Relationship marketing and the challenge of dialogical interaction. Journal of Relationship Marketing, 4(3–4), 11–28.

African Scientific Journal
ISSN : 2658-9311
Vol : 3, Numéro 23, Avril 2024

Vargo, S. L., & Lusch, R. F. (2004). Evolving to a New Dominant Logic for Marketing. Journal of Marketing, 68(1), 1-17. doi:10.1509/jmkg.68.1.1.24036

Vargo, S. L., & Lusch, R. F. (2008). Service-dominant logic : Continuing the evolution. *Journal of the Academy of Marketing Science, 36*(1), 1-10. https://doi.org/10.1007/s11747-007-0069-6

Walras, L., Walker, D. A., & Daal, J. van. (2014). *Leon Walras : Elements of Theoretical Economics: Or the Theory of Social Wealth*. Cambridge University Press. https://doi.org/10.1017/CBO9781107585676

Woodruff, R. B. (1997). Customer value : The next source for competitive advantage. *Journal of the Academy of Marketing Science*, *25*(2), 139-153. https://doi.org/10.1007/BF02894350

Zeithaml, V. A. (1988). Consumer Perceptions of Price, Quality, and Value : A Means-End Model and Synthesis of Evidence. *Journal of Marketing*, *52*(3), 2-22. https://doi.org/10.1177/002224298805200302

Zhang, T., Lu, C., Torres, E., & Cobanoglu, C. (2020). Value co-creation and technological progression : A critical review. *European Business Review*, *32*(4), 687-707. https://doi.org/10.1108/EBR-08-2019-0149