

Discovering Collaborative and Inclusive Solutions to Co-create Multidimensional Value in Cross-sector Collaboration

Vilma Vuori¹^a, Sanne Bor²^b, Pia Polsa²^c, Jonna Käpylä¹^d and Nina Helander¹^e

¹Information and Knowledge Management, Tampere University, Tampere, Finland

²Hanken School of Economics, Helsinki, Finland

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Abstract: This position paper introduces ongoing research efforts that addresses the ability of political and legal institutions and management practices to cope with complex environmental planning and policy-making problems in the Finnish context. The research applies a business perspective on collaborative governance solutions, with a focus on how organizations (public, private, third and fourth sector) can co-create shared value. This phenomenon is studied through a multi-case study of different environmental cases from Finland.

1 INTRODUCTION

This position paper introduces ongoing research efforts included in the ambitious research project CORE: Collaborative remedies for fragmented societies — Facilitating the collaborative turn in environmental decision-making. The CORE consortium will address the ability of Finnish political and legal institutions and management practices to cope with complex environmental planning and policy-making problems. The key question addressed by the project is *How to engage a broad range of societal actors in the co-creation of fair, efficient, legitimate and wise solutions for contested environmental and natural resource policy problems?* Timeframe of the project is 1 September 2017 to 31 August 2021, and it is funded by the Strategic Research Council at the Academy of Finland.

The CORE project is multi-disciplinary, including sociology, political science, civil society research, environmental policy and law, impact assessment, urban and regional research, natural resources management, environmental science, science and technology studies, business administration and industrial management. This position paper focuses

on bringing forward the research conducted within the CORE sub project studying value creation between business and society. The key question in the sub project is to explore *how collaborative and inclusive solutions can help businesses to create shared multidimensional value for all parties involved*. The research applies a business perspective on collaborative governance solutions, with a focus on how organizations (public, private, third and fourth sector) can co-create shared value.

The research in the sub project is carried out by two research institutes in tandem: Tampere University focuses on digital communication and knowledge management tools for value co-creation. Focus is especially on the impact assessment of digital knowledge management tools (e.g. Baud, et al., 2014), as well as the more traditional knowledge management practices (Alavi and Leidner, 2001; Dalkir, 2013) applied in value co-creation. Hanken concentrates on how the knowledge on co-creation of value in business environment (Karababa and Kjeldgaard, 2014) can be used to a different environment. Important aspects are value typology mapping (Macdonald, Kleinaltenkamp and Wilson, 2016), and collective leadership.

^a <https://orcid.org/0000-0002-9737-9306>

^b <https://orcid.org/0000-0001-5138-2422>

^c <https://orcid.org/0000-0003-2929-8579>

^d <https://orcid.org/0000-0002-8373-3167>

^e <https://orcid.org/0000-0003-2201-6444>

2 MULTIDIMENSIONAL VALUE CO-CREATION AND CROSS-SECTOR COLLABORATION

The concept of value can be determined in various ways and it is not always so clear and easy to understand. For example, value can be seen as a trade-off between benefit and sacrifice; “the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given” (Zeithaml, 1988, p. 14). These benefits and sacrifices can be understood in monetary terms, but also as including non-monetary rewards, such as competence, market position, and social rewards. Non-monetary costs can include, for example, the effort, energy, time, and amount of conflict that has to be engaged in the process to obtain the expected outcome (see e.g. Helander and Vuori, 2017). Value can also be defined as benefits relative to costs (Porter and Kramer, 2011).

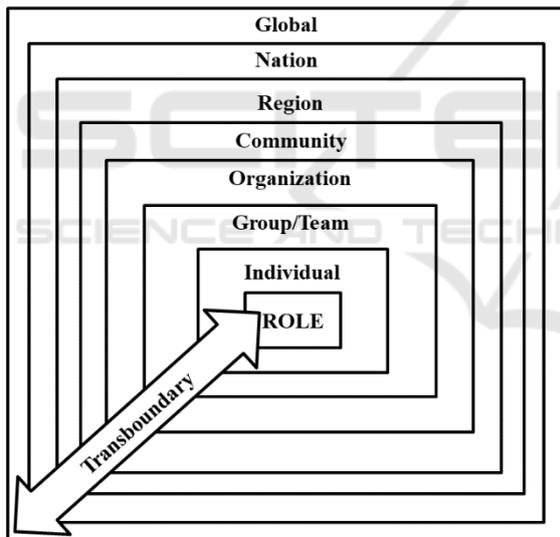


Figure 1: Different levels of value analysis (Polsa and Bor, 2018).

As the concept of value is multifaceted, it is especially important to differentiate perceived value (the outcome of an evaluative judgment) from personal values (i.e. standards, rules, criteria, norms, goals or ideals that serve as the basis for the evaluative judgment) (Holbrook, 1994, 1999). Value is created through action and interaction, and even though it is collectively generated, value is experienced subjectively (Holbrook, 2006). Therefore, as value differs for each actor within and

across sectors, there is a need for recognition and analysis of diverse dimensions of value from multiple levels; in the extreme from individual to global (see Figure 1).

Generally speaking, creation of value can be regarded as the *raison d'être* of collaborative relationships. In fact, value co-creation happens when multiple actors join their resources, such as knowledge and skills, and interact to produce value for the parties involved (see e.g. Payne, Storbacka and Frow, 2008). This kind of fragmented knowledge production will require mechanisms that raises awareness of various parties' skills, while also engages various parties to contribute in the co-creation processes for the common good. Business and management studies have launched the notion of value co-creation to examine the ways in which various actors can develop not only commercial but multidimensional value drawing on complementary skills and resources as well as shared or overlapping visions for the future. Previous research has concentrated on value co-creation in the business environment (Karababa and Kjeldgaard, 2014), leaving open an important research gap on the mechanisms of value co-creation between business and society, including the third sector.

The societal engagement of co-creation extends beyond the business environment in which co-creation has mostly been studied previously. This stipulates challenges not the least related to the motivational factors of actors, but also in the interaction of various visions inscribed in companies', public institutions' and individuals' missions and which would affect their commitment to the co-creation of value. New relationship configurations may need to be proposed in which certain actors are given a greater voice with the aim of providing collaborative knowledge between actors in a more 'networked' governance structure. Network visualizations can also be used as communication prompts when interviewing stakeholders, who would be asked to evaluate different network configurations to ascertain perceptions of value and knowledge co-creation.

The sub project focuses on value creation between business and society, covering the corporate responsibility perspective to collaborative arrangements in the CORE project. Research on value creation has concentrated on the business side (Karababa and Kjeldgaard, 2014), leaving open an important research gap on the mechanisms of value co-creation between business and society as well as value between different types of organizations from companies to non-profit associations. Based on

theoretical lenses of corporate responsibility (French, 1987; Zadek, 2007) and value co-creation (Vargo, Maglio and Akaka, 2008; Lepak, Smith and Taylor, 2007) in networked context (Holm, Eriksson and Johanson, 1999; Peppard and Rylander, 2006) and through empirical interventions the sub project proposes best practices to enhance value co-creation between business and society. Furthermore, it produces means to measure the societal impact and created value from the viewpoints of different stakeholders.

The sub project produces empirically grounded scientific publications and policy recommendations for procedures and practices that support the co-creation of value and knowledge in collaborative governance, especially in the complex setting of collaboration between government, businesses, civil society and science.

3 EXAMPLES OF CASE STUDIES

The empirical research in the CORE project ultimately aims to provide data in order to answer the following questions: What kind of collaborative mechanisms

- reinforce active citizenship and mutual trust between demographic groups and confidence in public institutions, business and industry?
- reconcile the fast pace of policy-making with the long-term approach required by social reforms?
- renew governing and contribute to sustainable growth of Finnish society?
- improve inclusiveness of knowledge co-production, bridging the gap between science and policy making and creating a shared knowledge base that different societal actors consider relevant and reliable?

The research approach used in the sub project combines action research, social network analysis and interventional qualitative case study research. Semi-structural interviews and document analysis will be used in the case studies. Social Network Analysis will be used to map the relationships between government mechanisms, companies, and society. Network analysis can be used to visualize and analyze current and proposed societal and government structures in an increasingly connected world.

The following section presents some of the case study settings in the sub project. The first two are in the domain of digital collaboration in urban planning, while the third case deals with the collaborative initiatives in mining

3.1 Case Lupapiste: Digital Tools for Governing Construction Permits

Lupapiste is a web-based open source service that enables digital application of construction permits and other permits related to infrastructure. Lupapiste service was developed as a part of Action Programme on eServices and eDemocracy (SADE programme) set by the Ministry of Finance in Finland and it was developed in co-operation with municipalities that worked as pilots in the project. Lupapiste as this kind of contemporary digital service creates a platform for new type of collaboration, which requires changes to administrative and work processes of the building permissions in municipalities. Lupapiste aims to represent a modern digital service network, where aim is to build customer loyalty, motivate customers to use the service, offer additional services and the opportunity to participate in the development of the product. In this way, Lupapiste acts as very interesting case to study multidimensional value co-creation between several stakeholders.

The case study examines how Lupapiste improves the possibilities for stakeholder interaction, and how does the digitalization of the permitting process affect knowledge sharing between the different stakeholders. In addition, the study also examines how using digital tools adds to transparency and reliability of data in permitting processes. To answer these questions Lupapiste stakeholders are being interviewed. In addition, other suitable methodologies are applied in further data gathering and analysis as the case study progresses.

3.2 Case Lahti: Digital Tools for Collaborative Urban Planning

City of Lahti utilizes a map-based survey tool Maptionnaire in order to enable public participation in urban land use planning. The tool enables the collection, visualization and analysis of map-based data, which enables city planners and citizens collectively design, comment and discuss project areas (Maptionnaire, 2019).

This case setting offers interesting arena for research assessing the outcomes of opening land use planning processes to more actively involve stakeholders, such as urban residents, landowners, associations, etc. Digitalization of parts of the land use planning process opens up new forms of stakeholder participation. It provides a new state-of-the-art interface between urban experiential knowledge and urban planning, and enables innovative digital participation.

The case study focuses on the impact assessment of using map-based digital tools in land use planning. In addition, the inclusive and collaborative process of land use planning is observed and evaluated in order to identify major challenges in co-creation and to propose solutions to overcome the challenges.

3.3 Case Sodankylä: Mining Community Development Agreement

Sodankylä municipality together with a mining company operating in the region have started to apply a new kind of collaborative practice to create value for all parties involved. The municipality aims to have better control over the mining activities within its region, creating better relationship with the mining company and even possibly gaining some financial value. The mining company gains better understanding of the expectations that they face from the municipality and residents, and also the value generated from positive image and reputation as a pioneer in collaborative arrangements with its stakeholders. The ultimate aim is collaborative problem solving regarding the social and ecological sustainability of mining activities.

The community development agreement is a completely new kind of collaborative mechanism in Finnish and European mining industry. Similar models have been applied in other parts of the world, but they are not applicable as such in Finnish context. The novelty of the process is a challenge and provides a fruitful research setting for the CORE project.

The case study explores how collaborative practices can facilitate co-creation of value in mining projects. The interest lies in finding out what kind of value different actors (e.g., the mining company, the municipality, residents living nearby the mines, associations, etc.) can receive, and what are the preconditions and limitations of value creation.

The aim is to establish the value of the collaboration and interaction process based on the community agreement for different parties: investigating the value expectations and following up on the realized value. The practical contribution is gaining knowledge for developing the collaboration and assessing the successfulness of these kinds of collaborative mechanisms.

3.4 Case Jyväskylä: Collaborative Approach in Producing a Strategy for Use of Forest

The case looks at value co-creation concerning the issue of use of forest around Jyväskylä city. The production of Jyväskylä's strategy for the use of its forest, the Jyväskylä Forest Programme, aimed to get different actors together to discuss the issue of use of forest in Jyväskylä and finally based on these discussions arrive to a collective decision about how to use the forest. The collaborative process involved public administrators from three different sub-units of the city administration and non-public sector actors such as non-governmental organizations and companies. The city involved an external facilitator to guide the process, which took a total of 1½ years from start to finish. The collaborative project ended May 2018.

The objective of the case study from CORE project's perspective was to see what value this process created for the participants in their collaboration and if the final co-created outcome was valuable for them. According to the results, the values of forest sought by different stakeholders vary. As Pearce and Moran (1994) point out, there is a variety of ways to understand the value of a forest. There can be use-value (both direct and indirect), future value (future direct or non-direct value), and non-use-value (bequest or existence value). While forest use-value for e.g. bird-watchers and mushroom or berry pickers increases when the flora and fauna in a forest are flourishing, the use-value for the forest-harvesters grows with the possibility to harvest efficiently trees that are of the right size and quality. Those that use the forest for upkeep of their condition, or doing sports, may have even have contradicting requests from a more cleared forest and well taken care of pathways, to more wild nature like and less intervention. In addition, the aesthetic value of the forest plays a role, for those using it for their walks. While these different values are pursued by different stakeholders, sometimes stakeholders themselves need to deal with conflicting demands from their different roles.

The process of value co-creation, including interaction and integration (Gummeson and Mele, 2010; Pera, Occhiocupo and Clarke, 2016), is successful when stakeholders are able to find ways to increase the value and minimize the loss of value for the different stakeholders and the whole group. The collaborative project of Jyväskylä Forest Program produced a wealth of results.

Most of the participants of the collaborative effort thought that the process itself was heavy and time consuming. However, they also thought the result and outcome of the co-creation process was very good. That is to say, the process of value co-creation was not as appreciated as the final outcome of the process. The outcome of the process was taken into the consideration when the city officially decided what to do with the forest.

From this case we can learn that from the point of view of value co-creation even if the process is not as satisfactory it is worth of its pains to get a solution that pleases all the parties involved. Despite the seemingly conflicting value premises of use of forest, the solution can be found in a collaborative and facilitated process and even if the process itself is not as much valued the final outcome is.

4 RESEARCH PROGRESSION

The research efforts are chronologically divided into three phases: 1) diagnostics and design, 2) experiments and evaluation, and 3) synthesis and salience. In the first phase the sub project maps different value types and examines collaboration practices in multi-stakeholder networks. Collaboration and best practices are studied also in the second phase as well as tested and iterated in the case studies.

In the third and final phase of the research the sub project draws together the results of the empirical interventions and proposes best practices in co-creation of value for multi-stakeholder networks. The sub project will generate policy suggestions on how to overcome challenges of inter-organizational co-creation of value. Research results also provide suggestions for procedures and practices that support the co-creation of value and knowledge in general, but especially in the complex setting of collaboration between government, businesses, civil society and science.

The research outcomes are presented in scientific publications around value co-creation in the broader societal setting, as well as scientific publications around challenges related to value co-creation or the inter-organizational collaborative setting identified in the case. In addition, to have more impact on theory building and practical solutions, the excellence is spread through organizing international conference in Finland.

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