

Customer Oriented System of Values Research

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ABSTRACT

There is a wind of change in the past few years in the business environment regarding the customer value perspectives. This paper delivers a framework that entails the value creation development. Academics and business practitioners are interested in defining the concept of value and, more clearly, customer value. The objective met by the system of values in a company is to create principles that deliver the image of company internally and externally. It is about what the employees should know and what the customer should feel or see related to that company. It is very important from the point of view of competition in the market. The purpose of this study is to analyze and characterize through an econometric model the importance of customer oriented system of value in the companies from Iasi through a defined database. Identification of subgroups within the database could help elucidate trends and facilitate future model value building. The main objective is to reveal if the companies from Iasi have a stated or applied system of value and which is the place of customer-oriented value occupies in any system of value from the companies from Iasi. The foundations of the projects ensure that the design is conducted effectively and efficiently. Findings can be used as recommendations for the firms in Iasi because this paper considers and quantifies how the system of value of an organization is addressed and its importance in the context of the companies of Iasi County.

KEYWORDS: *customer-oriented value, organisational culture, system of values*

JEL CLASSIFICATION: *M12, M14, M19, M39*

INTRODUCTION

The objective met by the system of values in a company is to create principles that deliver the image of company internally and externally. It is about what the employees should know and what the customer should feel or see related to that company. It is very important from the point of view of competition in the market. In this area, first, the progress is from the stage of only producing goods for the customer to activities that are more related to the customer satisfaction and experiences that they have with certain products. Second, the integrated efforts of the employees are valuable for the entire company. System of value is not stated only with the marketing purposes but involves also the department like finance, production, research and development and other department levels. Finally, it came the perception of managers that strive to connect the products and services with the satisfaction of the customers.

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Despite the efficiency of the system of value customer oriented, not all companies have it or use it. There are still a lot of companies that believe that production of certain products and the internal operation of the company are more important than the customer and their perceived value. In the traditional model of doing business, its crudest form is the basic focus on the production capabilities of the company and not what the customers believe as being necessary for them. This disconnection creates aggressively selling and unconscious discomfort for the customer.

The parameters in which a product can be produced could rely also on the thoughts, beliefs, and resources of the customer. The knowledge about the customer is better known by the customer itself. The co-creation value can be used often to coordinate the mind-set of the company with the mind of the customer. The collaboration in creating a certain product is more desired than the aggressively selling method. The motivation and behavior of each customer can be used by the company. Customer value is progressively related to the sacrifice that the customer makes to have a certain product plus the perceived advantage of the product and the experience that is being produced.

1. FROM THE TRADITIONAL SYSTEM OF VALUE TO THE CO-CREATION VALUE

“Value does not stem from physical products. Value lies in the co-creation experience of a specific customer, at a specific point in time, in a specific location, in the context of a specific event.” (Prahalad & Ramashwamy, 2004)

In the last 100 years, the value creation process was shaped by a company-centric, efficiency-driven view of value regarding the business system and his infrastructure. This perspective gets in conflict with the demands of the consumers which want the quality of experiences and they do not understand the cost-effectively production of the companies. The flow of information have created a better understanding of the benefits that a consumer could demand and the companies are forced to change them perspective of value creation. The balance of power had changed, and the influence of the consumers is greater nowadays.

In the early-20th-century, Frederick Winslow Taylor’s wanted to change the focus and created the industrial era, the era where the production of cost could be lower. Michael Porter was the one that introduced the value chain concept, in 1980s, which integrate all the cost in one system, the cost of production, marketing, design and delivering goods and products. Michael Hammer and James Champy introduced the reengineering business process which regard the internal efficiencies and the cost reduction of the businesses. In 1990, the perspective of managers developed further through the extended enterprise and created value within the suppliers network. The efficiency progress affected the businesses and the customers. The activities become related to the internal cost efficiency and the value creation expanded further.

The experiences that the consumers perceive as being of higher quality are very important. Consumers also need efficiency. Managers understand the consumer but not enough. They integrate more the “operating efficiently” aspect than the consumer experiences. In the history, this type of perspective deteriorated the relationship between the company and the consumer. The consumers are not involved in the activities that the businesses undertake, so the businesses point of view is dominant. In the process of value creation, the consumer is the demander and not the participant until the typical exchange of the product ownership

take part. Even if the consumer is not an individual but a company, the process development is the same. This corporate logic is challenged by the nowadays knowledgeable consumers. The consumers are not anymore passive targets which the companies have to hunt, but forums, communities that collaborate each day and see the value behind the experiences and not behind the operating cost of the businesses. The internet revolution had brought consumer-centric culture trend that develop further in faster ways. The value chain is more and more understand by the consumers. They push the process of value creation. Markets are big forums that debate on certain products and that create labels. This is not necessary a good thing. The personal computer era constructed the networking concept and 40 million consumers are socializing shaking up the business world.

Nowadays, the companies could engage in a new concept of value creation. Companies could switch from the production basis to the consumer's experiences. If the customer could take part in the production of a product and in the other activities of value chain the conflicts involved could be easily managed. The consumers could dictate how the product could look like and its utilities. Companies and consumers need to learn how to co-create value together. Even if the companies could feel that they are losing the control over their business, they could be more open-minded. The insight provided by the consumer can be really useful. Consumers could help in creating the objective of value creation, in understanding better the cost of the investments and the revenue that the companies have to receive. This information could go over the internet and a better transparency could be made.

The new starting premise is that the consumer and the firm co-create value, and so the co-creation experience becomes the very basis of value. The value creation process centers on individuals and their co-creation experience. Context and consumer involvement contribute to the meaning of a given experience to the individual and to the uniqueness of the value co-created. The interaction between the firm and the consumer is becoming the locus of value creation and value extraction. As value shifts to experiences, the market is becoming a forum for conversation and interactions between consumers, consumer communities, and firms.

In the traditional conception of process of value creation, consumers were "outside the firm." Consumers have little or no role in value creation. Value exchange and extraction are the primary functions performed by the market, which is separated from the value creation process. Active consumers are increasingly learning that they can extract value at the traditional point of exchange. Consumers are now subjecting the industry's value creation process to scrutiny, analysis, and evaluation. Customer pays according to her utility rather than according to the company's cost of production.

Armed with new connective tools, consumers want to interact and co-create value, not just with one firm but with whole communities of professionals, service providers, and other consumers. Each individual's uniqueness affects the co-creation process as well as the co-creation experience.

In this transparent business environment, customers are much more willing than in the past to negotiate prices and other transaction terms with companies. We are moving toward a world in which value is the result of an implicit negotiation between the individual consumer and the firm.

As long as firms believe that the market can be separated from the value creation process, firms in search of sources of value will have no choice but to squeeze as much costs from their “value chain” activities as possible. Companies must escape the firm-centric view of the past and seek to co-create value with customers through an obsessive focus on personalized interactions between the consumer and the company. Further, doing so will require managers to escape from product-centered thinking and instead focus on the experiences that customers will seek to co-create.

2. ROMANIAN SYSTEM OF VALUE ENGAGEMENT

Apparently, there are three patterns regarding the Romanian tendency of using the system of values. In the article “Organizational culture in Romanian companies – analysis and tendencies” research made by Human Synergistics® International are stated patterns of how companies and employees act at work. Research was made on 3887 employees from 34 companies.

The first one states that there is an exaggerated competition. First tendency is the exaggerated competition. It is all about “losing” or “gaining”. Employees are trying to be more knowledgeable than their colleagues rather than believing in the system of values or in the objectives of the company. At individual level, it generates stress and conflict and divides the organization in separate groups. Competition is the value that the employees perceive as being efficient. The environment is a “losing or gaining” type and the employees want individual rewards and not building teams in time. The cooperation is lost and the standard could be unreliable and unrealistic (even too low or even too high).

The second one shows that Romanian firms present a powerful conventionalism. Employees respect the procedures and the rules because companies aggressively impose standards. Rules become more important than ideas. Like the manager of an important company say “It is a great idea, but unfortunately we have a rule that prohibit it”. Conservative and bureaucratic controlled organizations. It is expected that employees of this types of organizations to conform, follow the rules and make a good impression.

The third pattern is about the self-development. Romanian organizations have an increased potential of development, for future quality and creative engagement in challenges. Organizations want quality and creative solutions more than quantity. These companies are innovative based but hard to control.

Another research conducted in 2007 by Manolică A. and Roman T. presented that out of 171 Romanian companies, only 40 (23,39%) own a declared value-system. From the remaining 131 companies (76,61%), 87 (50,9%) state that, even if they don’t detain a declared value-system, it exists as being implicit in the managerial culture of the organization and 44 of them don’t have by no means. Also, from 171 companies, 105 (61.4%) don’t have the client-value and 66 (38.6%) consider the client as a value for the company.

3. CUSTOMER ORIENTED SYSTEM OF VALUES IN IAȘI COUNTY

We have conducted a research in Iași County, aiming to describe the customer’s place among the values stated in the system of value of 100 companies selected from Iași area. This framework helps to understand the utility of a system value because it is possible to see a correlation between the system of value declared and having values related to the

customer and the company profitability in the indicator of rate of turnover. The research helps to estimate the necessity of a system of value in a company and points the strengths of each company.

The research tries to reveal if the companies from Iasi have a stated or applied system of value and which is the place of customer-oriented value occupies in any system of value from the companies from Iasi.

Objective: his exploratory research is aiming to establish the place of consumer between the corporate values in Iași area.

Hypothesis chosen:

- (1) Any firm has a value system. If is not stated at least is applied. (Manolică, 2009)
- (2) There is a relationship between the declared value system companies / implied value system companies and the establishment, number of employees, profit of the company and the type of university education of the managers. (Manolică, 2009)
- (3) More than 50% of the companies in Iasi have values in the system of values related to the customer. (Manolică, 2009)

Method: Inquiry. A four items questionnaire was applied to general managers / top managers from 133 companies from Iași area. In the end, remained only 103 valid questionnaires.

Sample: There was a random sampling between the individuals from companies sectors in the industry, so that everyone in to population to have a chance to be selected. The limits imposed regarding the errors of the samples could be related to the confidence and certainty. The non-responses biases were removed from the database because 30% of the respondents stated that half of the questions from the survey invade the corporate veil of the company.

The structure of the sample is presented in the Table 1, below:

Table 1. The structure of the sample

	Subgroups	Frequency
1	Clothes	11
2	Entertainment	11
3	Coffee Shop	10
4	Health Care	9
5	Manufacturing	9
6	Library	8
7	Engineering	7
8	Restaurant	7
9	Perishable products	6
10	Health&sport	4
11	House-keeping	4
12	Pharmacy	3
13	Shoes store	3
14	Business Center	2
15	IT services	2
16	NGO	2
17	Telecommunications	2

	Subgroups	Frequency
18	Luxury products	1
19	Shopping Center	1
20	Tourism	1
	Total	103

Source: made by authors

Major findings:

Out of 103 companies from Iasi, 73% have a stated system of value, which provide information for the first hypothesis. So, only 30 does not have a stated system of values. From 2007 until present, we observe that the situation has improved, because the percentage of the firms that have a stated system of values is bigger (73% in 2014 compared to 23,39% in 2007).

Value regarding ambition, perseverance, trust, efficiency in the field, proactivity and team work as the basis of the behavior that the employees declare in the system of values is 27%. This percentage shows that these values are very important in the perception of the firms and are stated clearly in websites, regulations, meetings and in the word of mouth system.

Bigger size companies consider the system of value as being very important both for the company and its employees. Customers see differently the values and have a different perspective when they make the buying decision. The loyalty could increase. Service based values matter for the companies in terms of 27 % and the customers based value matter the most in terms of 46% which meets the hypothesis. For those who have an applied system of values, the customer satisfaction is important in terms of 54%. This is interesting, because in the stated value systems the customer mattered only for 46%. It seems like the customers is valued more than it is stated in the companies from Iasi area.

The respondents value more the quality, services and clients than the progress, environment and professionalism. This are the insights gained in the analysis based on the classification of the values that the respondents stated the most.

Channels of communication define the way that the system of value is declared/applied internally and externally. Meetings matter the most being the principal channel o communications for the respondents with 29%. The second channel of communication is close with 27% and it is the website of the company. The third channel of communication is website and booklets with 21 %. The fourth channel of communication is regulations and trainings. And the last channels of communication are the satisfied clients with 5 % which is low.

The age of the companies showed if the customer oriented value is processed in time and if it is required. Indeed, companies that had history had a declared system of values. The employees knew the system of values, in the website were written clearly which value the stockholders and stakeholders should know and value.

The new companies (established after 2008) did not have any declared system of value.

The number of employees was important to see how the size of the company in terms employees influence the stated systems of value. The companies that had a large number of employees had a clear statement in terms values. They had stated clear words that represent their values. This represent 8% of the sample. 35% represent the companies with less that

30 employees. This include companies like clothing sector, entertainment sectors, coffee shop, pastry.

CONCLUSIONS

A system of values in a company creates principles that deliver the image of company internally and externally. It is about what the employees should know and what the customer should feel or see related to that company. It is also very important from the point of view of competition in the market. In this area, first, the progress is from the stage of only producing goods for the customer to activities that are more related to the customer satisfaction and experiences that they have with certain products. Second, the integrated efforts of the employees are valuable for the entire company. System of value is not stated only with the marketing purposes but involves also the department like finance, production, research and development and other department levels. Finally, it come the perception of managers that strive to connect the products and services with the satisfaction of the customers.

Efficiency of the system of value customer oriented could be showed companies if a futher research could be made in terms of how it is exactly the relationship between the company and the customer.

Production of certain products and the internal operation of the company are important for the company in terms of the customer and their perceived value.

The parameters in which a product can be produced could rely also on the thoughts, beliefs, and resources of the customer. The knowledge about the customer is better known by the customer itself. The co-creation value can be used often to coordinate the mind-set of the company with the mind of the customer. The collaboration in creating a certain product is more desired that the aggressively selling method. The motivation and behavior of each customer can be used by the company. Customer value is progressively related to the sacrifice that the customer makes to have a certain product plus the perceived advantage of the product and the experience that is being produced.

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