# Democracy and User Community Collaboration in Innovation:

### A Value Creation Paradigm in an Extended Enterprise

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**Abstract:** This paper attempts to align inflexible modes of production to complex and fragmented markets in an attempt to build communitarian dimension, enthrone S-D logic of marketing and/or shift market hegemony to consumers. Taking interdisciplinary approach, including review of neo-Marxist economics, Fordism and post-Fordism, Foucault's notion of government, and post-Maussian socio-economic theories, the paper proposed an indiscriminate conceptual framework of user community collaboration that suggests political form of power involving behavioural change that emphasizes effective mobilization of consumer labour and flattened organizational structures, especially with the diffusion of Web-based collaboration. Further, IT makes the World Flat and its use to extract economic values from users' creativity provides unparalleled democracy, self-fulfilment, and cost-effectiveness. The paper argued that to a large extent, co-creationist capitalism is an instrument of customer empowerment and corporate power of building competitive advantage in an environment where market power resides in immaterial and symbolic labour. Therefore, while the extant theories fail to empower consumers, the paper concludes that the neo-capitalism suggests that socio-cultural and affective values provide key success factor (KSF) in value proposition and value creation when extended enterprise is built. The paper advised management to restructure its idiosyncrasy in the light of competitive demands and other states of nature to create enabling environment that frees consumer labour.

**Key words:** Democracy; value co-creation; user community; innovation; extended enterprise and technology

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#### INTRODUCTION

The usual users-developers holy war is gradually metamorphosing to a spirit of celebrating and harnessing worlds of commonality. Call it network, collaboration, alliance, collective R&D investment, customer interface or partnership; contemporary organizations rarely go solo (Prahalad and Ramaswamy, 2000). They now know the importance of customer culture of knowledge management (KM), increased discovery and sharing of contents, and building of competitive advantage by fostering innovations from outside (Gupter and Carpenter, 2009). Market is re-conceptualize from the mundane exchange to buzzing and vibrant communication hive, where consumers can use their experience, special competences and skills to co-create successful innovations (Prahalad and Ramaswamy, 2000). The era of customer management exerting political power of domination is over (Zwick et al, 2008); markets transforming to self-shaping of lives (Rose, 1999), tribal brand culture, Generation C, Alvin Toffler's great vision of do-it-yourself (Schuen, 2008) or sell-it-yourself (Cova and Dalli, 2009). Firms, including some in Africa, for the first time in the history of industrial age, attempt to align inflexible mode of production to complex and fragmented markets. When Professors Prahalad and Ramaswamy conceptualized value co-creation and Professors Vargo and Lusch theorized S-D logic of marketing (Zwick et al, 2008) from studies of diversified firm, the stimulant was a shift from family business to extended enterprise; using firm's skills, according to Kotler and Keller (2009), to stimulate customer creativity in a holy collaborative network and to synchronize it with core competencies to build competitive advantage.

They emphasize bottom-up approach; designing products, developing production processes, evaluating marketing messages and controlling sales channels with resourceful consumer subjects, especially those willing to serve as operant resources in the entire value-creation (Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2004). This is informed by the empirical correlation between the success of value-creation processes and the mobilization and expropriation of external but invisible behavioural assets of user publics (Berthon et al, 2004; Hodgson, 2000). On the recognition of the dangers of producing and managing social knowledge unilaterally based on experience, Oudshoorn et al (2004) emphasized re-inspecting and re-tooling of corporate policies on innovation to reflect mobilization of communitarian dimensions with empowered, entrepreneurial and liberated consumer subjects on affective, social and emotional relations. This participative platform injects a culture where firms offer consumers enabling situations to create and consumers in returns offer contacts of worlds of knowledge (Terranova, 2000) that improve value chain's socio-economic pay-offs. With Adam Smith's philosophy of consumption dictating production, effective mobilization and sharing of social knowledge to form user-endorsed novelty represents an essential ingredient of customer management (Rose, 2001) and of wealth creation (Bonsu and Darmody, 2008).

Co-creation reflects a larger reconfiguration of labour and power characteristic of contemporary knowledge-based capitalism (Terranova, 2000) that has long existed in the B2B transactions and perhaps amongst multi-national firms such as P&G, GM, Dell Computers, Motorola, Toyota and Hewlett-Packard. Activation and empowerment of active customers has the characteristic of making all managerial decisions responsive to customer creativity and enhanced socio-economic and socio-cultural benefits (Arvidsson, 2006; Ondrejka, 2007). This suggests that developers' ability to innovate and to build competitive advantage is subject to interface with customers in a mutually beneficial manner that conforms to the principles of value creation. Making customers in charge is best achieved by providing managed and dynamic platforms that free their creative know-how and channelling it in a way most desired by developers (Zwick et al, 2008). Kaulio (1998) suggested that customers are engaged in all stages of development, especially at specification, conceptualization, engineering design and prototyping phases. In the apparel industry, Anderson et al (1997) identified copying clothing currently owned, totally custom, co-designing with a trained person, and selecting from a set of opinions as contexts by which consumers show interests in participating in the design of clothing. Similarly, Fiore et al (2001) found that consumers prefer to participate in mass customization of products (i.e.; jeans, swim suits), product features (i.e.; fit and size) to a greater degree; and colour and garment details to a lesser degree.

Implicit is that consumer is on a new pedestal; being more involved in both operational and innovational value creation as if he is under developer's control. Learning the fabrics of his life-worlds and

integrating it into the decision-making process (Ogawa and Pillar, 2006) provide reflective commonalities that permit profitability (Elliot, 2006) and reduction of risks of consumer behaviour for developers as well as cultural, symbolic and affective benefits for users (Cova and Dalli, 2009). Heiskanen et al (2007) expressed the motives for parties as usability, profitability and functionality improvements; enhanced utility and enjoyability of products; opportunity to generate good ideas and energy to develop and improve upon innovations. The entire exercise costs a lot to the duo in terms of expended resources perhaps without an automatic improvement on results (Heiskanen and Hyvonen, 2006) but thanks to the digital world for automatically reducing the cost of such participation and  $\mathrm{for}$  providing a dependable solution to extract economic values from consumers' inputs. The Web-informed knowledge economy provides cost-effective mobilization of consumer productive resources into the non-traditional social networks and co-operative ventures. IT stimulates the increasing willingness of marketers to cede some of their control over production to the consumers to ensure superior corporate performance (Bonsu and Darmody, 2008). The purpose of this paper is to conceptually add to the growing debates and body of knowledge in repositioning the links between the success of innovative concepts and the democratic roles of developers and users. This is approached by reviewing the theories of user collaboration; change in participatory roles and trapping consumer labour: the tripartite roles of consumers; and finally a dynamic and indiscriminate conceptual framework was developed to depict our understanding. The paper bridges gap in knowledge by complementing theoretical and empirical knowledge with conceptual model that guides understanding and operationalization of collaborative thoughts in the digital age.

#### THEORIZING USER COLLABORATION

Like most other paradigms in social sciences, proffering an all-encompassing definition of user collaboration is rather thorny perhaps because of its interdisciplinary nature, lack of universal measurement parameter(s), and firms' differential idiosyncrasies. Alarm (2002) observed knowledge of user collaboration spans cognitive psychology, design theory, engineering design, human-computer interaction, marketing, organizational theory and product development management. Common parameters are intensity of use (Alarm, 2002), antecedents, customer characteristics, objectives and benefits (Dahlsten, 2003), phases of innovation process (von Hippel, 1998); customer role (Mullern et al, 1993), modes and supporting methods (Thomke, 2003), contributions (Prahalad and Ramaswamy, 2000) and inhibiting factors (Olson and Bakke, 2001). Firms are idiosyncratic perhaps by size; small organizations are contrasted from large ones in terms of executing lightweight and short-term exercises of user collaboration since it is arguably better than doing nothing at all (Saastamoinen et al, 2007; Christensen et al, 2003). Caution need be exercised in the use of lightweight to balance the benefits and risks (Heiskanen et al, 2007) or to avoid developers viewing the entire process with bias. User collaboration implies attracting and retaining customers via providing a creative and open communication of human intelligence for effective diffusion (Thrift, 2005) and use in the social system. Neale and Corkindale (1984) defined user collaboration as a process where the technical originator and the customer become intimately involved in an integrated development, where both parties contribute their expertise for a mutual goal. Martin and Horne (1995) saw it as the direct overt participation by the user and their overall involvement in project design process. Like many others, these definitions are guilty of not specifying why users are collaborated, the connecting links between them and the developers, and the different levels of innovations measured by the extent of disruption on established behaviour.

For this paper, user involvement is perceived as processes, deeds and interactions, where service providers collaborate with real and perhaps imagined active users to learn and predict their dynamic worlds, and to tailor outputs co-operatively to suit expressed and latent needs. Latent needs are customer-valued needs and yet obvious but may or may never be experienced because of unawareness (Narver *et al*, 2004) or cash or something else constrains behaviour. This definition emphasizes facilitating proactive learning about users in order to unveil their latent needs with a platform that buzzes market re-imagination as a fruitful democratized collaboration involving the productive support of knowledge consumers (Tapscott and Williams, 2006; Vargo and Lusch, 2004). Also, the definition dwells on clear purpose, adaptive and generative capabilities, market sensing (gathering and disseminating Market Intelligence Information (MII)

about customer expectations) and sense making (interpreting and making use of the information for decision making). S-D logic of marketing (Vargo and Lusch, 2008) spans understanding consumers in terms of what they think, want, do, and worry about and who they admire, and interact with, and who influences their consumption behaviours (Kotler and Keller, 2009). This promotes the inevitability of a world of close, productive, and mutually beneficial developer-user interface, paying specific attention to developer's long-term ability to innovate and generate competitiveness as well as ways the collaborated customers work through the concept of customer relationship to update strategies of marketing control and customer exploitation (Zwick et al, 2008; Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2004). The ultimate test of product innovation is consumer response and relationship (Pitta et al, 1996), platform for action programmed for consumer freedom (Arvidsson, 2006), consumers' active engagement (Callon et al, 2007), consumer's charmed transformation (Jenkins, 2006) or fighting costly product failure through understanding customers' voice and reasons that inform their preferences (Hanna et al., 1995). The adaptive component involves adjustment of programmes to serve the current market consistently with prevailing core capabilities. Such core rigidity inhibits innovations (Dahlsten, 2003) as the firm may be engulfed by some kinds of directions and developments. Generative capabilities challenge current assumptions about the environment, even beyond familiar setting, in an attempt to open new grounds capable of attracting new innovative services.

The proponents of user collaboration fundamentally believe in customer orientation emphases of the Finnish Consumer Policy Programmes and the ONNI project sponsored by National Consumer Research Centre and Finnish Funding Agency for Technology and Innovation (Tekes). These meetings intend to make active publics creative collaborators in issues that affect them as echoed by neo-Marxist theories of labour and value, Kotlerite' doctrine, Foucault's notion of government, post-Fordism, post-Maussian theories, and the 18<sup>th</sup> century political philosophers (e.g.; Jean Jacques Rousseau and John Locke). The neo-Marxist presupposes new forms of productive co-operation that reflects on effective mobilization of social networks of knowledge and a shift from the traditional dichotomies between designer and user communities (Marx, 1973; Arvidsson, 2006). Karl Marx believes that organizations create wealth when the dynamics of capitalism causes the importance of direct expenditure of labour power in value creation to be subordinate to other forces (Marx, 1973). His argument showed that focusing market-orientation on traditional market research (Narver et al, 2004) rarely attracts in-depth and significantly improved innovative thinking and product breakthrough (Harari, 1994) because consumption behaviour is not static (Ciccantelli and Magidson, 1993) and it is difficult to imagine and provide feedback on something yet to be experienced (Ulwick, 2002). Purchase intentions survey, for instance, may be inadequate in predicting sales volume (Heiskanen and Hyvonen, 2006) partly because people tend to provide information they think pertinent to the inquirer's needs, rather than probe deep into their own preferences (Ciccantelli and Magidson, 1993). These snags suggest that time is seemingly up for extant theories (e.g.; product, selling and production concepts); hard-selling of unilaterally made products is no more the cue. Contemporary consumers have social-network obligations as a resource for co-operative production while encouraging the use of individual self-fulfilment to mask the social character of labour (Bonsu and Darmody, 2008). The extraction and monetization of consumer-produced output supports Arvidsson's (2008) ethical surplus that results from genuine fulfilment, community and opportunity for unrepressed indulgence.

Developer-user commonalities in a mutually beneficial innovation and production processes improve operational pay-offs. Microsoft tested a beta version of Microsoft Window 2000 in customer environment with estimated value of about \$500 million worth of time, effort and fees (Prahalad and Ramaswamy, 2000). A grasp of consumer dynamics as they affect his idiosyncrasy and the environment he operates re-defines and re-engineers competitive weapons (Ogawa and Pillar, 2006). Ideally, this minimizes the risks of product failures, reduces cycle time and user education, maximizes services and profits (Alarm, 2002) through reduction of large inventory, product returns and distribution costs; and builds stronger relational bond (Bae, 2005) and willingness to pay premium price for realized benefits. Holt (2002) noted that co-creation addresses issues of sophisticated tastes, increasing heterogeneity and disjointed expectations of active customers. The major ordeal is that consumers are difficult to predict. Often consumers do not know what they actually want from a product (Ciccantelli and Magidson, 1993) perhaps because they find it difficult to verbalize their needs (von Hippel, 1998) and thus rely heavily on others for purchase decisions. In diffusion of IT infrastructures, Dolan and Mathews (1993) addressed limited customer experience and ability, customers' passive behaviour as well as limited time and professional knowledge as some of the

reasons why user-involvement may not automatically guarantee business success in some economies. With improved diffusion of IT, such ordeals have gradually disappeared because consumers are now smarter and better informed (Lagace, 2004), produce identity despite their antagonistic stance (Cova and Dalli, 2009), and/or serve as a source of competence building (Prahalad and Ramaswamy, 2004).

Cases abound where user benefits and enhanced product performance are not prerequisites for competitive advantage (Ivory, 2004). Subject to the distance between designers and users (Heiskanen and Hyvonen, 2006) in terms of costs and levels of disruption in established behaviour, extrapolation of user requirements from designer's experience may be regarded a good innovation strategy. Trott (2001) argued that firms like IBM, Apple Computers, and Xerox listened to their customers yet lost their market leadership, which, to some extent, suggests that it is not always operationally effective to listen to consumers. For extrapolation to be cost-effective amongst firms with light resources, Christensen et al (2003) observe that early users need to have similar skills and preferences to the designers' products. Further, they warned that to expand this business model into mass market, where user contexts and requirements may be very different from the niche market may attract problems. However, the new mathematical model of Almirall and Casadesus-Masanell (2010) provides operational guide to the best path based on product's complexity or trade-offs. The model posits that when complexity is high or very low, firms go solo; and when it is in-between, networks of parties is most likely. Complexities measure users not knowing exactly what is expected of them for innovations that open up new applications (O'Connor, 1998). For full-fat innovations, trade-offs mean collaboration is not much needed perhaps because partners may have unresolved issues. This costs a lot to users because of aggressive search for information as well as information processing itself competing for scarce resources. For semi-skimmed innovations, developers go solo because such ventures promise the least disruptive influence on established behaviour networks. The cost of launching an entirely new product in some consumer markets is enormous (Brown, 1985; Tauber, 1988) thereby compromising the ideals of stimulus generalization theory of Professor Ivan Pavlov to attract widespread innovative products as extensions and/or improvement upon existing ones. Undershot users (people frustrated by the current product's snags and are very much willing to pay for refinements) represent a typical target for firms focusing on sustained innovations that are not disruptive.

# CHANGE IN PARTICIPATORY ROLES AND TRAPPING CONSUMER LABOUR

The collapse of communication into production and the need to build competitive advantage open up a theoretical space for co-creation and customer exploitation (Zwick et al, 2008). This calls for revision of some extant market mechanisms to account for customers' new roles (Prahalad and Ramaswamy, 2000) of ruling the global networked markets with their knowledge competences. The 20th century Fordist approach to management and production and its concomitant enlarged distance between users and developers (Thrift, 2005) emphasized goods dominant (G-D) logic of marketing (Vargo and Lusch, 2004). G-D logic is characterized by traditional market research, which, according to Arvidsson (2004), did not seek users' inputs, rather provided mechanism to manipulate marketing complexities amidst increasing demands for improved efficiencies. Fordism in the eras of production, product and selling concepts constructed consumer as a relatively stable, homogeneous and immobile targets that could be manipulated by marketing programmes. Production concept and in fact marketing management emerged out of Fordist environment with its initial emphasis on improving profitability through efficient production and distribution. Product concept emphasizes marketing myopia (focus on product rather than on user needs) and the selling concept engages in hard-selling of unilaterally made goods. Marketing concept and traditional market research is a welcome consumer orientation that assumes consumer the king but consumers themselves change overtime even before the outcomes of inquiries on them are put to work. Theorizing consumer as a complex entity that is rarely understood clearly through extant theories precipitates contemporary theoretical knowledge and conceptual tools as relationship marketing, market orientation, and customer relationship management to provide further insight into consumer complexities through co-creation capitalism. Often developers create platforms that facilitate the colonization of collective consumer minds and the commodification of consumer creativity (Bonsu and Darmody, 2008). Such platforms give rise to several terms that describe the contemporary roles of consumer as being more active and constructive in the use of his experiences and social relationships with the developer(s). Prosumer, protagonist, post-consumer, and consum-actor, among other terms, capture customers as partial employees and employees as partial consumers (Cova and Dalli, 2009). A transformation often expressed by the neologism prosumer reflects on the surge of the gospel of consumer's charmed transformation from a passive recipient of messages and commodities to an active interpreter and maker of both, (von Hippel, 2005; Tapscott and Williams, 2006).

The 21st century global neo-capitalism scholarships echoed in US, UK, Canada and even Asia showed strong proclamation of the demise of old marketing and the declaration of customer in charge. Consumers are gradually stepping out of their traditional domain; turning simultaneously into both creators of values and consumers as well as becoming competitors to developers in creating values (Chan and Lee, 2007). Contemporary consumer serves as a source of permanently reproduced and updated cultural and social knowledge (Tapscott and Williams, 2006). His resistance against the hegemony of market ideology explains the surge of capitalism and the political power enabling co-creation to be perceived as a radicalized paradigm that integrates the hitherto collective ideological resistance of markets into creative collaboration of economic values. Consumers as free subjects desirous of self-transformed lifestyle alters their relationship with developers and calls for re-theorization of production of use value emphasizing on labour power to co-innovate (Zwick et al, 2008). He changes the dynamics of the market by dragging the developer's world into his political hegemony in an attempt to transform the market as a forum to play active role in creating, and competing for, new competence values. Marketing progressed from Fordist roots of good-dominant (G-D) to devising, marketing and delivering of services leading to service-dominant (S-D) economy (Vargo and Lusch, 2004). Prahalad and Ramaswamy (2000) observed that if everything, including goods, becomes a service as suggested by S-D logic, then the consumer turns enlisted as a permanent member of the developer's production and marketing project. Reframing commodities as a service component implies collaborative networks (Zwick et al, 2008) in an attempt to update marketing concept's consumer the king because Vargo and Lusch (2004) opined that contemporary developers emphasize value-in-use notion and offer open-ended value propositions or suggestions to consumers. The world of co-creation transcends traditional control of demand by scrutinizing and satisfying needs; developers serve as mere partners and facilitators of social communication and co-operative marketing network. This contemporary relationship between users and developers underscored Foucault's (1991) term 'government', which showed that the usual top-down approach of power aimed at imposition of orders, rules, and norms are now primordial and the nascent approach is bottom-up representing a form of power that makes consumers free persons to determine the pace of production. Developers are demanded to retool their policies to accommodate consumers' potentially threatening unruliness in a manner that make them more amenable to further rationalization, rapid innovation, and operational predictability in all stages of production process (Zwick et al, 2008).

User's role in co-creation is much more than the simple extant market research driven consumer-orientation. Vargo and Lusch (2004) opined that it means values are defined and co-created with the consumers and determined by consumers based on value in use, rather than being embedded in pre-defined outputs. This extended market-orientation raises consumers' power by voluntarily handing over political hegemony to them in an attempt to respond to their individual and dynamic values. Perhaps, this rests on three platforms; first, firms with more than simple market orientation possess greater organizational learning capability (Morgan et al, 1998) as well as cognate behavioural and cognitive changes (Kok et al, 2003) that are antecedents to improved innovativeness and corporate performance (Hurley and Hunt, 1998). Second, customers are capable of creating values for themselves and others (Bonsu and Darmody, 2008) and so integrated value believes in systems theory of management, where results derived by partners surpass their independent pursuits. Third, building relationships to pursue longevity goals for mutual benefits and developing user confidence to achieve co-operative marketing networks. Contemporary market in the face of co-creationists transforms to a platform where human intelligence renews capacity to organize, innovate, and create values. The question then is how do firms trap this intelligence cost-effectively? How do the contemporary platforms facilitate user experiences to be elicited and integrated into the design process through contextual, ethnography, empathic, beta tests, focus group, participatory and lead-user designs? The most cost-effective approach use IT infrastructures. Nowhere in contemporary worlds is co-creation more pervasive than on the Internet (Bonsu and Darmody, 2008).

Cluetrain Manifesto's concept of markets as powerful global conversations showed that through Internet people discover and invent new ways to share relevant knowledge with blinding speed and as such markets are getting smarter and faster than ever imagined. Internet provides site of unparalleled democracy and creativity to extract economic values from consumers' inputs. The Internet is an ideal-type commodity of contemporary capitalism that provides digital economy and creates social knowledge (Tapscott and Williams, 2006). It democratizes the social software; people now create and share contents with others on the Web, be it textual, aural, or visual. Social platforms as MySpace, Face-book, games, Flickr, and You-Tube permit people (e.g.; B2C, B2B, or staff) to share music, video, photos, and information about themselves real time as well as attract viral marketing because business spreads and grows through favourable word-of-mouth (Newman and Thomas, 2009). Tacit knowledge of the relevant experience and best practices of user subjects widely available on database is one of the greatest corporate assets; it is far more innovative and rewarding as it provides distinct competitive advantage and operational excellence. For instance, Massively Multi-player Online Games (MMOGs) bring active users from different geographical locations for virtual meeting (Bonsu and Darmody, 2008) in order to operationalize effective mobilization of consumer labour into new and collectively organized knowledge (Terranova, 2000). A typical example of games for designer-user collaboration is Philip Rosedale's utopian alternative to real life or Second Life (LF), which is 3-D virtual world game controlled by avatars or user-created and user-controlled characters. Online gaming permits co-operative networks of relationship that induces users to unveil their creativity, control, belongingness, and affection by serving up to a diversity of codes and designs that define the game (Bonsu and Darmody, 2008). The more intense of user-developer interface in gaming, the more co-creation conforms to mutually beneficial relationship.

Firms develop these platforms in a way that makes use of existing structured and unstructured contents that reside in company-wide applications, as well as in localized social media efforts like blogs, RSS, wikis, custom-built communities, social bookmarks (Hamilton, 2009) and collaborative planning software used for project planning and management, idea generation, mash-ups, and weblogs (Newman and Thomas, 2009). Interaction of this form is emergent since the social software is optional, free-form, egalitarian, support many forms of data, flattens formal corporate hierarchies and lowers idea contribution barriers and costs than traditional communication such as telephone and fax (Buhse and Stamer, 2008). Newman and Thomas (2009) noted that Web 2.0 is very much an organic, viral movement because it does not follow the conventional top-down organizational hierarchy. The motto is the art of transparency and let go of control (Stamer, 2008) because existing horizontal and vertical organizational boundaries are never respected in Web relationships rather ideas regardless of their source are accessed by all real time, thereby breaking Max Weber's bureaucratic philosophy of keeping knowledge and intentions of professionally informed secret (McAfee, 2008). By encouraging users to have open conversations with each other regardless of status, there is a profound shift; information is no longer structured downward. On the other hand, top-down approach, though not too popular in Web relationships, happens when instructions are passed in a planned and organised manner downward. This holds though Ward Cunningham spoke against the highly structured nature of most current platforms, such as knowledge management systems, information portals, intranets and workflows.

#### CONSUMER AS A USER, A RESOURCE AND A CO-CREATOR

Strategic organizations in the contemporary knowledge economies are those that understand the dynamics of capitalism and exploit that to proactively assert control to knowledge consumers, who now rule the digital networks as resources, users, and/or co-creators. Consumers are on a new route to self-fulfilment (Terranova, 2000; Bonsu and Darmody, 2008); serving not only as a necessity but also as an opportunity (Sanden *et al*, 2007) by giving symbolic, cultural and functional real and hyper real values (Cova and Dalli, 2009). Finch (1999) and Kaulio (1998) perceived the paradigm from input and output perspectives; from output perspective, the customers occupy the lower echelon of being a buyer, a user and an advocate. They are the targets of pre-and post-testing exercises and thus, play significant roles in reshaping and repackaging the original marketing programmes. End-users' role is expressed in terms of perceived satisfaction derivable from personal and emotional interactions with developer(s) (Auh *et al*, 2007;

Jayawardhena *et al*, 2007). The co-opted users develop positive affective evaluation of the product and its maker that reflects positively on his purchase behaviour as well as customer-customer interactions (Cova and Dalli, 2009). Customer-customer interactions enhance customer-developer effects. The more positive interaction amongst users and between users and developers, the greater the perceived values as well as the possibility for users to exploit their accumulated product usage experience, in the form of word-of-mouth, to reduce the perceived risks of others (Rosenbaum and Massiah, 2007). Such firsthand experience is assumed more credible and provides more mutual product support than the mass media.

From input perspective, the consumer occupies upper stream of being a resource, an innovator, and a co-creator/co-producer. The consumer provides contextual information, serves as a source of new product ideas and partner in the product development process, provides useful feedbacks (Heiskanen and Hyvonen, 2006), or reduces the perceived risks of potential buyers. Bae (2005) opined that as a co-designer, the consumer uses the firm's capability to create an individualized and customized solution. The consumption experience theorists believe that consumer's competences to become builders and co-creators result from his imaginative, creative and constructive understanding of the world around him (Sherry et al, 2007). In order to tap the almost unimaginable creative and innovative talents that await leveraging (von Hippel, 2005), users are empowered to organize communities in active, explicit and on-going dialogue (Prahalad and Ramaswamy, 2000) and to create social life pattern (Jarvis, 2007) likened to communal esprit de corps connecting market-system components in a cohesive manner through emotion and expression (Varman and Costa, 2008). The implication is that developers no longer initiate or control conversions wholly; consumer on their own or through the collective knowledge of others can learn and initiate the dialogue. They now co-opt and harness the creativity of knowledge consumer resources and blend it with their own dynamic capabilities to co-create outputs. To reduce uncertainties of innovation development process, consumers are actively involved in the entire process (Kaulio, 1998; Hanna et al, 1995) though different firms observe this collaboration at different stages of the process (Lagrosen, 2005). Consumer is a dependable resource that discusses brainstorms and learns business related knowledge that could be applied by developers. The previously irrational, passive, stubborn and erratic consumer subjects are now configured into corporate power as unique skilled employees (Prahalad and Ramaswamy, 2004; von Hippel, 2005); providing their competence and skills for co-creation perhaps with the expectation to receive incentives more than just the right products for their inputs, product supports and viral roles. Co-operations amongst consumers represent a dialogical model that prevents developer's selfish vision (Zwick et al, 2008) and playing of ostrich. Because user competence is subject to his knowledge and skills, his willingness to learn and experiment as well as his ability to engage in an active dialogue (Prahalad and Ramaswamy, 2000), developers vigorously seek to formulate policy mechanism that boosts managing customer diversity and on-going relationships perhaps in a personalized manner, to offer ideas that improve perceived values.

They assume the role of tutors and/or instructors (Chan and Lee, 2007); training the consumers as though employees by assisting them to become more aware of their needs and to verbalize same as accurately as possible to reflect managerial actions (Ciccantelli and Magidson, 1993). Nambisan (2000) noted that mutual assistance amongst customers in a community is encouraged by assigning certain positions or roles to certain customers in order to stimulate their willingness to offer creative product support and viral roles. Often developers visit users, use ethnographic observations (Heiskanen and Repo, 2007) and foster experimentation, contingency and playfulness among them (Zwick et al. 2008) in order to understand their world. Or users may join developers at the 'drawing board,' for instance, by participating in user groups (Tommes et al, 1997). The challenge to both developers and users is much enormous. Knowledge customers are selected based on their individual difference factors, situational variables and other relevant factors in relations to their consumption patterns to establish appropriate interactive relationships that generate 'toolkits of customer innovation' for creating and improving value networks. Pitta et al (1996) observed that unless the units are under the same commander's control, they rarely act as a whole, especially in offering information about, and co-creating, innovations. The weakness does not lie in the courage, intelligence, or motivation of the troops rather in the difference of control structures since the consumers are not the firm's employees and therefore are not obligatory to be penalized directly for not co-operating. Thomke and von Hippel (2002) observe that turning customers into innovators is besieged with uncertainties and therefore a new supervisory and control management mechanism is urgently needed to assure quality and efficiency of development and to effectively integrate customers and the internal development team. Aside innovation development team that exhibits subtle structural influences in sharpening the inputs (Ciccantelli and Magidson, 1993), strategic efforts require the use of modern and advanced information and production technologies and models whose application to building competitive edge and solving consumers' exact problems is made simpler with the advent and diffusion of Internet technology.

The physical distance between developers and user communities show that both may have incongruent goals and interests in the participatory exercise. Presumably, they expect some direct pecuniary (Jeppesen and Frederiksen, 2006) and non-pecuniary compensation in returns for the expended resources to be able to become related technology experts. The most apparent gains to developers is long term innovative and creative power to boost competitive advantage (Stammer, 2008) and to the consumers, among others, include the development of products that better or exactly meet needs (Jeppesen and Molin, 2003), peer recognitions (Jeppesen and Frederiksen, 2006), exercising creativity (Jeppesen and Molin, 2003), employment, reputation building for oneself (Jeppesen and Frederiksen, 2006), and assurance of representation of the views of their own reference groups (Saastamoninen et al, 2007). Both parties must consider their expectations from the co-operative relationships and reach a compromise in order to encourage overlaps of goals and interests. Sawhney and Prandell (2000) noted that developing a common language or technological networks for both boosts commitment, especially where consumers' fears to co-create knowledge lie on lack of learning capability, distrust, and absence of motivation. For instance, firm-customer dialogue through constructing virtual space or toolkits for consumer innovation may reduce consumers' expended time and effort as well as encourage willingness to obtain and share business knowledge. Such networks improve the quality of customers' knowledge and understanding of the operationally implemented knowledge. Further, current and antecedent behaviours as well as future programmes and events of the firm should generate customers' trusts capable of culminating into co-creation of knowledge; and finally, reasonable part of the trust spans the reliability of, and customer value for, the compensation packages billed to encourage him to co-create.

## PROPOSED MODEL AND ITS IMPLICATIONS TO MANAGERS

Kaulio (1998) reviewed methods of customer collaboration and proposed the models of *design for* (traditional approach), *design with* (uses customer's suggestions), and *design by* (customers involved in the entire design). The model depicted in figure 1 demonstrates an extension of *design with and design by*. It shows nine interacting stages within four phases (pre- development and development, launching, evaluation, and feedback) of user collaboration. The pre-development and development exercises span such activities as idea generation, concept finalization and business analysis, prototyping and market test plans and execution. The generated information are evaluated and passed on to the multifunctional development team, who co-ordinates and champions the conversion of ideas to real life product. The launching stage covers such activities as improved plans and joint launch, joint execution of improved launch plans and joint development of persuasive communication appeals. Finally, evaluation involves a joint objective comparison of actual results against ideal standards in order to trace impact discrepancies on product category to a source. Actions are continually reworked from the results of joint evaluation and feedback exercises in order to further the competitive balance of management decision.

No outright discrimination exists about the type of firms and economies that use this model because every firm seeks cost reduction and continual customer satisfaction. While technology and other influences fund developer's willingness to cede some control over production to users, Tapscott and Williams (2006) argued that these developments are more prevalent to the affluent worlds. To show that some African nations are part of this assertion, Acha, et al (2010) observed that Africa is amongst the world's rapidly growing economic regions; its collective GDP of \$1.6 trillion in 2008 is now equal to Brazil's or Russia's. Following Thomas Friedman's *The World is Flat* and trade liberalization, Africa goes global and represents a fast growing market to most multinational organizations with Internet encouraging people learning to adapt to a world where everybody is connected, everyone contributes, and everyone is in zero distance (or close enough) from everyone else. Though, for now, many African economies may not have been

exploiting the full potentials of co-creation capitalism owing to several domestic factors, the awareness is right here and must continue until the entire globe gets completely flat after-all it did not diffuse overnight in the developed nations. So, the model recognizes IT diffusion as a key success factor (KSF) for many African firms seeking co-creation within or out there in the global worlds. Active customers to be co-created with, in this model, are those in the upper echelon in the customer loyalty ladder (from regular accounts to viral stages). Firms managed by younger executives are more poised to benefit from the model because studies (e.g.; Morris and Venkatesh, 2000; Hambrick and Mason, 1984) show that age determines receptivity of new paradigms and innovations and ultimately events of corporate growth. So, the models lend succour to top management that understand the intricacies of environment and of IT infrastructures, especially Internet.

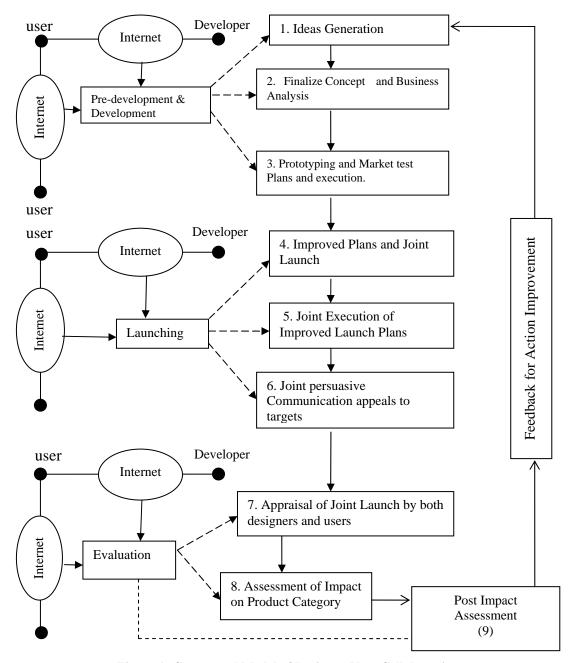


Figure 1: Conceptual Model of Designer-User Collaboration

Bearing in mind that one of the key ingredients to innovative concept's success is the level of top management support, the model operates on the premise that firms should create enabling environment encouraging user communities to interact among themselves and with the developer community online (see developer and user as well as user and user intercepted by Internet) to form a database that would guide the stages of development. Also, the model demands managers to have a profile page on their sites and to link with the knowledge customers (and knowledge customers amongst themselves) for reasons of posting and receiving documents; assessing status reports; joining special interest group in the forms of face-book and linkedin; and identifying the right person(s) with the right knowledge sought.

#### **CONCLUSIONS**

The era of island of me alone known to be functionally siloed has been progressively replaced by the era of island of we, which suggests competing successfully via innovating in co-operative marketing networks with users in communitarian dimensions reflecting on affective, social, cultural and emotional relations. The socio-economic and socio-cultural structures integrate internally lacked competences into value propositions and value creations to express user's freedom, empowerment, idiosyncrasy, recognition, self-actualization/fulfilment and agency. Contemporary organizations seek to minimize consumers' leapfrogs in expressing and verbalizing their aspirations from a product by making them in charge. Customers represent the most pervasive and arguably the most productive form of labour (Zwick et al, 2008) that informed his subversive energy being long harvested to fuel market re-generation (Holt, 2006). Co-creation suggests that the emergence of collective ideological and counter-cultural resistance against the hegemony of corporate market ideology turns creative mass collaboration that reflects on neo-Marxist, Foucault's notion of government, post-Maussian theories, post-Fordism, and ultimately the product itself. The theory of co-creation radicalizes traditional approaches to market hegemony (marketing concept and other extant theories) based on complete and direct incorporation of every bit of customer's productive capacities into the entire value creation process. In the worlds of widening gaps between production and consumption occasioned by fragmented and rapid product obsolescence, the much celebrated 4Ps of marketing mix strategy rarely builds sustainable competitive advantage (SCA). Firms now seek succour by reconfiguring social relations of production through mobilization and exploitation of skilled, flexible and autonomous consumer labour. Such learning outside the firm provides a form of political power and behavioural change that attract improved capitals of surveillance, discipline, innovativeness and corporate performance. Co-creationist capitalism frees and channels customer's know-how in the right direction and repositions him beyond the circuits of mere customization.

It is a condition that users and developers adequately grasp the firm's internal and external barriers and drivers to its use. The internal barriers reflect flattened organizational hierarchy, action rationality and sense-making processes in integrating user inputs into product development; and the external barriers centre on close analytical address of the state of nature in order to identify situations that permit more or less utilization of user inputs. The usual genuine conflicts of interest between the duo is not a misnomer rather a reinforcement to reconsider broader circumstances in launching innovations to ensure alignment of interests perhaps through influencing operating environment. Further, the mode of designing user involvement is central and different kinds of firms benefit from different forms of user interaction subject to their environment. For instance, small firms follow distinct action rationality, leading to rapid implementation of some user inputs and defensiveness towards others; and larger firms are more open to user inputs yet less determined to execute it (Heiskanen and Repo, 2007). For semi-skimmed innovations, there is less complexity in customer involvement and use of his inputs, making for the minimal costs and least disruption on established behaviour. Whereas, full-fat innovations attract further complexities resulting from customers' resistance to totally novel concepts that disrupt value networks, culminating to high users' costs expressed in aggressive search for, and processing of, information leading to reduction in perceived risks. However, user involvement promotes business success but its implementation is largely facilitated and constrained by top management idiosyncratic givens, extent of disruptiveness, market power, and competitive demands.

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#### Reviewer 1

- 1. Africa seems not neglected here because though our model is indiscriminate but it is built to have stronger application in Africa. IT has made the world flat and so, this paper sets out to plunge Africans into embracing a paradigm that has been tested in the advanced worlds to be good universally. Apparently, this is conceptual paper that recognizes that even though the diffusion of this paradigm may be low in African but many African consumers get interacted with foreign multi-nationals in terms of providing information guiding innovation development. Our forth-coming empirical paper on this will make a clearer contribution to Africa specifically.
- 2. Your recommended materials attracted a re-cast of the entire work and to anchor it on prominent authorities. This fine-tuned my thinking on the subject matter. Surgical work touching on the abstract, introduction, implications of the proposed conceptual framework, conclusion, and other aspects of the paper as requested have been done. I therefore acknowledge the wealth of knowledge I have gathered in the course of rebuilding it.
- 3. You may ask why the topic has been adjusted; yes that was obvious because of the numerous materials the review result exposed me to.
- 4. The paper has been reframed to touch meaning of value-creation, specific roles of, and benefits to, consumers and developers in the process, and the dynamic application of the conceptual model.
- 5. The references have been reviewed and marginally relevant ones removed.

#### Reviewer 2

- 1. The abstract has been fine-tuned to reflect your comments.
- 2. Conceptual Nature has been changed to introduction. The introduction is recast to provide readers with enough theoretical focus anchored on key authorities. The last paragraph of introduction provides knowledge gap the paper intends to fill and an agenda of what to expect henceforth.
- 3. The entire paper is reworked. *Critical analysis of the Changes in consumer participatory roles* has been retuned to *Change in Participatory Roles and Trapping Consumer Labour*. This was approached via review of extant theories and progressed to S-D logic marketing and finally to IT-driven environment that permits cost-effective trapping of customer knowledge.
- 4. The conceptual model developed here in the paper has been reframed with clear explanation of their features based on the conceptual focus. Such themes as lead users, consumer idealization, etc were removed as sub-headings because the new shape of the paper does not provide scientific backing to that but to only mention them in the body of the paper.
- 5. The conclusion is made better and the practical implications of the conceptual model to managers have been discussed.

- 6. The unacceptable references have been removed.
- 7. You may ask why the topic has been adjusted; yes that was obvious because of the numerous materials the review result exposed me to.