

# The Study of Building The High School's Value Chain Model Based on Value Chain and The Cooperation Relationship between Organizations

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**ABSTRACT:** The survival and development of high school is limited by internal and external environment and resource conditions. Hence, in order to enhance the competitive advantage of high school, we must have an in-depth analysis of its value chain to seek the driving force that could maximize its value. Firstly, This paper identified the key variables of the endogenous and exogenous social systems of high school from the perspective of value chain and the cooperation relationship between organizations, and then on the basis of this analysis, the paper established a model of high school's value chain system model. Finally, the paper discussed its application from three different aspects.

**KEYWORD:** Value Chain; Cooperation Relationship between Organizations; Value Chain System Model

## 1 INTRODUCTION

As the cradle of developing high education and cultivating talents, high schools are technology and knowledge intensive "enterprises". Although high schools are not interest-targeting organizations, they must consider how to survive and enhance competitive advantages within limited resource. The living systems of high schools are affected by two fold factors. One is the relation between high schools and external environment (students source, resource market, sponsor and fund). The other one is the internal relationship between high schools and their members. If the value chain management is introduced in the high school management, the decision will focus on the driving force that could maximize the value and is beneficial to increase value at all levels. Finally, the value maximization strategies will become specific long-term and short-term goals, and thus will improve the whole competitive advantage of high schools.

This paper is based on the value chain and the cooperation relationship between organizations. Through the description of key variables affecting the survival system, this paper built the model of value chain system of high school in our country, in order to provide suggestions or guidelines for improving the competitive advantage of high school.

## 2 LITERATURE REVIEW

Value chain management theory, proposed by Michael e. Porter, is the fundamental tool to ensure enterprises' competitive advantage and to seek for ways to strengthen enterprises' ability. Michael e. Porter(1985)thinks the vertical links between organizations show on enterprise value chain and value chain between suppliers and channels. By influencing suppliers' value chain structure or by improving the relationship between enterprises and suppliers' value chain, enterprises and suppliers can have mutual benefit. Since the 1980 s, scholars, from different angles, have in-depth researches on the cooperation relationships between organizations. The resource-based view believes that if the organization faces uncertain external competitive environment, it will tend to connect resource exchange to important producing factors in external competitive environment and, on the basis of that, it can realize resource exchange and avoid the control of environmental (Pfeffer & Salancick,1978). Based on the social logic view and from the perspective of the network to explain the relationship between organizations, Mitchell(1969) argued that in the network, there exists a relationship of people, things, and objects. Morgan and Hunt(1994) emphasized that the commitment and trust are key elements to develop and maintain cooperative relations, and they two are in a positive correlation. Mayer, Davis and Schoorman (1995) argued that kindness, honesty and ability are the three factors that affect trust Mohr &

Sepkman (1994) built a “successful partnership” mode, and showed that partnership attribute (including commitment, coordination and trust), the communication behavior (including quality and participation) and conflict solving skills (the solving of joint problems) are the keys to successful partnership. Dyer & Singh (1998) further put forward “the special link between manufacturers”, and specificity investment of specific strategic alliance partners are also important sources of competitive advantage. Based on knowledge-based view, the establishment of the cooperation net between organizations can make various members sharing compatible goals, striving for mutual benefit and forming a high degree of dependence (Kale et al. 2000). Exploring the impacts of people’s emotion and intellectual capital on the success of business and organization is the new development of the application of value chain. Kevin Thomson(1998) inspected the impacts of "external emotional capital" and "internal emotional capital" on organizations. The external emotional capitals (such as brand value and commodity credit) exist in the heart of the customers and shareholders, while the internal emotional capitals exist in the heart of staffs. Both of them are the core of enterprise capitals. John F Tomer (2003) from the view of intangible capital, demonstrated that private capitals and emotional quotient are the resource and important role in accelerating economic growth. Among them, private capitals are related to personal particular qualities, which reflect individual psychological, physical and mental skills, and are genetic.

All the different views discussed above show that the way to gain core organization abilities and competitive advantages have gradually transferred from traditional pure techniques to comprehensive non-technique factors, including strategic intermediary links, "network", "relationship" and "commitments", "trust", "emotion" and so on. Based on researching the cooperation relations between value chain and organizations and explaining the correlation and causality between variables, we can build a high school chain value system model.

### 3 THE DESCRIPTION OF SURVIVAL SYSTEM IN HIGH SCHOOL

The social system of high school is influenced by the exogenous and endogenous system. The two systems can be subdivided into their respective related variables. According to the importance, it can be divided into core variables, basic variables and the common variables. Through the analysis and understanding of these variables, we can understand and grasp key environmental factors affecting the survival and development of high school and lay the foundation for building the value chain.

#### 3.1 the exogenous social system of high school and its variables analysis

The so-called exogenous social system refers to the social system composed by relevant interest groups that organizations can acquire resource from it and live on it. The main variables contain students, governments, departments, employers, society, intermediary evaluation agents and so on. They compose the vertical value chain of high school.

**Students:** The student is the most important and complex variable in the exogenous social system. First of all, the student is the most important source of high school resources (suppliers’ value chain), and is the "customers" and "consumers". Through their individual achievement and word-of-mouth effects, it can extend the border of high schools’ band and it is of great significance for promotion. Secondly, the student, the exogenous variable, has three attributes: the customer, product and subject. As customers, they pay the tuition and spend the time to buy "education products". When they finished their education, their identities will transform from customers to products. Whether the product is qualified or not depends on the education process (chart 1). As subjects, they have rights to express their opinions and suggestions on scientific research and teaching quality in high school. Therefore, the student is the core variable in the exogenous system and is the most important "linking" object in the external environment and resource system.



Chart 1:education black box: high school basic value chain model

**Government and competent authorities:** in high school exogenous system, play the roles of investors and normalizers. They should not only fulfill the main duties of investors, such as distributing education funds, adjusting the development and reform programs of higher education to meet the social needs, guiding high school to make strategic plans, choosing headmasters of high schools, allocating various resources, etc, but also perform the duties of normalizers, such as carrying out the relevant laws and regulations enacted by the NPC, organizing related institutions to evaluate high schools and other issues. They are the core variables of supplier chain.

**Employers:** as customers of high school products, play the role of the channel value chain. The more students they take in, the higher salary they will offer, which shows their high recognition

on the value and brand of the high school. Given the current situation that employers are difficult to influence the decisions made by high schools, we can classify employers as basic variables. High schools need to understand employers' "emotion", and satisfy their wishes by good teaching and scientific researches.

**The social assessment agencies and media:** High schools stay among reputations, teachers and students' market(Frederick E Baird,2006). The society and market have repercussions on the survival of high schools. But in the current situation, these institutions are not strong enough to affect students' choice. Therefore, they belong to ordinary variables in the channel value chain. High school should also deal well with relations with these institutions.

According to the analysis discussed above, we can get the high school exogenous social system model i.e. the management of exogenous variable value chain (chart 2).

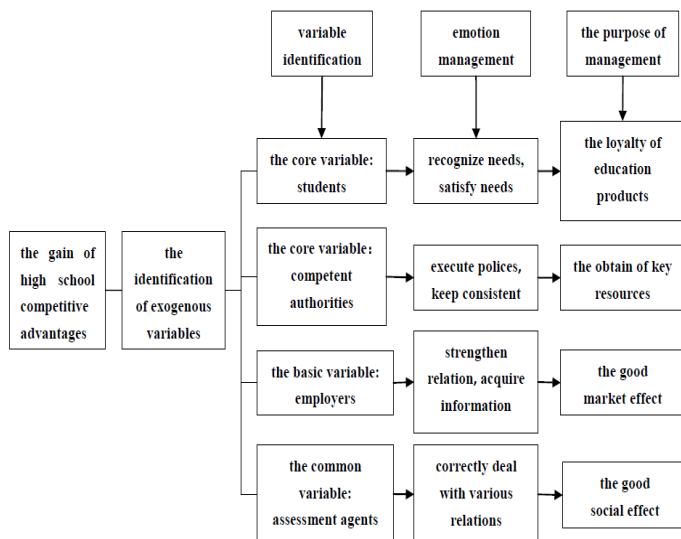


Chart 2: the high school exogenous social system and exogenous variables value chain

### 3.2 The high school endogenous social system and its analysis

High school endogenous social system mainly involves various internal relationships and effects that compose value chain. It equals to horizontal value chain held by Porter. The main endogenous variables include teachers, high school leadership, management agencies and logistics service system, etc.

**Teachers:** they are the soul and core of any high school. They both create and impart knowledge, which is the chief task of school (Daniel &Herbert, 2006). Teachers act as sales experts in education and scientific research products, and are the link to achieve harmonious relationship between high school and exogenous system. In the United States, the high school teachers enjoy full right in making

school's research and teaching plans (Daniel&Herbert,2006) Teachers' abilities decide the quality of education process and are also the key to affect the trust between high school and exogenous system.

**Leadership in high school:** In USA, the leadership in high school is the most powerful managers. They manipulated all the resources, and their decisions will affect the whole school(Daniel &Herbert,2006). In China, the leadership governed by secretary and the principal is still the highest authority of daily management and operation. They play the role of "emotion capitalists" referred by Kevin Thomson (1998).One of the most important responsibilities is policy guidance and the allocation of resources, and thus they can achieve the optimization of education process. Leadership in high school is the core variable in the endogenous system.

**Managing institutions in high school:** they are the executors of strategic plans. Their main job is to provide various resources and management support for teaching and scientific researches. According to the view of organizational cybernetics and system survival model, they play the auxiliary roles and should not be a separate existence system(Daniel &Herbert,2006).Therefore, managing institutions should transform from executors of management to the provider of management services as soon as possible. They belong to the basic variables.

**Logistic service system:** they mainly provide services of campus property, daily life facilities security and so on. They can be attributed to common variables.

According to the analysis above, we can get the model of endogenous social system -- management of endogenous variable value chain (chart 3).

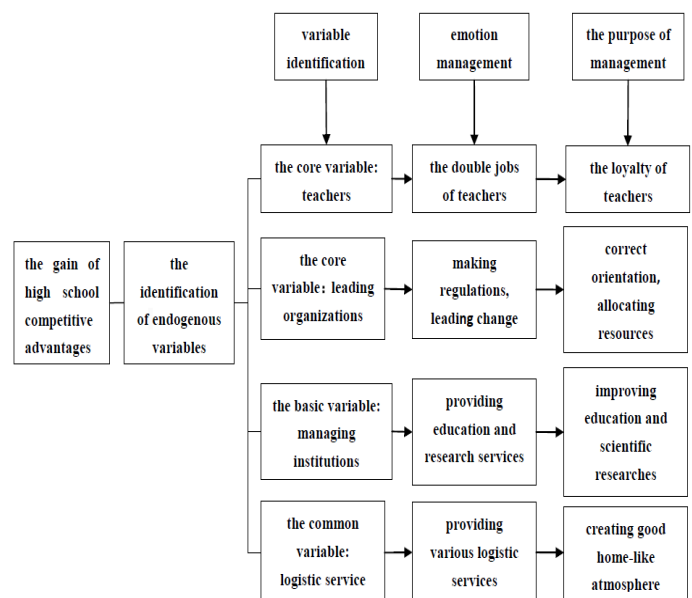


Chart 3: the high school endogenous social system and endogenous variables value chain

## 4 THE CONSTRUCTION AND APPLICATION OF HIGH SCHOOL VALUE CHAIN SYSTEM MODEL

### 4.1 *The construction of high school value chain system model*

Based on the analysis of exogenous and endogenous variables of the value chain, we can build the high school value chain system model (chart 4). Chart 4 shows the location foundation as well as the focus of the management work in high school. The core of the exogenous variable management system is to establish the brand loyalty of supplier value chain and channel value chain (students and employers, etc.) to high schools and to further influence government departments and assessment institutions. The endogenous variable system management is to ensure the core role of teachers and correct performance orientation. Without the management of teachers-centered value chain and the support of the decision makers of high schools, the management of students-centered exogenous variables will no longer exist. In this sense, the teachers' performance orientation and designs of career path constitute the basis of competitive advantages in high schools. The management of high school exogenous system is based on the endogenous system management. This is the only way for high school to realize value transfer and establish competitive advantages.

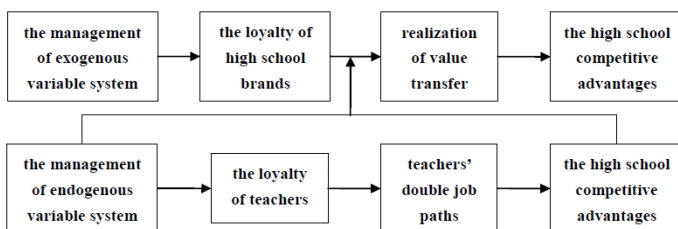


Chart 4: high school's value chain system mode

### 4.2 *The application of high school value chain system model*

To manage the endogenous system variable is to determine the core role of the teachers and correct performance orientation toward the teachers. And the performance orientation is refers to the requirements for teachers' teaching and scientific research work. The basic idea is based on understanding that students should be regarded as the "customer" and "product", through the investment and management towards teachers "inner emotional capital", the high school could meet students' and employers' demand of the "external emotional capital". Specific method is that by making the right teacher performance orientation and career path design, the high school could lead teachers according to their own advantage to choose development paths, which is the most important

"emotion contract" between the teachers and high school. The high school could design two development paths(teaching series and scientific research series)for teachers.

The students are the most important and complex exogenous variables, the positioning and recognition of the students is to improve students' brand loyalty in high school, and then obtains the competitive advantage of high school. Students are also the most important external capital. So it's very important to deal with the relationship between schools and students, the relationship between teachers and students, the relationship between other departments and students. In their education, the high school should stick to the philosophy of taking the student as the main body, ensure the realization of democratic rights; and maintain harmonious relationship between teachers and students, thus optimize the education process.

In addition to the teachers and students, other variables of Survival system in high school also has a certain influence on competitive advantage of high school, so we also should pay attention to dealing with the relationship between them and high school. First, we need to ask every subsystem of the endogenous system in high school to achieve comprehensive, harmonious, free and full development. Leadership in high school, managing institutions in high school and logistic service system make planning and corresponding policy, system, and provide resources to support respectively for teachers' teaching, scientific research and daily life. In this way, teachers' subjective initiative can be made full use of, and they can cooperate with the high school to keep with basic policy of the government in order to to cultivate outstanding graduates for the society. thus the high school can build their own brands, win the market and the respect of the society, finally form the competitive advantage.

## 5 CONCLUSION

High school is an open society system. And the maintenance the effectiveness, function and lasting competitive advantages depends on the cooperation relationship between high schools and various environmental factors as well as the the related interest groups. Only does the cooperation build on the "promise" and "trust" posed by Morgan and Hunt (1994) will it be able to maintain and develop the cooperation. Traditional researches of high school are "from top to bottom", characterized by "provider oriented", but this paper is "from bottom to top", featured by "customer oriented", which means it first takes the exogenous variables of the high school existence and development into consideration and then researches the related causal endogenous

variables. Therefore, correctly dealing with the exogenous and endogenous variables of high schools' survival and development and the establishment of the value chain system model is of great significance to enhance the competitive advantages and build a harmonious socialist society.

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