A CONCEPTUAL MODEL: FRONTLINE EMPLOYEES BEHAVIORAL ENGAGEMENT IN VALUE CO-CREATION
Muhammad Amin1, Zulkifli Bin Ghazali2, Rohail Hassan3
1,2Management and humanities department, Universiti Teknologi PETRONAS, Seri Iskander, Perak, Malaysia, 3Othman Yeop Abdullah Graduate School of Business (OYAGSB), Universiti Utara Malaysia, UUM Sintok Kedah Darul Aman, Malaysia.
Email: 1 amin.wrai@gmail.com, 2zulkifli.g@utp.edu.my, 3rohail.hassan@uum.edu.my
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Abstract

Purpose of the study: The main aim of this study is to propose the conceptual model for developing frontline employees’ behavioural engagement towards value co-creation.

Methodology: This research has used a qualitative approach to explain how service firms’ attempt to create value for their frontline employees by facilitating interaction capabilities. Secondly, how facilitation of interaction capabilities help the service firm to engage the frontline employees to co-create the value with the customers, thus, to answer the research questions towards the development of a conceptual model through the lens of value co-creation, this study was conducted (a) in-depth literature review and (b) input from 6 industrial and academic experts.

Principal Findings: Through the theoretical support of the S-O-R Model and expectancy theory, the study concludes that frontline employees’ behavioural engagement in value co-creation mainly depends on interaction capabilities and their motivation. Frontline employee’s motives are derived through their expectancies, which they perceive from the service interaction. The capabilities are mainly facilitated by the service firms, which, in turn, motivate the frontline employees towards their engagement in value co-creation.

Applications of this study: The proposed model has practical implications in complex service settings like automotive, Oil and Gas sectors where frontline employees’ have regular service interaction with the customers.

Novelty/Originality of this study: The proposed model has been developed by taking the theoretical implications of the S-O-R model by focusing on frontline employees’ behavioural engagement in value co-creation. However, previous literature on value co-creation has concentrated more on the customer’s domain.

Keywords: Frontline Employees’ behaviour Engagement, Value Co-creation, Interaction Capabilities, Motivation, S-O-R Model.

INTRODUCTION

The idea of Value Co-Creation (VCC) is central to the emerging Service-Dominant Logic (SDL). It holds the promise of a more collaborative economy, in which network partners are becoming active participants in the value creation processes (Neghina, Bloemer, van Birgelen, & Caniëls, 2017). The central concept of VCC is that it happens during the interaction between different actors – customers, employees, service firms, suppliers and others. This concept has been used widely in various fields like development of design for new products and services, involvement of customers in production, multi-firm partnership, open business models (Ramaswamy & Ozcan, 2018), and declared as a research priority by the service science (Neghina, Caniëls, Bloemer, & van Birgelen, 2015;Ostrom et al., 2010).

However, the above-discussed context and existing conceptualisation about VCC (Randall, Gravier, & Prybutok, 2011) have directed the researcher’s attention towards the development of a macro-level consideration to either network or service ecosystem level (Storbacka, Brodie, Böhmann, Maglio, & Nenonen, 2016). The macro-level attention has created the ambiguity to understand the VCC, where some researchers used the term VCC to describe co-production, co-conception, co-pricing, and others. Secondly, the conceptualisation of VCC at the meso level (Lusch & Webster Jr, 2011) or macro-level (Wieland, Polese, Vargo, & Lusch, 2012), is difficult to be assessed empirically. So, to develop a better understanding of VCC to determine it empirically, the researchers should focus on the micro-level of service interactions (Storbacka et al., 2016). The knowledge at the micro-level will help to understand the value as the outcome and the goal of interaction between different actors (customers, employees, service firms and others) (Wajid, Raziq, Malik, Malik, & Khurshid, 2019). Secondly, micro-level understanding will help to understand how actors can be engaged in direct service interactions (Storbacka et al., 2016). Therefore, this study focuses on the locus of micro-level service interaction, i.e., between frontline employees (FLEs) and customers to understand the value as the outcome and to how actors, especially frontline employees, can engage with customers in direct service interaction.

Previous literature has provided a limited focus on the engagement of frontline employees in value co-creation. For example, the majority of research in the field of VCC has focused on co-creating the voice of customers (Laud & Karpen, 2017; Shamim, Ghazali, & Albinsson, 2017; Tommassetti, Troisi, & Vesci, 2015; Yi & Gong, 2013). While, we are now in a new age of front line employees (since they are the active participants and collaborators in the VCC process and co-creators of many solutions (Hsieh, 2016; Karlsson, 2018; Ramaswamy & Ozcan, 2018). Therefore, FLE
sengagement becomes more critical and visible due to its direct and regular or continuous interaction with the customers in a complex service setting like Oil and Gas, Automotive industries.

In a modern service setting, there is an interplay between resources and engagement of FLEs, and as there is less understanding of how these two interrelate towards VCC at the micro-level. Resources are mainly facilitated by a service firm to engage the FLEs in VCC activities with the customers. Resources (operant) can be in the form of competencies, capabilities or specialised knowledge and skills. However, the question stands as to what are organisational provided operant resources that influence the engagement of FLEs at micro in the VCC process. This study conceptualises that operant resources at the micro-level represent the interaction capabilities that drive the FLEs service driving behaviour.

One of the notable works on interaction capabilities is by Ingo O. Karpen, Bove, and Lukas (2011). Ingo O. Karpen et al. (2011) suggested six interaction capabilities, namely individuated, relational, ethical, empowerment, developmental and concerted interaction capability based on SDL, directly drive employees’ engagement in VCC. So, by adopting these six interaction capabilities, this study conceptualises that interaction capabilities drive the engagement of FLEs in VCC. However, Findsrud, Tronvoll, and Edvardsson (2018) argued that the traditional understanding of operant resources (interaction capabilities), which overlooked motivation, is insufficient to describe the actor's engagement in VCC. So, on the call of Findsrud et al. (2018), a clear understanding of the relationship between interaction capabilities, motivation, and engagement of frontline employees is demanded.

To summarise, the purpose of this study is to provide a conceptual framework of interaction capabilities that are provided by service firms to influence the employee’s motivation to co-create the value and their engagement in VCC at the micro-level of service interactions. The study is structured as follows. First, this paper conceptualises the role of interaction capabilities, frontline employee's motivation and their behaviour in value co-creation. Finally, drawing on the S-O-R model, this study develops a conceptual framework and propose some future directions.

**LITERATURE REVIEW**

**Interaction capabilities**

Service dominant logic (SDL) describes service as a fundamental driver of exchange, and it provides an understanding of how different actors like customers, employees, firms, and others co-create the value during the service interactions. From the SDL perspective, the capabilities that facilitate and enhance the service interaction among actors (like frontline employees and customers) to bring the co-creation of value are the interaction capabilities (Ingo O. Karpen et al., 2011). These interaction capabilities are central to the service firms’ competitive advantage. Accordingly, and in learning on interaction capabilities effect actions (behaviour) within the service firms (Wilden & Gadergan, 2017). Previous researchers have been more focused on market-shaping capabilities that represent macro-level (Nenonen, Storbacka, & Windahl, 2019). While few researchers have discussed the managerial level of resources (Day & Moorman, 2010; Ramaswamy & Gouillart, 2010), but less attention has been given to the interaction capabilities that facilitate and enhance the service interaction between FLEs and customers.

The only article to date that has discussed the capabilities from a broader level is presented by Ingo O. Karpen et al. (2011). Ingo O. Karpen et al. (2011) conceptualised six interaction capabilities based on in-depth literature review and expert interviews. However, the authors preferred to discuss service interactions at the firm level and focused on firm capabilities. However, this study conceptualises that manifestation of these capabilities falls within the service interactions between the FLEs, and customers and service firms facilitate these capabilities to engage their FLEs during the service interaction. Therefore, the current study focusing on the interaction capabilities that are needed for the engagement of frontline employees in VCC at the micro-level. Karpen et al., (2011) identified the six types of interaction capabilities that facilitate and enhance the service interactions between FLEs and customers are namely: (1) individuated interaction capability, (i.e. knowing about the FLEs processes, desired outcomes in specific contexts), (2) relational interaction capability (developing the social and emotional associations with FLEs in service processes (3) ethical interaction capability refers fair and non-opportunist means (4) empowerment interaction capability encourages the FLEs to shape the service processes (5) developmental interaction capability assisting the FLEs knowledge and competence development and (6) concerted interaction capability is about developing the service processes that can help FLEs during the interaction with the customers.

**Individuated interaction capability**

Individualising interaction capability is defined as a service firm’s ability to facilitate their frontline employees with personal preferences, preferred means of interacting, and desired outcome of the interaction. By promoting individuated capability, service firms set a belief for their employees, about their value. In other words, we can also say that service firms generate customised value for their employees by understanding their personal preferences, preferred means of the interacting and desired outcome of the interaction. This theme is also central to the SDL foundation, as it supports the belief that service firms must set value proposition by taking into consideration their employees’ operant and operand resources (Ingo O. Karpen, Bove, Lukas, & Zyphur, 2015). Later on, this sort of understanding can generate value for firms; it may be in the form of customers' satisfaction, loyalty while for employees, it may be in the form of an employee’s benefit and appreciation.
Relational interaction capability

Relational interaction capability refers to the service firms’ efforts to enhance relationship development with their frontline employees. SDL supports the notion of relationship development (Vargo & Lusch, 2004). Relational interaction capability acts like an appropriate socio-psycho approach, where managers have to become more skilled in managing all value aspects of relationships with their frontline employees like feelings of closeness. So, engagement of FLEs in the VCC process occurs, where they find strong social-psycho relationship bonds with the service firms. Thus, service firms need to adopt different relationship tactics to support the service interaction between FLEs and customers and psychological context to improve the co-creation of value (Schneider & Bowen, 2010).

Ethical interaction capability

SDL supports the actors to be treated ethically fair and equitable (Williams & Aitken, 2011). Ethical interaction capability focuses on the intention not to mislead, deceive, or pressurise your employees. Facilitation of such capability can create transparency that facilitates the collaborative service interaction among FLEs and customers. Ethical interaction capability proved to help create trust-based partnerships with open meaning that employees will not be misled, manipulate, and exploit. This sort of capability facilitation can help to engage the FLEs in VCC.

Empowered interaction capability

Empowerment interaction capability refers to the service firm’s facilitation of empowerment to shape the nature and content of service exchange. Empowering individual FLE can influence the service processes and outcomes (X. Zhang & Bartol, 2015). Empowerment gives FLE responsibility and authority to act as if they are in control of their destinies. Through the empowering interaction capability, service firms can enhance the co-creation efforts, because during this sort of capability, create the responsibility in the actors towards the outcome of the interaction. Empowerment also provides a sense of ownership and agency. Eventually, it can help to engage the FLEs in VCC.

Developmental interaction capability

Developmental interaction capability refers to the service firm’s facilitation of such resources that can enhance their knowledge and competence development. Such type of efforts helps the FLEs to improve knowledge and skill portfolio. Such a collection plays an essential role in the enhancement of value creation. Full and balanced sharing of knowledge and information is significant for service interaction. SDL emphasises it as a critical part of VCC (Ingo O Karpen et al., 2015). Through the facilitation of such activities, FLEs will not only engage in VCC processes but also, they will be able to train the customers during the service interactions (Hassan & Marimuthu, 2018; Altaf & Shahzad, 2018; Musibah et al., 2015).

Concerted interaction capability

Concerted interaction capability refers to the facilitation of coordinated and integrated processes to FLEs that can help them during service interaction with the customers. This capability is about designing and development of service platforms like interactive tools, webpages through which FLEs can interact in a better way with the customers. These sorts of service platforms make the value creation process effective and efficient (Marcos-Cuevas, Nätti, Palo, & Baumann, 2016).

Frontline employees’ motivation to co-create value (EMCCV)

Value co-creation occurs once FLEs and customers engage in direct service interaction (Grönroos & Voima, 2013). FLEs engage in VCC activities to achieve their perceived value (needs and wants). The perceived value, later on, translate into their motives for behavioural engagement (Sánchez-Fernández & Iniesta-Bonillo, 2007), based on the expected or observed value they seek to achieve. In a complex service setting where FLEs have direct service interaction with the customers, the service interaction can be more strengthened when FLEs perceived expectancies (motives) are develop towards interaction. These motives are going to engage them in specific behaviour when they believe that healthy service interaction with the customers will lead to the desired benefits, they are seeking to achieve, that can be understood as sought after value. By taking the Expectancy Theory, these motives FLEs expect to derive from their interaction with the customers. EMCCV is also directly connected with the goals and intentions that are shaped by the social context where FLEs operate. In other words, employees depend on action-outcome expectancies, that refer to “assessments of the likelihood that the initiation of goal-directed behaviours as a means to an end will lead to goal achievement” (Bagozzi & Dholakia, 1999, p. 28). So, expectancies work as a stimulus that influences the goals which employees set, the way their behavioural intentions are shape and the activities they assume to achieve their respective goals. Thus, by following the expectancy theory, this study posits that when FLEs engage in VCC activities, they may expect specific valued outcomes from their interactive activities.

Frontline employees value co-creation behaviour

For VCC to happen, actors (like FLEs) should engage behaviourally in service-for-service exchange and related interactions. Without FLEs behavioural engagement, either resource integration can happen, nor value can be co-created during interaction with the customers (Storbacka et al., 2016). Scholars have identified in service literature that FLEs
behavioural engagement in VCC can be seen in different forms like as innovative behaviour, participation behaviour, citizenship behaviour (Lindhult, Chirumalla, Oghazli, & Parida, 2018; Raeisi & Lingjie, 2017). This paper has adopted the FLEs VCC behaviour by taking the Yi and Gong (2013) approach. Yi and Gong (2013) have defined two types of VCC behaviour, i.e. FLEs participation and citizenship behaviour towards VCC.

FLEs participation behaviour can be defined in a broader term as all forms of employee involvement and engagement in the VCC process. Frontline employee’s participation behaviour is highly crucial in automotive services because of their continuous and direct interaction with the customers. If frontline employees do not effectively participate in customers’ value creation sphere with customers, the value cannot be co-created in terms of service outcomes. On the same node, frontline employees’ participation is also imperative in terms of customer engagement as well. Previous literature has also reported that customer engagement in VCC happens due to FLEs participation (Anh & Thuy, 2017; Gallar, Jarvis, Brown, & Bitner, 2013). In this study, FLEs participation behaviour towards VCC has conceptualised with four dimensions: information seeking, information sharing, responsible behaviour, and personal interaction (Yi & Gong, 2013).

FLEs citizenship behaviour can be explained as extra-role behaviour which an employee performs during or after the interaction with the customers to create a more pleasant experience for the service firm. Citizenship behaviour is quite different from participation behaviour. FLEs citizenship behaviour is not formally required, but if an employee engages in such behaviour, it’s proved to be a competitive advantage for service firms (Organ & Podsakoff, 2006). Such type of engaged employees makes significant improvements in companies’ economic growth. FLEs citizenship behaviour towards VCC comprises feedback, advocacy, helping, and tolerance (Yi & Gong, 2013).

**METHODOLOGY**

To develop the conceptual model, this study has undertaken the profuse/qualitative approach. A qualitative approach is used when the researchers focus on developing conceptual models (Bogosian, Morgan, Bishop, Day, & Moss-Morris, 2017). So, in developing the conceptual model, researchers attempt to understand the abstract concepts and key essential properties through an exploration of previous literature. However, in this study, we went a bit further and interviewed six industrial and academic experts to find their interesting suggestions for the development of a conceptual model.

In step one, by delineating the boundaries of our study, we searched the peer viewed articles on “service-dominant logic “, “S-O-R model”, “value co-creation”, “capabilities”, “motivation”, “frontline employees behavioural engagement”, “value (co) creation interaction among frontline employees and customers” and identified a set of seminal and more cited studies. We also considered the recent studies to analyse the new perspective on the topic under investigation and these studies were thoroughly analysed to withdraw the essential concepts.

In step two, the scope of the study along the key concepts was discussed in personal semi-structured interviews with the six industrial and academic experts. The interview guide included prompted experts to identify the interaction capabilities and how FLEs can have a healthy service interaction with the customers towards value co-creation. These experts were mainly selected based on their industrial and academic experience especially in the field of service marketing and strategic business management. The main objective of the interviews was to gain their suggestion towards the development of a conceptual model. Through this interview, we were enabled to refine the conceptual model and to get the key insight of frontline employees’ engagement in value co-creation.

**CONCEPTUAL FRAMEWORK OF THE STUDY**

The theoretical framework of the study is supported by Stimulus Organism Response (S-O-R) model. The Stimulus-Organism-Response (S-O-R) model explains that numerous features of the organisational environment work as stimuli that affect the actor’s internal cognitions and psychological states, which in turn induce their behavioural responses (Mehrabian & Russell, 1974). Previous literature reported that S-O-R theory explains that interactions with the cues (capabilities) which lie in the environment can impact actors’ psychological state (organism) and in turn influence their actions (response) (Cheung & Vazquez, 2013; Donovan, Rossiter, Marcoolyn, & Nesdale, 1994; Mehrabian & Russell, 1974). A recent study has explained that capabilities that help to create interactions between actors act as environmental stimuli influence the actors’ motivation, which in turn, compels behaviour (Bidar, Watson, & Barros, 2016). Drawing on the stimulus-organism-response theory, our proposed theoretical model describes that there are six types capabilities (individuated, ethical, developmental, concerted, relational, and empowered interactional capabilities), which facilitate and enhance mutually beneficial interaction with front line employees. These capabilities are facilitated by the service firm cause to create an environment in which decision making occurs. Each interactional capability works like a cue in the background, and when FLE gets interaction with them, their internal states or psychological state affect and lead to VCC behaviour. The organism can be emotional attachment, motivation, attitude or reasoning (Buxbaum, 2016; Putit, Md Yusof, & Suki, 2017). S-O-R theory has been widely used in behavioural researches of marketing (Ashman & Vazquez, 2012; Kawaf & Tagg, 2012). In this study, Stimulus (S) refers to the capabilities that work as an environmental cue. Organism (O) refers to individual motives towards service interaction. The motives are the result of their expectations of what they will get at the end of service interactions like recognition, career opportunities, and others. These expectations act like motives towards co-creation of value (Bitner, 1992; Ergol, Machleit, & Davis, 2001). While Response (R) refers to the VCC behaviour (Chuang & Chen, 2015) which is shaped by capabilities and motivations.
The S-O-R model applies to this study for the main three reasons. This model is appropriate to focus on different capabilities that stimulate the FLEs towards the healthy interaction with the customers to co-create the value with them. So, this model helps us to better understand the FLEs VCC behaviour through the effect of interaction capabilities and cognitive perspective of the FLEs. Secondly, this model has mostly been used in an online shopping environment (Bidar et al., 2016; H. Zhang, Lu, Wang, & Wu, 2015), where researchers try to understand the customer perspective. However, our research is differing from them, as this study focused on the engagement of FLEs in VCC. Besides, this study conceptualised the interaction capabilities as environmental cues that cause to affect the employee’s expectation about the service interaction, and these expectancies (motives) create the engagement of FLEs in VCC.

![Conceptual Model](source: Author’s Observation)

**DISCUSSION AND IMPLICATIONS**

The concept of VCC has been opened new research avenues for both researchers and practitioners. In this research, we argue that service firms are adopting VCC as a cornerstone of their strategy. This paper contends that when VCC becomes the main agenda of any service firm, then the need for strategic capabilities arise that foster service-driving behaviour. As Day and Moorman (2010) stated that “No firm can consistently drive superior value without investing in and managing the capabilities to do so.” Researchers Lusch and Webster Jr (2011) have called the investigation over the strategic importance of the capabilities. Within this mind, the study has proposed a conceptual model through in-depth literature review and interviews of experts. Drawing on the theory of S-O-R model, this paper theoretically contributes by conceptualises the significance of interaction capabilities towards the service interaction and how they support the engagement of FLEs in VCC. At this point, strategic marketing discipline would be benefitted from our proposed conceptualisation of FLEs behavioural engagement model. This conceptualisation is also essential to understand the nature and dynamics of the service ecosystem. Secondly, this study has put a focus on the critical role of FLEs in VCC, which is scant in previous literature. Thirdly, the findings of this paper conceptualised the vital role of motivation in VCC on the call of Grönroos, Helle, and Marketing (2012), who argued that behavioural engagement is founded based on benefits, that can be mutually created. Findsrud et al. (2018) also directed the researcher’s attention towards motivation by stating that the traditional understanding of operant resources (interaction capabilities), which overlooked motivation, is insufficient to describe.
VCC. Motivation as a missing driver in co-creation (Findsrud et al., 2018), extending operant resources to include motivation, will be broadening the understanding, scope, and nature of FLEs engagement in VCC.

CONCLUSION AND FUTURE DIRECTIONS

Altogether, this study presents a complete FLEs behavioural engagement model in VCC that would help future researchers to investigate it in an actual service setting. We therefore, proposed our knowledge to extend the knowledge of S-O-R model by understanding and revealing that interaction capabilities are required to construct the important and complex process of FLEs motivation towards value co-creation and it has the effects on FLEs behavioural engagement in value co-creation. However, the six interaction capabilities may not share the same antecedents and consequences in a different service setting.

We acknowledge that further research is needed in different service setting to clarify how managers learn about FLEs value and how they allocate capabilities to develop FLEs behavioural engagement. Another important area from this study perspective is to explore the FLEs motivation towards value co-creation. These motives may depend on their perception or expectation of service interaction (Amin, 2019). In this regards, managers can understand to structure the future value co-creation efforts.

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AUTHORS CONTRIBUTION

Conceptualisation (Muhammad Amin); methodology (Muhammad Amin); software, A.J., M. and R.H.; validation (Muhammad Amin & Rohail Hassan); formal analysis (Muhammad Amin & Rohail Hassan); investigation (Muhammad Amin); resources (Muhammad Amin & Rohail Hassan); data curation (Muhammad Amin); writing—original draft preparation (Muhammad Amin & Rohail Hassan); writing—review and editing (Muhammad Amin, Zulkipli bin Ghazali & Rohail Hassan); visualisation (Muhammad Amin); supervision (Zulkipli bin Ghazali & Rohail Hassan); project administration (Muhammad Amin & Rohail Hassan); funding acquisition (Muhammad Amin, Zulkipli bin Ghazali & Rohail Hassan).

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