

APPROACHES TO RESEARCH & ACADEMIC COMMUNICATION
ASSESSMENT-2-PRESENTATION



VALUE CAPTURE VS VALUE CREATION

LECTURER:DR.GLADIUS DAVID KULOTHUNGAN



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CYNNWYS 



The Creation of Adam (Italian: Creazione di Adamo) is a fresco painting by Italian artist Michelangelo, which forms part of the Sistine Chapel's ceiling, painted c. 1508–1512. It illustrates the Biblical creation narrative from the Book of Genesis in which God gives life to Adam, the first man. Michelangelo's Creation of Adam is one of the most replicated paintings of all time.

WORLDS MOST WIDELY USED PICTURE OF CREATION

CONTENT VIDEO ABOUT THE GROUP MEMBERS

Thoughts to ponder

“A man who dares to waste one hour of time has not
discovered the value of life.”

— Charles Darwin,

The Life & Letters of Charles Darwin

*“ DBA Scholar who dares to waste ten minutes of this live presentation are
going to miss a great profit & non-profit business strategy which the
management and business world survives on from ages”*

— UWTSD 2019 T1&T2, GROUP D

ATTENTION SEEKER-THOUGHT TO PONDER



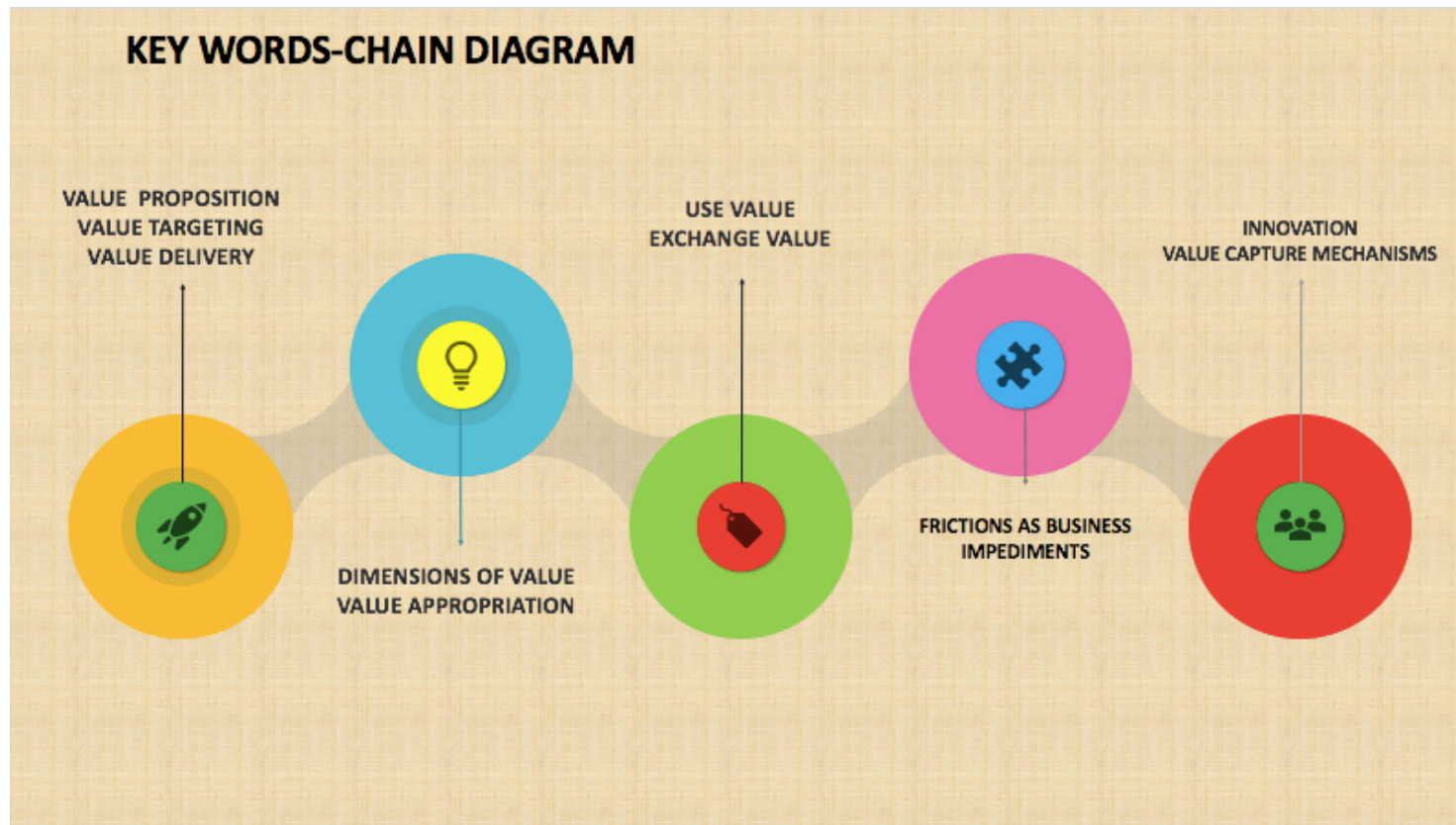
VALUE CREATION

VS

VALUE CAPTURE



VALUE CREATION VS VALUE CAPTURE



Members Addressing the keywords by journal ownership

Journal 1-vishnu Journal 2 -Abiola

Journal 3-Samad Journal 4-Arif

Journal 5-Rose

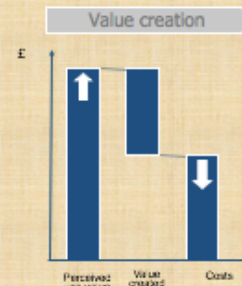


VECTOR MAP OF JOURNAL SELECTION

The selected journals are from 1998-2019 with relevance to the topic from around the world

VALUE CREATION

- Value creation is any process that creates outputs that are more valuable than its inputs. This is the basis of efficiency and productivity.
- There is no universal definition identified for value creation as the elements included in the concept is so wide that it changes with the needs or goals of the activity.
- Lepak et al. suggest that 'value creation depends on the relative amount of value that is subjectively realised by a target user (or buyer) who is the focus of value creation' (Lepak et al. 2007: 182)



The Elements of Value Pyramid

Products and services deliver fundamental elements of value that address four kinds of needs: functional, emotional, life changing, and social impact. In general, the more elements provided, the greater customers' loyalty and the higher the company's sustained revenue growth.

SOCIAL IMPACT



Self-transcendence

LIFE CHANGING



Provides hope



Self-actualization



Motivation



Heirloom



Affiliation/belonging

EMOTIONAL



Reduces anxiety



Rewards me



Nostalgia



Design/aesthetics



Badge value



Wellness



Therapeutic value



Fun/entertainment



Attractiveness



Provides access

FUNCTIONAL



Saves time



Simplifies



Makes money



Reduces risk



Organizes



Integrates



Connects



Reduces effort



Avoids hassles



Reduces cost



Quality



Variety



Sensory appeal



Informs

SOURCE: © 2010 BAIN & COMPANY, INC. ICONS BY NIK SCHULZ. FROM "THE ELEMENTS OF VALUE," BY ERIC ALQUIST ET AL., SEPTEMBER 2016.

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Value pyramid is used to explain value creation. The literature found in the topic area through British library, ProQuest and UWTSD online library resources helped us to include value pyramid as an overall effective mechanism and its sourced from Harvard Business Review.

JOURNAL 1



*The International Journal of Entrepreneurship and
Innovation 2018, Vol. 19(3) 166–176
a The Author(s) 2018*

**VALUE CREATION MECHANISMS
OF BUSINESS MODELS:
PROPOSITION, TARGETING, APPROPRIATION & DELIVERY**

Vladyslav Biloshapka
Kyiv National Economic University, Ukraine
Oleksiy Osivevsky
University of Calgary, Canada

The authors explain value creation can be dictated by four plan of action components: willingness to pay (influencing buyers' an incentive through readiness to pay) and value appropriation and value delivery (influencing business esteem through price and cost). They exhibit that a fine-grained investigation of a plan of action's worth creation cannot be satisfactorily performed without reference to these four instruments. The created theoretical structure is shown and verified by the smaller than normal case vignettes. They wrap up by laying out a use of the proposed system to two pivotal real life plan of action circumstances: getting away from the Giver Trap and remaining the Winner.

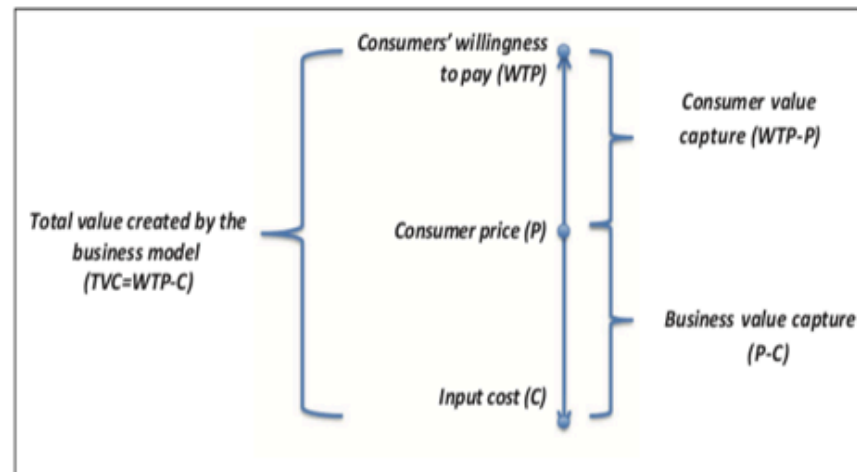


Figure 1. Disaggregation of TVC by a business model. Source: Adapted from Brandenburger and Stuart (1996). TVC: total value created.

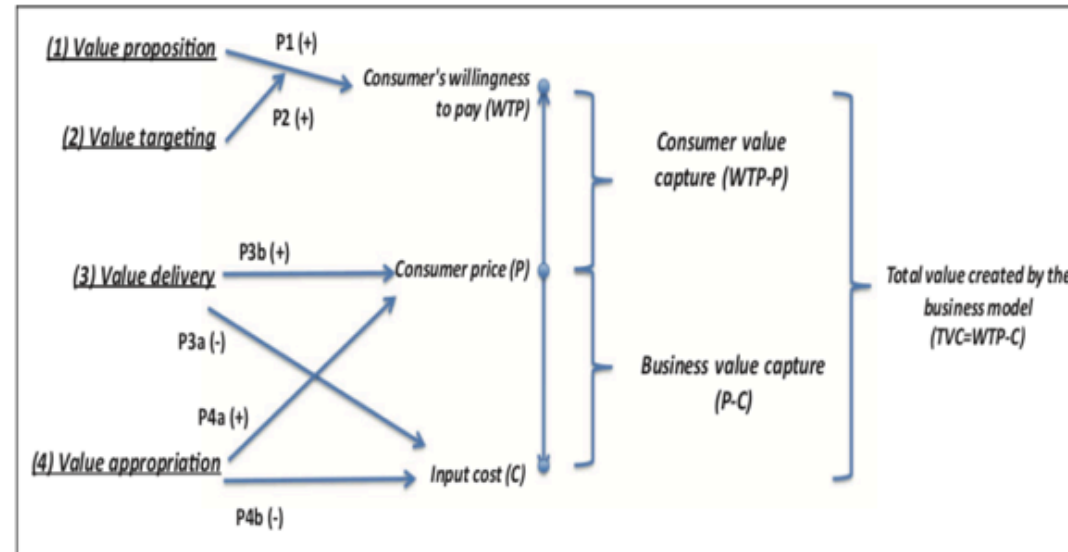


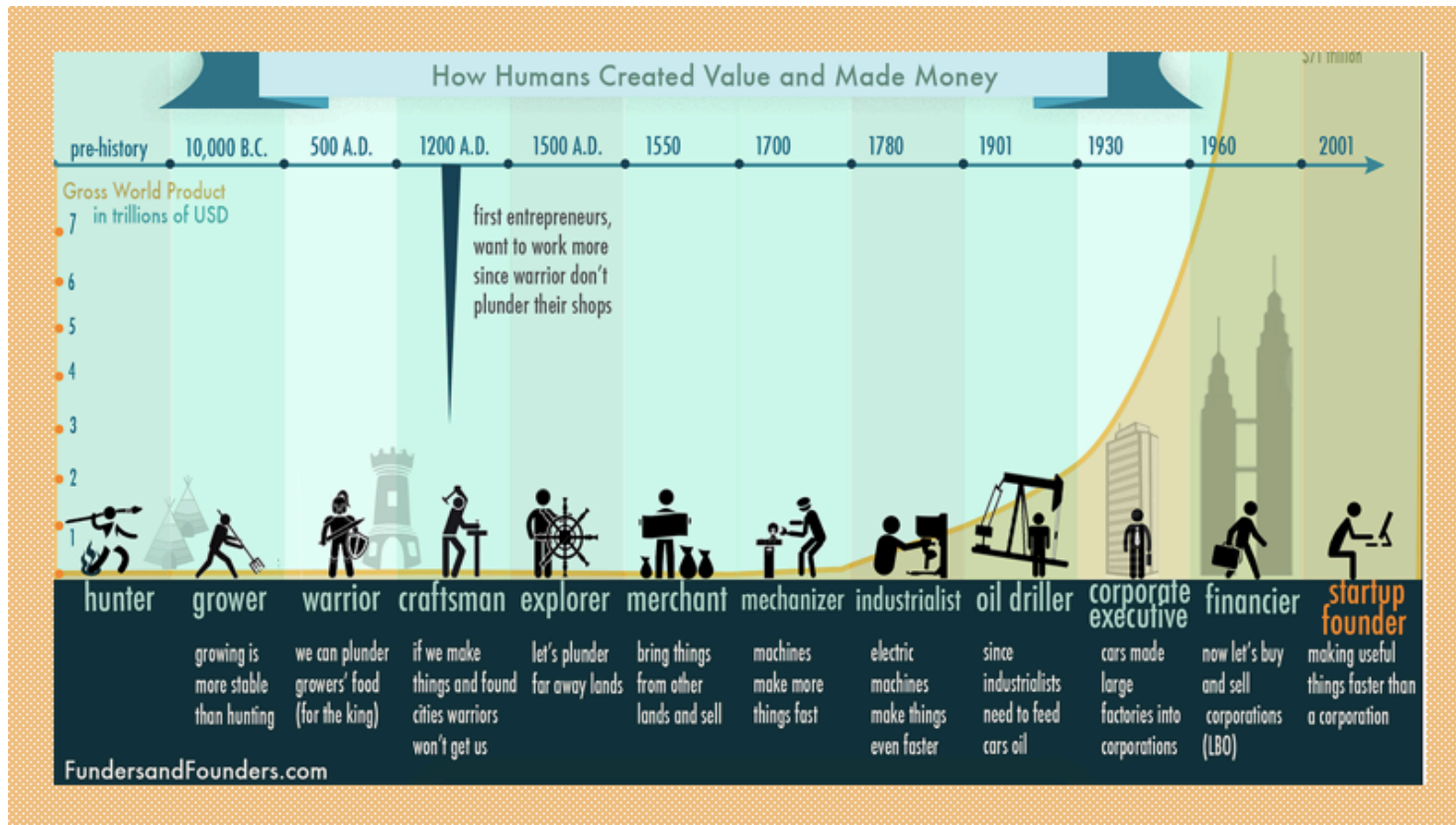
Figure 3. Four drivers of business model's value creation.

VALUE PROPOSITION

VALUE TARGETING

VALUE DELIVERY

EXCHANGE VALUE



A timeline found in the internet though fundersandfounders.com to understand how the idea of value creation and capture floated through ages.

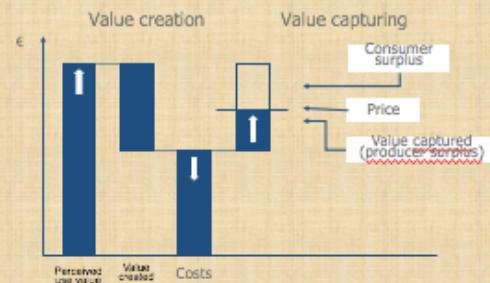
VALUE CAPTURE

There are no general definitions identified for Value capture as most of the definitions are topic centered.

The concept of value creation says nothing about profit. The benefits are measured to the consumer; the costs to the firm—we cannot determine profit just from that.

The selling price determines the amount of value that is “captured” by the firm—that contributes to the firm’s profits. (Producer Surplus)

The other value isn’t lost. It is retained by the consumer. It is the difference between what the consumer would have been willing to pay and the price. (Consumer Surplus)



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Value capture explained through the value pyramid.

Branding is one of the famous trending keyword associated with value capture.

JOURNAL 2



Academy of Management Review 2007, Vol. 32, No. 1, 180–194.

VALUE CREATION AND VALUE CAPTURE: A MULTILEVEL PERSPECTIVE

DAVID P. LEPAK

Rutgers, The State University of New Jersey

KEN G. SMITH

M. SUSAN TAYLOR University of Maryland

The authors define the topic with respect to use value and exchange value .The authors conclude that the meaning of value creation differs with organization ,people or the associated community. They use isolating mechanisms and competition concepts to explain how value capture can be done through different level of analysis.

VALUE CREATION VS VALUE CAPTURE

THE INTERNET OF THINGS REQUIRES A MINDSET SHIFT

Because you'll create and capture value differently.

		TRADITIONAL PRODUCT MINDSET	INTERNET OF THINGS MINDSET
VALUE CREATION	Customer needs	Solve for existing needs and lifestyle in a reactive manner	Address real-time and emergent needs in a predictive manner
	Offering	Stand alone product that becomes obsolete over time	Product refreshes through over-the-air updates and has synergy value
	Role of data	Single point data is used for future product requirements	Information convergence creates the experience for current products and enables services
VALUE CAPTURE	Path to profit	Sell the next product or device	Enable recurring revenue
	Control points	Potentially includes commodity advantages, IP ownership, & brand	Adds personalization and context; network effects between products
	Capability development	Leverage core competencies, existing resources & processes	Understand how other ecosystem partners make money

SOURCE SMART DESIGN

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A Harvard Business review chart was selected to explain the differences between value creation and value capture by contradicting the traditional aspect and the internet of things mindset. This was chosen so that the topic will be based on the present –future which will be of high relevance to business and academia in the future.

JOURNAL 3



British Journal of Management, Vol. 11, 1–15 (2000)

VALUE CREATION VS VALUE CAPTURE: TOWARDS A COHERENT DEFINITION OF VALUE IN STRATEGY

Cliff Bowman and Véronique Ambrosini Cranfield School of
Management, Cranfield University, Bedford MK43 0AL, UK

The authors talk about the value in value based theory. They say that the use value is perceived by the customer and the perceived value is what the customer is ready to pay for the purchase. They assess the value based on total monetary value, price and consumer surplus. They explain the value created in terms of Exchange value and profit. And profit differential between the firms.

They also explain who captures exchange value based on the resource based theory.

JOURNAL 4



Strategic Management Journal *Strat. Mgmt. J.*, **32**: 1206–1231 (2011)
Published online [EarlyView](#) in Wiley Online Library
([wileyonlinelibrary.com](#)) DOI: 10.1002/smj.939 Received 23 June 2009;
Final revision received 26 April 2011

VALUE CREATION AND VALUE CAPTURE WITH FRICTIONS

OLIVIER CHATAIN¹ and PETER ZEMSKY
Management Department, The Wharton School, University of
Pennsylvania, Philadelphia, Pennsylvania, U.S.A.
² Strategy Department, INSEAD, Fontainebleau, France

It does not mean that value creation and value capture is the most successful business strategy without challenges. This journal explains the challenges through the term frictions. They explain that the firms heterogeneity comes out naturally when the resources are developed, but the sustainability of competitive edges are increased by introducing frictions which makes value based models very effective for business.

JOURNAL 5



Journal of Management Vol. 39 No. 5, July 2013
1123-1155 DOI:10.1177/0149206313488211

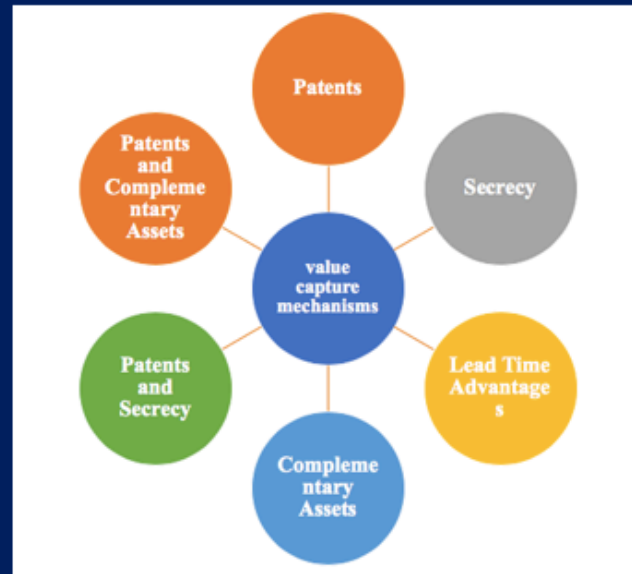
HOW FIRMS CAPTURE VALUE FROM THEIR INNOVATIONS

Sharon D. James Michael J. Leiblein Shaohua Lu
Ohio State University

This journal is an eye opener to capturing and protecting the created values. We were forced to choose this article as we found very less literature on protecting the created value and how innovations can be the best practice to protect it. The authors explain the use of effective mechanisms which are used in our day to day life in business but are far away from the value based model of business. The author also explains about effective value capture mechanisms on the basis of the performance.



Value Capture Mechanisms





Summary of Characteristics That Drive Selection of Value Capture Mechanisms

Mechanism	Factors That Affect the Effectiveness of a Given Value Capture Mechanism			
	Institutional	Industry	Firm	Technological
Patents	Strength (ranking) of intellectual property rights	Competitive intensity, number of rivals, barriers to imitation	Scale and scope of R&D, innovation activity, ability to manage patenting process	Complexity or tacitness
Secrecy	Strength (ranking) of intellectual property rights	Fragmentation of suppliers, rivals, and buyers; signaling, technological standard	Scope of R&D, technological specialization, firm size	Complexity or tacitness, process innovations less likely to be reverse engineered than product innovations
Lead time	Conceptually yes, but none identified	Horizontal (differences in product attributes) vs. vertical (differences in quality and efficiency) differentiation	Absorptive capacity, ability to acquire and use information	Codifiability, teachability, complexity
Complementary assets	Strength of intellectual property rights, specialized/ co-specialized assets	Strength of intellectual property rights, specialized or co-specialized assets	Contractibility in factor market	Rapid or radical technological change, specialized or co-specialized assets
Patents & secrecy	Strength of intellectual property rights, specialized/ co-specialized assets	Strength of intellectual property rights, specialized or co-specialized assets	Scope of R&D, technological specialization	Complexity or tacitness, codifiability, process vs. product innovation
Patents & complementary assets	Strength of intellectual property rights, fragmented vs. concentrated ownership of intellectual property	Strength of intellectual property rights, incumbent vs. new entrant owns comp assets	Scope of technological capabilities (IP rights), incumbent owns specialized or co-specialized assets	Complexity, intellectual property generation, and utilization process

The effective mechanisms which are not widely used in value based models(in literature) which drives the selection of value capture.



Potential Future Research Questions on How Firms Capture Value From Innovation	
Exogenous Condition	Potential Research Question
Firm	What firm-specific factors (e.g., R&D intensity, ownership of complementary assets, stock of patents, size, etc.) influence the choice of a single value capture mechanism or their combinations?
Industry	Beyond relative strength of patent protection, what specific industry contextual factors influence firms' choices of specific value capture mechanisms or their combinations?
	How do firm choices about various appropriability mechanisms or their combinations influence performance and persistence in different industry contexts?
	How does industry competitiveness influence the relative effect of a patent-based value capture strategy versus alternative value capture strategies on performance?
Institutional	In weak legal regimes, what factors influence firms' choices of specific value capture mechanisms or their combinations?
Technological	When establishing a technological standard is important for capturing value from innovation, what firm-specific factors influence firms' choice of disclosure outside of the patent system as a value capture mechanism?
	What effect does technological complexity have on firms' selection of a patent-based value capture strategy alone versus patents in combination with other value capture mechanisms?
Firm, industry, institutional, technological	How do contextual factors influence firms' choices of particular value capture mechanisms in different stages of the innovation process: intellectual property generation, protection, and utilization?
	How does the degree of alignment between a chosen value capture strategy and contextual conditions affect performance across different stages of the innovation process?

For future researchers in business and management. These research questions will be of great influence for their thinking process even if its not relevant from their topic area. this article is a clear cut example of practices which are already established but which finds relevance in the business and academia for new literature or scope of research will have more validity.

OUR INSIGHTS FOR BUSINESS & MANAGEMENT

- Dimensions of value should be proactively treated to create and capture for competitive edge.
- Effective value delivery can be used to ensure overall success of the product, right from concept to launch in the market.
- Customer value of experience (VoE) integrated into value creation and value capture will be one of the best strategy for social co-creation. User perceived value(UPV) can be very well merged for capturing more value, which includes benefits, concerns, feelings which is vital.
- This strategy can be used to explore the challenges and opportunities in cultural entrepreneurship where artists and arts organizations can flourish. Eg. Film Industry
- Value based strategy is challenging for B2B business where pricing is considered more important than associated value.



CONCLUSION

- Integrated reporting Mechanisms for Value creation will definitely benefit the working of business. This still remain as a concept mechanism and ends inside sales and marketing department.
- Focusing on the integrated reporting mechanisms can give way to a new department in the business management called the VALUE DEPARTMENT where R&D and CSR can be combined to support the other areas of business like sales, Marketing, Purchase, Finance and HR.



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CONGRATS!
THIS WAS LEARNING FOR LIFE

Any questions?

Thank God for giving us this wonderful opportunity to be one among the 1% of the academic world.