

The Determinants of Co-Production for Value Co-Creation: Quadratic Effects

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Abstract : Recently, interest has been generated in the search for a new reference framework for value creation that is centered on the co-creation process. Co-creation implies cooperative value creation between service firms and customers and requires the building of experiences as well as the resolution of problems through the combined effort of the parties in the relationship. For customers, values are always co-created through their participation in services. Customers can ultimately determine the value of the service in use. This new approach emphasizes that a customer's participation in the service process is considered indispensable to value co-creation. An important feature of service in the context of exchange is co-production, which implies that a certain amount of participation is needed from customers to co-produce a service and hence co-create value. Co-production no doubt helps customers better understand and take charge of their own roles in the service process. Thus, this proposal is to encourage co-production, thus facilitating value co-creation of that is reflected in both customers and service firms. Four determinants of co-production are identified in this study, namely, commitment, trust, asset specificity, and decision-making uncertainty. Commitment is an essential dimension that directly results in successful cooperative behaviors. Trust helps establish a relational environment that is fundamental to cross-border cooperation. Asset specificity motivates co-production because this determinant may enhance return on asset investment. Decision-making uncertainty prompts customers to collaborate with service firms in making decisions. In other words, customers adjust their roles and are increasingly engaged in co-production when commitment, trust, asset specificity, and decision-making uncertainty are enhanced. Although studies have examined the preceding effects, to our best knowledge, none has empirically examined the simultaneous effects of all the curvilinear relationships in a single study. When these determinants are excessive, however, customers will not engage in co-production process. In brief, we suggest that the relationships of commitment, trust, asset specificity, and decision-making uncertainty with co-production are curvilinear or are inverse U-shaped. These new forms of curvilinear relationships have not been identified in existing literature on co-production; therefore, they complement extant linear approaches. Most importantly, we aim to consider both the bright and the dark sides of the determinants of co-production.

Keywords : co-production, commitment, trust, asset specificity, decision-making uncertainty

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