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## The Way Forward. Customer Co-production Behaviour

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### Abstract

The area of customer co-production behaviour has an impressive body of research devoted to comprehending a range of perspectives and theories related to this area. However, relatively little research have examined through the perspective of service dominant logic and underpinned self-determination theory to understand the customer co-production behaviour. The customer's role is active and participative because as an individual, a customer has the potential to act and influence the productivity and the outcome of service. Customer co-production behaviour is defined as the determination and willingness of a customer to participate actively in terms of his time and effort with the service provider in the service inception and production stages. This study applies the self-determination theory and an adapted version of the co-production model by Etgar (2008) to explain co-production behaviour in service provision. For the research, the context of building projects is appropriate to investigate this phenomenon because it is complex and time-related, hence requires customers' perseverance to engage in the co-production process. A pre-study exploratory research, television programme analysis, interviews with the council officer and informants who have experience in building projects were conducted prior to determining the research model. Online and mail surveys were administered to a group of 275 participants who were willing to share their personal experiences in building projects. A customer's openness to experience, agreement and emotional stability traits has a positive effect on feeling competent about the activities that he/she wants to participate in, and he/she feels the self-efficacy to co-produce with the providers. The conscientiousness trait is relevant to susceptibility to control. The value anticipation construct has a relationship with agreement and conscientiousness. However, extraversion traits do not show any significant relationship with the customer autonomous motivation to participate actively in service provision. Next, autonomous motivation was shown to be a valid predictor to customer co-production behaviour. Finally, the findings also showed intrinsic rewards had a positive relationship as the outcome of customer co-production behavior. This study concluded that the self-determination theory and perspective of service dominant logic are useful in explaining the primary role of customers' co-production behaviour in core product offering.

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## 1. Background of the study

Customers are the key fundamental resources to service production. Hence, their engagement in core offering production as learned and active customers was examined by researchers through several understandings such as customer participation, cooperation and co-creation. Many had also called for an understanding of customer co-production behaviour (Auh, Bell, McLeod & Shih, 2007; Bendapudi & Leone, 2003; Bettencourt, Ostrom, Brown & Roundtree, 2002; Chen, Tsou & Ching, 2011; Etgar, 2008; Groth, 2001; Lim & Moufahim, 2011). However, this research aimed to contribute to a growing body of literature focusing on a new perspective of service marketing concepts introduced by Vargo and Lusch (2004). Vargo and Lusch (2004) established a new dominant logic for marketing, known as service-dominant logic (SD-Logic), which emphasised the customer as an operant resource and held that all businesses are basically service businesses. Despite considerable interest in the nature and role of customer co-production behaviour, and utilising a basic marketing perspective, very little research attempted to employ the SD-Logic paradigm as the perspective for observing customer behaviour (Etgar, 2008; Morelli, 2009).

## 2. Customers as part of service provision

The most important solution in service provision is based on *value, service and experience*; all the *intangible benefits* customers experience through their engagement in service (Ojasalo, 2010). Customer participation represents the behavioural manifestation of customers to directly contribute to service production; as a result, it will reduce the need for service recovery (Dong, Evans & Zou, 2008). In other words, customers could influence the attribution of service outcomes and service failures (Bendapudi & Leone, 2003; Wikström, 1996). Recognising the importance of customer normative expectation in value and service quality, in service delivery and active participation in service production may drive positive service outcomes, such as satisfaction to customers; indirectly increasing service provider performance (Chan, Yim & Lam, 2010). Arguably, part of participation behaviour is to be active and engaged with service providers and activities, which may be a voluntary performance equipped with a bundle of favourable actions shown by customers to other customers (Rosenbaum & Massiah, 2007), or to service employees (An-Tien, Chang-Hua & Ko-Chien, 2004) or acceptance of a new product (Bettencourt, 1997). In contrast with other researchers, customer participation behaviour may be generated through motivational drivers in which customers obtain value through experience by integrating resources in the service process (Etgar, 2008). This behaviour that is initiated could be part of the service which may reduce ambiguity of the outcome and increase economical value with expected cost reduction in the production process.

As an individual, the customer actively participates in service production to reflect personal latent needs, which would be the projection of their own initiative to produce and maintain the production process as precisely as possible so as to achieve expected results. The idea of the customer as part of the value creator indicated that the formation of value is stimulated by customers in the process directed towards the production of the core offering itself (Wikström, 1996). Furthermore, customers may offer input into their own consumption in the sequential process, as early as the design and development stage, or production, marketing or even during consumption (Wikström, 1996).

Using the *cognitive approach*, customers embed their perceived value through cognitive involvement in the service production (Payne, Storbacka & Frow, 2008). According to this stance, customers who perceive or judge themselves to have the ability through their skills and knowledge will be directly involved in service production. Emphasis of user involvement in building up service would vary on the level of competency demonstrated by the individual. The most important reason for customers as active participants is merely to ensure that value is created according to the specification of needs (Brodie, Siren & Pels, 2011). Interactions between customers and providers are the way value is created (Grönroos, 2011). In other words, this activity also induces collaborative learning among customers and providers (Ordaini & Parasuraman, 2011). These observations further provide a foundation for the notion of customers as partial employees. Grönroos (2011) suggested that value creation is the usage of resources by both the customer and provider in an interactive process. According to the traditional approach, value creation is only based on the core offering itself; however, in a new perspective of the marketing process, value creation encapsulates the whole process of the transaction itself (Wagner, Eggert & Lindemann, 2010). Grönroos (2011) explained that extended service offerings would make providers extend their market offering to customers. In other words, value creation is not a one-time occurrence or the result of any business transaction; it reflects the expression of the entire process of development up to the delivery of service (Grönroos, 2011). The entire process of

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