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**THEORETICAL MODEL FOR DEVELOPING FRONTLINE
EMPLOYEES VALUE CO-CREATION BEHAVIOUR THROUGH
SERVICE PRACTICES**

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junaid_17005205@utp.edu.my*Abstract*

The objective of the paper is to theoretically foster the understanding of organizational provided service practices (SP) and capabilities that facilitate and enhance the frontline employees' engagement in value co-creation. This paper proposed a typology of service practices which consists of regulative, normative and cognitive. This proposed conceptual model extends the understanding and conceptualization of engagement of frontline employees (FLEs) in value co-creation (VCC) processes. This study meaningfully contributes to theorizing and advancing the understanding about service practices towards the engagement of FLEs in VCC. The proposed model takes the consideration of complex service setting and micro-foundations perspective which reflects a broad set of research. The proposed model is not only interesting from theoretical point of view, but for manager, for whom engagement of FLEs in value co-creation holds the potential for improved customer satisfaction and loyalty. FLEs engagement in value co-creation lead towards more creative and higher quality ideas that are more valued by customers.

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1. Introduction

Business firms across various industries increasingly recognize the central role of frontline employees (FLEs) as co-creators, negotiators, and facilitators of value creation (Karlsson, 2018). They have been recognized as drivers of business success (Ostrom et al., 2010), due to their regular interaction with customers. However, firms seem to struggle to engage them in value co-creation (VCC) (Plé, 2016; Plé & Chumpitaz Cáceres, 2010). In this regard, researchers and practitioners are focusing to study engagement of front-line employees in value co-creation for successful service outcomes (Anh & Thuy, 2017; McColl-Kennedy et al., 2012).

However, previous researches on the engagement of frontline employees in value co-creation were focused towards exploring the dyadic nature of VCC. But in complex service setting, for instance in automobile service centres network nature of value co-creation become more prevail towards the frontline employees' engagement. Therefore, this paper sets out to conceptually contribute by focusing on the understanding about frontline employees' engagement in network-oriented nature of value co-creation.

In network-oriented nature of VCC, firm takes on the role of a facilitator of value (operand and operant resources) to their FLEs to create a collaborative and interactive environment for their engagement (Figure 01). In other words, firms create a structural fit between them and FLEs by facilitating their practices and resources, which FLEs use to manage their activities during the interaction with customers. This study suggest that firms need to provide a structural fit by facilitating the co-creation practices through understanding FLEs needs, development and values.

This study provides an analytical framework of cocreation practices vis-à-vis service practices(SP) and categorize the supporting capabilities that enable service practices (SP) understanding (Karpen et al., 2011). This study structures the conceptualization of service practices in three categories namely regulative, normative and cognitive which are facilitated by the companies to engage their FLEs in VCC. Proposed framework of this study fetches SP together with capabilities which are necessary to attain them and highlights how SP and capabilities are inextricably linked to engage the FLEs in VCC. To this end, purpose of this study is to make engagement of FLEs in VCC less abstract and providing the guidelines that facilitate the achievement successful engagement of FLEs in VCC. Proposed conceptual model is developed based on in-depth literature review of SD logic and its related research streams.

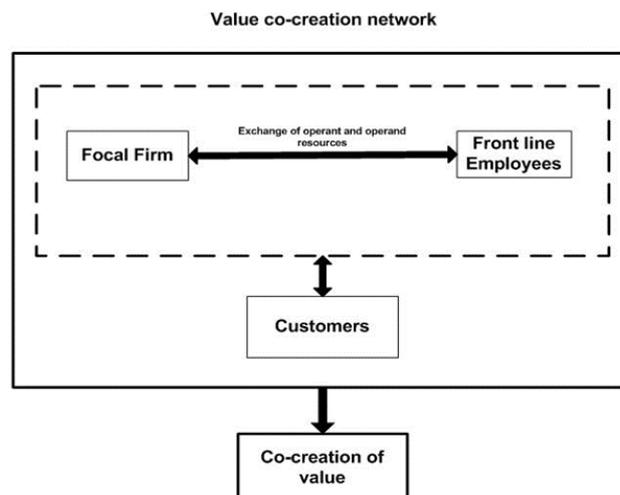


Figure 01. Value co-creation in network

2. Literature Review

2.1. Value Co-Creation and Strategic Considerations of Service Practices

Conceptually, VCC is about understanding the “processes, resources and practices which actors (firms, employees, customers and others) use to manage their activities during the interaction with other actors” (Payne et al., 2007, p. 85) in a specific context. Firms are using VCC concept for the development of higher relational orientation and deeper interaction with the different actors like customers, employees and others (Ballantyne & Aitken, 2007; Marcos-Cuevas et al., 2016). Interaction as a mechanism helps to create a superior customer experience (Payne et al., 2007; Vargo & Lusch, 2016), especially when service is complex (like automobile repair). In this context, the interaction between FLEs and customer is key (Cadwallader et al., 2010; Sweeney et al., 2018). To this end, firms need to facilitate the collaborative and interactive environment. This collaborative and interactive environment help them to perform appropriate behaviour during the interaction with customers. This study argue firms should facilitate their FLEs with co-creation practice, that can help FLEs to manage their interactions with customers. Co-creation of value happens through the resource integration and interaction between FLEs and customers in a service joint sphere (Grönroos & Voima, 2013; Gummesson & Mele, 2010; Vargo & Lusch, 2008). From strategic point of view, firm’s role as facilitator of value is central in supporting FLEs to be an effective co-creator. This issue is more pertinent to be explored in complex service setting like automobile sector, where FLEs often in stress due to multiple service features like repair and maintenance, insurance coverage, warranty claim and others while customers are sometimes fearful, anxious and angry.

Frow, McColl-Kennedy and Payne (2016) argued that processes of VCC originated from service practices (co-creation practices) among actors which join in a service ecosystem. Through the performance of these practices actors create value (Korkman et al., 2010). SP come up through institutions-social norms or rules of the game (Williamson, 2000) which basically provide structure for interaction and assist with the co-ordination of VCC. This study proposes the typology of SP i.e., regulative, normative and cognitive practices. Firstly, although previous literature highlighted various kinds of practices (Frow et al., 2016; La Rocca et al., 2014; Luo Zet al., 2015; McColl-Kennedy et al., 2015) but their work is somehow lacking in introducing service practices towards the engagement of FLEs in VCC as well as supporting capabilities as enablers. Secondly, previously reported practices are generic in nature and discussing practices from macro perspective than micro and having a strong emphasis on gathering the customer insights. Thirdly, conceptualization to provide insights into the network-oriented nature of VCC and firms role to facilitate the interaction among FLEs and customers in complex service setting is scant. Previous researchers have acknowledged that more studies are required to explore the practice’s role for engagement of FLEs in VCC in complex service setting (Frow et al., 2016).

This study characterizes interactional capabilities as integrative mechanism which produce coherence and integration of SP for VCC. Interaction capabilities provide the background for incorporation of firm’s assets into groups, which permit the realization of VCC (Marcos-Cuevas et al., 2016). This study conceptualize the six interaction capabilities given by (Karpen et al., 2011). Six interaction capabilities are: (1) Developmental (2) Empowerment (3) Relational (4) Ethical (5) Individuated (6) concerted interaction capabilities. Through this conceptualization, service-dominant practices and capabilities will be less

abstract, thereby yielding guidelines which facilitate the realization of VCC. Table 1 shows the previous work on co-creation practices by different researchers.

Table 01. Previous Work on Co-Creation Practices

Author	Objectives	Research methods	Co-creation practices
Kjellberg and Helgesson (2007)	Proposed a conceptual model to present markets as the ongoing results of practices.	Conceptual	Exchange, Representational, Normalizing practices
Skålén, Pace, and Cova (2015)	Examining the nature of successful and unsuccessful VCC processes among firms and brand communities	Netnographic study	Provision, Representational Management and organizational practices
Russo-Spena, Gummesson, and Mele (2012)	Examining innovation as process of co-creation	Netnographic research	Co-ideation, Co-evaluation, Co-design Co-test, Co-launch
Marcos-Cuevas et al. (2016)	Examining the influence of practices and underlying capabilities to realize the value in B2B systems.	Case study	Linking, Materializing, Institutionalizing
Cova, Pace, and Skålén (2015)	To understand about the engagement of customers without paying	Netnographic research	Interacting practices Identity practices Organizing practices
Luo et al. (2015)	Examining the impact of value co-creation practices on consumer-brand and consumer-other consumers' relationships, as well as, community commitment and brand loyalty.	Quantitative study	Social networking, Community engagement, Impression management, Brand use practices

2.2. Regulative Practice

Regulative practices include rule setting, monitoring and sanctioning activities to influence the behavior (Scott, 2008). In broader sense, they constrain and regularize behavior. But, sometimes due to coercive power supported by rules, firms move into the realm of authority. Rather than operating in authoritative and exogenous manner, laws should be better conceive as an occasion for sense making and collective interpretation (Patel & Cardon, 2010). That is what value co-creation explain, value through collective interpretation (Edvardsson et al., 2011) enhances the actors engagement in value co-creation. Firms should craft regulative practice that bring believe in FLEs about their social wellbeing.

2.2.1. Developmental Interaction Capability

This study defines developmental capability as a service firm's ability to facilitate knowledge and competence development to enhance FLEs service interaction with customers (Karpen et al., 2011).

2.2.2. Empowerment Interaction Capability

It's been defined as a service firm's ability to enable its FLEs to shape the nature and content of exchange during the service interaction with customers (Karpen et al., 2011).

Following propositions are proposed:

Proposition 1a: Developmental interaction capability will significantly develop FLEs value co-creation behavior.

Proposition 1b: Empowerment interaction capability will significantly develop FLEs value co-creation behavior.

2.3. Normative Practice

Normative practices are being defined as actions, social norms, belief, value and expectations, which are considered morally appropriate and correct (Marquis et al., 2007; North, 1990). Strategically, firms enact the norms for value exchange and their rationality for employees. By following normative practices, firms create the acceptable standard in the society. Being a beneficiary, employees highly rate socially acceptable ethical conducts towards their engagement in value co-creation. Because employees' feelings, emotions are attached with them and they feel respect and honor when firm follows them. Secondly, S-D logic assumes value co-creation, it is inherently relational.

2.3.1. Relational Interaction Capability

Relational interaction capability is defined as an service firm's ability to enhance the connection of social and emotional links with FLEs to enhance their service interaction with customers (Karpen et al., 2011).

2.3.2. Ethical Interaction Capability

It's been defined as an service firm's ability to act in a fair and non-opportunistic way to enhance the FLEs service interaction with customers (Karpen et al., 2011).

Following propositions are proposed:

Proposition 2a: Relational interaction capability will significantly develop FLEs value co-creation behaviour.

Proposition 2b: Ethical interaction capability will significantly develop FLEs value co-creation behaviour.

2.4. Cognitive Practice

Previous literature explain cognitive practices as ways, perception, descriptions, theories, model and empirical data about reality and thus, brings the understanding for business reality to operate the business successfully (Edvardsson et al., 2014). Social cognitive theory (SCT) focus attention on actor's learning and behaviour which occur in social environments (Schunk & Usher, 2012). In social environments actors observe not only others behaviour but also their consequences, by doing so they learn the sequence of actions and which later on guide their own action to achieve appropriate outcomes (Bandura, 1986). From the *cognitive* perspective, for value co-creation, the firms need to perceive, understand and learn about their

FLEs. What FLEs personally believe, wants, needs and how firms can bring easiness to their life through technology. Through cognitive practices, practitioners can identify the new business opportunities. Through cognitive practice, firm learn about FLEs emotions and their needs to better engage them in VCC. By acknowledging this, this study defines *Cognitive practice as internalized practice that facilitate individuated and concerted capabilities to FLEs to engage them in value co-creation.*

2.4.1. Individuated Interaction Capability

It's been defined as an service firm's ability to understand the resource integration processes, contexts, and desired outcomes to enhance the FLEs service interaction with customers (Karpen et al., 2011).

2.4.2. Concerted Interaction Capability

It's defined as an service firm's to facilitate coordinated and integrated service processes to enhance the FLEs service interaction with customers (Karpen et al., 2011).

Following propositions are proposed:

Proposition 3a: Individuated interaction capability will significantly develop FLEs value co-creation behaviour.

Proposition 3b: Concerted interaction capability will significantly develop FLEs value co-creation behaviour.

2.5. FLEs Value Co-Creation Behaviour

For VCC to occur, actors (like FLEs) should engage behaviourally in exchange (service-for-service) and in associated interactions. Without behavioural engagement either resource integration will happens, nor value can be co-created during interaction (Storbacka et al., 2016). To, align the theory with practice FLEs behavioural engagement plays a central role for empirical investigation. Marketing related approaches take engagement as longitudinal and theoretically broader and more transactional (Storbacka et al., 2016). Like, Van Doorn et al. (2010) claimed that engagement is behavioural by nature and firms interest lie into understanding that how different drivers leads towards behavioural manifestation for firm and others.

Relatively, in VCC literature researchers have explored more customers' engagement behaviour. But, Yi and Gong (2013) who developed and measure the scale for customer VCC behaviour emphasize to measure employees behavioural engagement to VCC. Previous researchers have provided the two types of VCC behaviour like active and passive (Bove et al., 2009; Yi & Gong, 2013; Yi et al.2011). Yi and Gong (2013) label passive and active kinds of behaviour as participation behaviour. Similarly, Van Doorn et al. (2010) identifies five types of engagement behaviour like valence, form, scope, nature, of impact and customers goal. Behavioural engagement differs in terms of duration (Chandler & Lusch, 2015; Füller, 2010; White et al., 2004), so firms should develop the co-creation activities wisely in terms of engaging actors. Storbacka et al. (2016) has defined five properties as observable engagement activities for co-production vs. value-in-use activities, relational properties, informational properties, and temporal properties.

3. Proposed Conceptual Framework

Based on the reviews of the past literatures, the conceptual framework of this study is presented as figure 02, where the endogenous variable is FLE Value co-creation Behaviour, and the regulative practices, normative practices and cognitive practices are presented as exogenous variables.

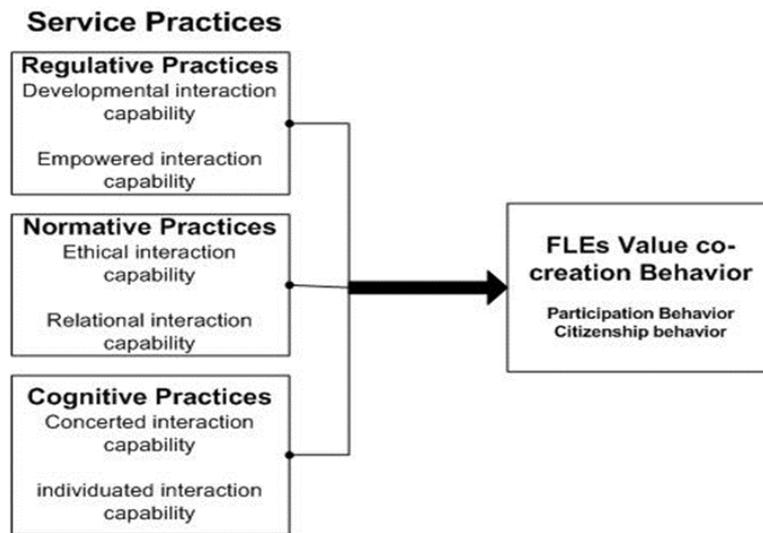


Figure 02. Conceptual Framework

4. Discussion and Conclusion

Previous researchers were more focused towards firm benefits, like increased satisfaction (Payne et al., 2007), loyalty and innovating quality of service or products from customer perspective (Blazevic & Lievens, 2008). However, FLEs engagement in VCC specifically in complex service setting (network oriented) has not been fully understood, where the role of firms becomes important as a facilitator of value. By considering the important role of firm towards engagement of FLEs in value co-creation, this study has provided the conceptual framework. This is true as firms create value through performing some form of important service practices. Secondly, practices provide structure for interaction and co-ordination of VCC. This study meaningfully contributes to theorizing and advancing the understanding about service practices towards the engagement of FLEs in VCC. The proposed model takes the consideration of complex service setting and micro-foundations perspective which reflects a broad set of research. The proposed model is not only interesting from theoretical point of view, but for manager, for whom engagement of FLEs in value co-creation holds the potential for improved customer satisfaction and loyalty. FLEs engagement in value co-creation lead towards more creative and higher quality ideas that are more valued by customers. Future studies can proceed by empirically testing the proposed model in complex service setting. Future studies might investigate to what extent FLEs assessment of the focal service firms service practices in different service settings.

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