The Impact of Customer Value Co-Creation and Relationship Quality on Relationship Equity: Personality Traits as a Moderator

(Kesan Penciptaan Nilai Pelanggan dan Kualiti Hubungan ke Atas Ekuiti Hubungan: Ciri-ciri Personaliti Sebagai Moderator)

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ABSTRACT
This study aimed to examine the relationship among customer value co-creation, relationship quality, and relationship equity in the tailoring services in Malaysia. Moreover, this study also investigated whether customer personality trait plays a moderating role in the relationship of value co-creation behavior and relationship quality as well as the relationship between relationship quality and relationship equity. A total of 245 questionnaires were collected via purposive sampling from customers seeking tailoring services from SME tailoring businesses. The findings revealed that customer value co-creation has a statistically significant influence on relationship quality. In addition, relationship quality was also positively related to relationship equity. However, the moderating effect of customer personality trait was not significant. This study contributes to the existing literature on customer co-creation and personality traits of consumers in tailoring services of SMEs, particularly in explaining the relationship equity of consumers.

Keywords: Value co-creation; relationship quality; relationship equity; personality trait; tailoring services

ABSTRAK
Kajian ini bertujuan untuk mengkaji hubungan antara penciptaan nilai pelanggan, kualiti hubungan, dan ekuiti hubungan dalam perkhidmatan jahit di Malaysia. Selain itu, kajian ini juga menyiapkan sama ada sifat keperibadian pelanggan memainkan peranan sebagai pemboleh ubah sederhana dalam hubungan tingkah laku penciptaan nilai dan kualiti hubungan, serta hubungan kualiti hubungan dan ekuiti hubungan. Sebanyak 245 soal selidik telah dikumpulkan melalui persampelan purposive daripada pelanggan perkhidmatan jahit yang dimiliki oleh perniagaan kecil dan sederhana. Hasil penemuan menunjukkan bahawa penciptaan bersama nilai pelanggan mempunyai pengaruh yang signifikan terhadap kualiti hubungan. Di samping itu, kualiti hubungan juga mempunyai hubungan yang positif dan signifikan dengan ekuiti hubungan. Walau bagaimanapun, sifat keperibadian pelanggan sebagai pemboleh ubah sederhana adalah tidak signifikan. Kajian ini memberikan sumbangan besar kepada literatur sedia ada mengenai penciptaan nilai bersama pelanggan dan keperibadian pengguna dalam perkhidmatan jahitan PKS, khususnya dalam menjelaskan hubungan ekuiti pengguna.

Kata kunci: Penciptaan nilai pelanggan; kualiti hubungan; sifat keperibadian pelanggan; ekuiti hubungan; perkhidmatan jahitan

INTRODUCTION

Most developing countries that focused on manufacturing in the past are now experiencing growth in the service sector. This growth has resulted in intense competition in the sector. This situation greatly impacts the SME service providers, including the fashion and tailoring business segment, which have become more competitive and dynamic (Hashim et al. 2015; Kim et al. 2012). Technology advancement and global competition have changed the service delivery of the fashion and tailoring business allowing customers to have better access to an endless amount of information and better service experience.

Relevance to this new service ecosystem, Vargo and Lusch (2004) proposed the concept of Service-Dominant (S-D) logic that emphasizes service as the value creating activity that drives marketing exchanges through the process of pre-consumption, consumption, and post-consumption of products and services (Brodie et al. 2013; Tynan & McKechnie 2009). The perspective of S-D logic is in line with the relationship marketing perspective because it emphasizes value co-creation arising from the interactions between the customer, the company and their
stakeholders, and the customization based on customers’ needs. This S-D logic also coincides with the relationship marketing strategy, which aims to attract, maintain, and enhance customer relationships (Berry 1995) and loyalty (Hoyer et al. 2010). This perspective is consistent with the definition of relationship marketing provided by Gummesson (1994: 5) that “relationship marketing (RM) is marketing seen as relationships, networks, and interaction.” In the context of retailing, customers play the key role in co-creating their own experience while retailers obviously play their part in offering value propositions by providing suitable products and services with the aim to trigger the value co-creation processes through active dialogue, personalized experiences, and collaboration of both customers and retailers (Cambra-Fierro et al. 2017; Russo Spena et al. 2012).

The co-creation process allows both service providers and customers to apply resources, such as skills and knowledge on service interaction, in order to acquire benefits (Lusch & Vargo 2006), which in turn allows both parties to solve problems jointly (Prahalad & Ramaswamy 2004). Roslin and Melewar’s (2008) study on SME retailers’ competitiveness founds a close relationship between small retailers and their customers leads to better understanding and improved service offerings.

Despite the development in the study of service management, studies on customer co-creation are still scant. The complexity and intangible nature of services (Kristal et al. 2016) result in many unresolved issues related to service management. Hence a need to further investigate relationship quality from a consumer perspective focusing on construct’s operationalization from the retail perspective (Athanasopoulou 2009). Although several researchers have provided comprehensive reviews on customer roles and their participation during the transaction process, namely, as an advocate (Von Hippe 2001), innovator (Ulwick 2002), participation (Seger-Guttman & Medler-Liraz 2016), source of competence (Prahalad & Ramaswamy 2003), human resource (Bowen & Jones 1986), partial employee (Mills & Morris 1986), productive resource (Jo Bitner et al. 1997), customer as co-producer (Martin et al. 2001), instructor (Wibe & Narula 2001), there is still a lack of discussion on the role of customer value co-creation behavior (CVCB) in creating a sustained relationship. As a matter of fact, this suggestion is also made by several scholars for more research in this area as the empirical evidence of co-creation research is still limited and inconclusive (Carlson et al. 2018; Shaw et al. 2011; Kristal et al. 2016). Frias Jamilena et al. (2017) call for the need to conduct empirical research on value creation among customers during the consumption experience. Similarly, Hoyer et al. (2010) assert that further examination on the effects of S-D Logic as well as co-creation processes on firm success and the effects of the increment of customer retentions, revenues and profitability.

Further research has been suggested to evaluate the impact of personality traits in the co-creation process (Desai 2009; Yi & Gong 2013). According to Gountaz and Gountas (2007) personality traits influence how customers evaluate the service provided and respond to marketers’ strategies. It has also been suggested that consumers with different personality traits produce different behavioral responses. It has been established in the relationship marketing literature that the behavior of consumers is contingent on their personality and influences their switching behavior. In addition, scholars (e.g. Kristal et al. 2016; Grissemann & Stokburger-Sauer 2012) pointed out that there are still research gaps concerning the benefits of co-creation for the customer in service setting. They call for more study on variables that specifically focus on individual difference that might be a catalyst of customer co-creation. They argued that customers might only like to co-create up to a certain extent, and a too-high degree of co-creation might lead to dissatisfaction with the service provider. Several researchers (Adjei & Clark 2010; Gountas & Gountas 2007; Stamoulis et al. 2017) further note that personality traits influence consumer behavior and how customers respond to market demand. In a similar vein, Yi and Gong (2013) propose that the role of moderators such as customer personality and relationship age in the co-creation process need to be examined.

Thus, one of the objectives of this research is to examine whether co-creation behavior and relationship quality in a retail context depend on consumer personality traits. By examining customer’s response to a service provider’s co-creation efforts, we aim to discover how personality plays an important role in determining consumer response to the co-creation activities. Further, this study intends to examine the relationship between the value of co-creation behavior, relationship quality and effects on relationship equity. Finally, this research also attempts to understand the moderating effect of customer personality traits on the relationship between relationship quality and relationship equity. This study contributes to the S-D Logic and co-creation literature by showing that all customers do not respond in the same way to the co-creation activities.

LITERATURE REVIEW

CUSTOMERS VALUE CO-CREATION BEHAVIOR (CVCB)

Co-creation emphasizes value-creating processes with the involvement of the customer as a co-creator of value, which leads to unique experiences for the customer (Payne et al. 2008). Laffley and Charan (2008) suggest that the idea of co-creation is to promote a business culture based on curiosity, collaboration, and connectedness. Shaw et al. (2011) argue that S-D Logic is important to the notions of the experience economy and the contribution to the developments of new products and services. Besides, co-creation is operationally described as involving a high level of customer participation in customizing the product or service (Kristensson et al. 2008). Previous
research identifies two types of customer value co-creation behavior: customer participation behavior and customer citizenship behavior (Yi et al. 2011). Customer participation behavior, as suggested by Yi and Gong (2013), is comprised of four dimensions: (a) information seeking, (b) information sharing, (c) responsible behavior, and (d) personal interaction. Meanwhile, customer citizenship behavior dimensions consist of feedback, advocacy, helping, and tolerance. The value co-creation concept helps to realize business productivity through business efficiency and customer engagement. A study by Polo Peñaa et al. (2014) found that, customers value is not only created by the provision of the service per se but also the actual process of the service development—i.e., the method of communication and interaction that are tailored to the customers such as social media and email, which offer greater involvement and collaboration of consumers with the firm.

RELATIONSHIP QUALITY

It is widely recognized that relationship quality is the most common construct used in relationship marketing literature (Adjei et al. 2009), as it measures the strength and depth of the relationship between customers and the brand based on the past experiences relating to the best interaction with the product or services (Chen & Myagmarsuren 2011; Ou et al. 2011). Relationship quality illustrates how well the relationship conforms to customers’ expectations, predictions, goals and desires (Hyun 2010). Hennig-Thurau et al. (2002) refer to relationship quality as a meta construct composed of several key components reflecting the overall nature of relationships between companies and consumers. As a result, these key components are supposed to reflect the extent to which the relationship is appropriate and, in turn, to determine the extent to which the relationship marketing outcomes are favorable (Ndubisi et al. 2012).

In addition, relationship equity is one of the important preconditions for the success of a long-term exchange relationship and determines the sustainability of seller-buyer relationships (Zhang et al. 2014). Vesel and Zabkar (2010) also agree that relationship quality is one of the criteria where retailers can select the best customer in relationships, which could lead to the process of co-creation. Relationship quality is an important prerequisite to a successful long-term relationship and has the ability to provide insights into the impact of the marketing efforts offered by the company for customers and their needs (Breivik & Thorbjørnsen 2008; Xie & Heung 2012). In addition, relationship quality has been viewed as an essential concept in marketing due to its role in influencing customer decision-making during and after the purchase (Hennig-Thurau et al. 2002; Morgan & Hunt 1994).

While most studies treat relationship quality as multi-dimensional, encompassing various components reflecting the nature of customer and company relationship (Hennig-Thurau et al. 2002), there are some studies that assess relationship quality in a one-dimensional way (DeWulf et al. 2001; Wong & Sohal 2006). This research, however, examines only two of the three dimensions, which are satisfaction and trust, which is in line with previous research (Zhang et al. 2011). Prior studies have shown that a high level of relationship quality increases loyalty (Chen & Myagmarsuren 2011; DeWulf et al. 2001; Ndubisi et al. 2012; Rafiq et al. 2013; Vesel & Zabkar 2010), brand equity (Marquardt 2013), and word of mouth (Basheer 2013).

RELATIONSHIP EQUITY

Relationship equity is one of the important concepts under the purview of customer equity drivers (CED) and has become a more visible construct in marketing field due to vast research in loyalty programs (Yoshida & Gordon 2012). It can be defined as the tendency of the customer to stick with the brands that go above and beyond a customer’s objective and subjective assessments of the brands (Rust et al. 2001). Based on the research, Vogel et al. (2008) found that high relationship equity ensures better behavioral intentions, and this will consequently contribute to higher relationship benefits (Hennig-Thurau et al. 2002). Research in relationship equity has highlighted the importance of relational benefits and relationship quality, which could affect the behavioral intentions of the customers (Ramaseshan et al. 2013). A study by DeWulf et al. (2001) revealed that the perception of customers towards relational bonds could be enhanced with the factors of preferential treatment, interpersonal communication, direct mail, and tangible rewards. In addition, by investing in developing a better relational bond with customers, it could lead to positive behavioral intentions (Vogel et al. 2008) and positive effects of word-of-mouth intention, brand loyalty, and commitment to the service provider (Hennig-Thurau et al. 2002).

It is enough to say that relationship marketing, as well as relationship equity, plays a significant role to retain loyalty and commitment to any service providers and this will affect the competitiveness of the business (Sashi 2012). Moreover, Ramaseshan et al. (2013) also found that relationship equity has a significant effect on customer loyalty directly, and mediates the relationship between these two constructs. They conclude that relationship equity is a primary importance in obtaining customers’ loyalty (Ramaseshan et al. 2013).

PERSONALITY TRAITS

Personality traits are the factors that distinguish one person from another including the individual selection of stores, products, or services. They can be defined as inner psychological characteristics that both determine how a person responds to the environment (Schiffman & Kanuk
Considerable research has constantly indicated that relationship is important in the value creation process for a long-term relationship (Morgan & Hunt 1994) and consequently can generate positive word-of-mouth, customer and relationship longevity as well as customer retention (Athanasopoulou 2009). In the context of consumer product, Fournier (1998) posits that a robust and quality relationship with customers can facilitate relationship stability. Prior studies have acknowledged the link between the dimensions of relationship quality such as satisfaction (Choi et al. 2017; Pappu & Quester 2006), and trust (Erdem & Swaït 2004; Šerić et al. 2017) on brand equity and loyalty. This is aligned with the recent suggestions about brand equity that customer satisfaction and affective commitment (dimension of relationship quality) to a brand have a positive effect on brand equity (Iglesias et al. 2018a; Šerić et al. 2016).

In addition, Lai (2014) suggests that service organizations should focus on building and maintaining relationship quality with customers in order to retain them and maintain their loyalty. Bush et al. (2007) in their conceptual framework propose the link between relationship quality and brand equity in their effort to study the connection between relationship marketing and marketing productivity. Therefore, the following hypothesis is developed:

\[ H_1 \] Relationship quality is positively related to relationship equity.

PERSONALITY TRAITS AS A MODERATOR

Relationship marketing concepts and tactics are highly related to behavioral changes of customers (Sharp & Sharp 1997). According to the traits theories of personality, human behavior is determined by relatively stable personality traits (Kleinstüber et al. 2018). Based on the consumer–brand relationship literature, several types of consumer personality traits such as consumer innovativeness, variety-seeking, and relationship proneness are found to have a significant influence on consumer relationships (Gounaris & Stathakopoulos 2004; Ramirez & Goldsmith 2009). Adjei and Clark’s (2010) study investigates whether the impact of satisfaction-driven relationship quality on behavioral loyalty in retail context depends on the dimensions of personality traits (namely innovativeness, variety seeking, and relationship proneness). They found that the value of relationship quality and relationship marketing are dependent on the personality of the consumers and have a moderate effect between these two constructs. A study by Wang et al. (2010) on consumer personality traits reveals that the consumer characteristic of neuroticism attenuates the association between customer satisfaction and loyalty and the characteristic of extraversion is positively related to the level of accrued loyalty. Using a quantitative method Menidjie et al. (2017) demonstrated that personality traits (variety-seeking) negatively moderates the positive
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relationship between brand trust and brand loyalty. The findings suggest that if the level of variety-seeking increases, the strength of the relationship between trust and loyalty will decrease.

This finding suggests that all customers should not be treated in a similar approach. From another perspective, Kim et al. (2012) also found that a customer’s attitude positively influences customer equity towards certain brands. Recent empirical findings suggest that personality traits (neuroticism and introversion) moderate the relationship between job insecurity and health complaints because of inability to deal with problematic situations and not able to seek comfort and closeness in relationship with others (Iliescu et al. 2017). Thus, this study proposes that:

H3 Personality traits moderate the relationship between customer value co-creation (CVCB) and relationship quality.

H4 Personality traits moderate the relationship between relationship quality and relationship equity.

Based on the developed hypotheses, the researcher proposed the following conceptual framework in Figure 1.

![Conceptual framework](image)

**FIGURE 1. Conceptual framework**

**METHODOLOGY**

**SAMPLING DESIGN AND PROCEDURES**

The research setting of this study is Small and Medium Enterprises (SMEs) involved in tailoring services. Customers of tailoring services operating in Medan MARA in the capital city of Malaysia, Kuala Lumpur are the target population of this research. Being the only building in the capital city of Malaysia that accommodates 196 tailors under one roof, it makes Medan MARA a popular destination for people seeking for tailoring services. Hence, this is a strategic location for the researchers to obtain a sample because of the availability of the sample at the location.

All items were derived and adapted directly from their original scales and therefore they came in their original language, which is English. As the respondents in this research were Malaysian and mostly were Malays, the items were translated into Bahasa Melayu using a backward and forward (back-to-back) translation approach (Hayashi et al. 1992). The researchers made a first-stage translation in order to clarify the context of the conversations and to determine that their reliability and validity was sufficiently high before passing them to proofreaders for checking.

The data collection was carried out for the period of one month, from July to August 2015, which is a peak period for tailoring services due to the upcoming festive season. This study used purposive sampling and the data were collected by using self-administered questionnaires distributed via the drop and collect technique. The researchers presumed that the subjects intend to get tailoring services and have clear ideas on the choice of tailoring service and reason of preferences. Although this sampling method has several disadvantages due to the possibility of being biased and unrepresentative (Fraenkel & Wallen 2008), it is apparently convenient for this research in order to pull out a large number of samples from the targeted population.

In addition, the respondents were approached in their environment or specifically in the business premises where they get their tailoring service. Drop and collect technique involves researchers and/or trained field assistants deliver the questionnaire directly to the owner or managers of the tailoring services to be distributed to the customers and later collected back the completed questionnaire (Ibeh et al. 2004). Of the 400 questionnaires that were distributed, 245 completed questionnaires were received, representing a response rate of 61.3 percent.

**MEASUREMENTS**

A questionnaire using five-point Likert scales ranging from 1 = strongly disagree to 5 = strongly agree were used to gather data for each construct of the research model. All instruments were adopted and adapted from prior studies. The measurement contents were validated with the help of academic and industry experts. In this study,
relationship with trust with 7 items adapted from (Ou et al. 2011; Omar et al. 2011). Based on past studies, the construct is proposed as reflective dimensions: satisfaction and trust (Oliver 1980; Füller et al. 2008). Items for personality traits scale were adapted from research by Vazquez-Carrasco and Foxall (2006) and Kim et al. (2017) as a unidimensional construct which encompasses six items. Customer value co-creation was measured as a unidimensional construct that involves three reflective indicators based on the proposed of Dong et al. (2008), Ho and Ganesan (2013) and Cambra-Fierro et al. (2017). Relationship equity was measured with five items adapted from De Wulf et al. (2001) and Vogel et al. (2008).

For demographic information, the questionnaires specify the respondents’ information on gender, age, number of years using the service, ethnicity, and marital status. As suggested by Fraenkel and Wallen (2008), the researchers carefully included information on demographic and other characteristics of the sample studied. Demographic information of the respondents is presented in Table 1.

TABLE 1. Demographic information of the respondents

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Frequencies</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>70</td>
<td>28.6%</td>
</tr>
<tr>
<td>Female</td>
<td>175</td>
<td>71.4%</td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malay</td>
<td>242</td>
<td>98.8%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1</td>
<td>0.4%</td>
</tr>
<tr>
<td>Siam</td>
<td>1</td>
<td>0.4%</td>
</tr>
<tr>
<td>Kadazan</td>
<td>1</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>65</td>
<td>26.5%</td>
</tr>
<tr>
<td>Single</td>
<td>177</td>
<td>72.2%</td>
</tr>
<tr>
<td>Divorced</td>
<td>3</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Number of Years Using The Service</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>30</td>
<td>12.2%</td>
</tr>
<tr>
<td>One Year</td>
<td>26</td>
<td>10.6%</td>
</tr>
<tr>
<td>Two Years</td>
<td>28</td>
<td>11.4%</td>
</tr>
<tr>
<td>Three Years</td>
<td>29</td>
<td>11.8%</td>
</tr>
<tr>
<td>Four Years</td>
<td>23</td>
<td>9.4%</td>
</tr>
<tr>
<td>Five Years</td>
<td>23</td>
<td>9.4%</td>
</tr>
<tr>
<td>Six Years</td>
<td>28</td>
<td>11.4%</td>
</tr>
<tr>
<td>More Than Six Years</td>
<td>58</td>
<td>23.7%</td>
</tr>
<tr>
<td><strong>Age of the respondents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 years and below</td>
<td>17</td>
<td>7%</td>
</tr>
<tr>
<td>26-35 years</td>
<td>132</td>
<td>54%</td>
</tr>
<tr>
<td>36-45 years</td>
<td>59</td>
<td>24%</td>
</tr>
<tr>
<td>46-55 years</td>
<td>31</td>
<td>13%</td>
</tr>
<tr>
<td>56 years and above</td>
<td>6</td>
<td>2%</td>
</tr>
</tbody>
</table>

The demographics of the respondents tabulated in Table 1 were derived from the descriptive analysis. The majority of the age group (54%) was in the category of 26–35 years old and the majority of the respondents (72.2%) were single. Females (71.4%) outnumbered the males (28.6%). About 23.7% of the total respondents had used the services more than six years, 12.2% less than one year, followed by three years (11.8%), two and six years (11.4%), one year (10.6%), and four and five years (9.4%).

As the data of this study were self-reported and collected from a single source (Customers of tailoring services) via self-reported questionnaires, Harmon’s single factor test was used to assess the threat of substantial common method bias (CMB). With a result of 31%, the first factor did not account for a substantial amount of common method variance. Thus, the result provided evidence that CMB is not a major issue in this study.

DATA ANALYSIS AND RESULTS

MEASUREMENT MODEL

The research model was analyzed using the Partial Least Square-Structural Equation Modelling (PLS-SEM) approach. Hence, SmartPLS 3.0 was used to analyze data. The usage of PLS-SEM approach is far less restrictive as compared to covariance structure analysis in terms of its capability to generate distributional assumption. In addition, it is applicable to situations where knowledge about the distribution of latent variables is limited and the estimation required is more closely tied to the data (Hair et al. 2016). In order to evaluate the validity and reliability, the measurement model was tested before we proceeded to assess the structural model (Venkatesh et al. 2012). Bootstrapping method (500 resamples) were used to determine the significance levels for loadings, weights, and path coefficients (Gil-Garcia 2008). First, this study calculated the variance inflation and the tolerance values first to evaluate the multicollinearity issue. The result indicated that the values calculated for Variance Inflation Factors (VIFs) were in the range of 1.264 to 1.611. Therefore the values were less than the suggested threshold of 5 (Venkatesh et al. 2012). Hence, the testing indicates that collinearity is not a major problem in this research.

Next, the study calculated the construct validity to test and clarify the results obtained from the use of the measure fit the theories around which the test was designed (Sekaran & Bougie 2010). The validity test is useful to test whether the research instrument taps the concept as theorized. First, we delved into the loadings and cross loadings values in order to track any problematic items. We set a cut off value for loadings to be significant at 0.5 (Hair et al. 2016). Any items which had a loading value higher than 0.5 on two or more factors would be deemed to have significant cross loadings. After the screening process, only 21 items were available for further analysis.

The next step was to test the measurement model by evaluating the convergent and discriminant validity of the scales. Convergent validity is achieved if the value of average variance extracted (AVE) for each factor is greater than 0.50 and the CR of all the constructs exceeds
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0.80 (Fornell & Larcker 1981). The composite reliability (CR) results are as shown in Table 2 which are well above the suggested value of 0.80, while the value of AVE of each construct exceeded the proposed cut-off level of 0.50, as recommended by Fornell and Larcker (1981). These results implied that the convergent validity was established (Table 2) and thus the convergent validity of the measurement model is confirmed.

<table>
<thead>
<tr>
<th>Measurement Items</th>
<th>Loading</th>
<th>Cronbachs Alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co creation</td>
<td>CoCrea10 0.7286</td>
<td>0.88</td>
<td>0.90</td>
<td>0.52</td>
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<tr>
<td></td>
<td>CoCrea12 0.7603</td>
<td></td>
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<td></td>
<td>CoCrea14 0.7551</td>
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<td></td>
<td>CoCrea15 0.7640</td>
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<td></td>
<td>CoCrea22 0.7041</td>
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<td></td>
<td>CoCrea23 0.6729</td>
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<td></td>
<td>CoCrea7 0.6859</td>
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<td></td>
<td>CoCrea8 0.6961</td>
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<td></td>
<td>CoCrea9 0.6634</td>
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<tr>
<td>Personality traits</td>
<td>PTraits13 0.9221</td>
<td>0.86</td>
<td>0.91</td>
<td>0.78</td>
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<tr>
<td></td>
<td>PTraits14 0.9349</td>
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<td></td>
<td>PTraits15 0.7850</td>
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<tr>
<td>Relationship Equity</td>
<td>RelaEqui1 0.7887</td>
<td>0.83</td>
<td>0.93</td>
<td>0.60</td>
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<tr>
<td></td>
<td>RelaEqui15 0.7271</td>
<td></td>
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<td></td>
<td>RelaEqui2 0.8348</td>
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<td></td>
<td>RelaEqui4 0.7995</td>
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<tr>
<td></td>
<td>RelaEqui7 0.7293</td>
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<tr>
<td>Relationship Quality</td>
<td>RelaQual1 0.8530</td>
<td>0.91</td>
<td>0.95</td>
<td>0.79</td>
</tr>
<tr>
<td></td>
<td>RelaQual3 0.8681</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RelaQual4 0.9181</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RelaQual5 0.9064</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Next, the study assessed the discriminant validity by checking into both correlation analysis and the square root of AVEs to its inter-constructs correlations. Table 3 shows that the square root of AVE surpasses the correlation coefficients of the inter-construct. To further test the discriminant validity, the correlation estimates of the constructs should outline a set of indicators to measure that different constructs are not very high (> 0.90) or very low (< 0.10). Table 3 reports that the correlation between the exogenous constructs with endogenous were 0.8868 for both relationships. Therefore, the measurement model revealed adequate levels of discriminant validity.

<table>
<thead>
<tr>
<th>PTraits</th>
<th>RelaEqui</th>
<th>RelaQual</th>
<th>Cocrea</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8833</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>0.5288</td>
<td>0.8686</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>0.5360</td>
<td>0.7868</td>
<td>0.8868</td>
<td>0</td>
</tr>
<tr>
<td>0.4655</td>
<td>0.6077</td>
<td>0.5764</td>
<td>0.7154</td>
</tr>
</tbody>
</table>

Notes: n = 245; square root of AVE is shown on the major diagonal (bold).

Table 3. Latent variable correlations and discriminant validity

The structural model was tested next with the path analysis to test the hypotheses generated. The R² and path coefficients (loadings and significance) show how well the data support the hypothesised model. The R² values for relationship quality and relationship equity were 0.4340 and 0.6563 respectively, which suggest that the model variables can explain 43.40 and 65.63 percent of the variance of the respective dependent variables. The result indicates that the model has a moderately strong explanatory capability (Hair et al. 2016).

A closer look shows that customer co-creation behavior is positively related to relationship quality (β = 0.407, p < 0.01, t = 6.1860). The relationship between relationship quality and relationship equity also positively related (β = 0.682, p < 0.01, t = 14.1938). As such, this study concludes that hypotheses H₁ and H₂ were supported.

Table 4. Path coefficients and hypothesis testing

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path Coefficient</th>
<th>Standard Deviation</th>
<th>t-value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>Cocrea -&gt; RelaQual</td>
<td>0.4070</td>
<td>0.0675</td>
<td>6.1860</td>
</tr>
<tr>
<td>H₂</td>
<td>RelaQual -&gt; RelaEqui</td>
<td>0.6820</td>
<td>0.0481</td>
<td>14.1938</td>
</tr>
</tbody>
</table>
From the managerial perspective, it is of inadequate significance to know the level of $R^2$, but the differential effects of each latent variables contribution to the endogenous variables are more important. Thus, it is important to evaluate which predictor variable has a substantive influence on the dependent variable. This can be explored through the effect size $f$. The higher $f$ the greater the influence of the independent construct. Whereby values of 0.02, 0.15 and 0.35 can be respectively regarded as small, medium, or large (Chin 1998). The results are given in Table 5. All of the latent variables have a large influence on dependent variables.

Next, the study looked into the moderating effect of personality traits on the relationship of customer co-creation behavior with relationship quality (hypothesized as $H_1$) and relationship quality with relationship equity (hypothesized as $H_2$) using the two-stage approach recommended by Henseler et al. (2015). Basically, a moderator is a variable that affects the strength or direction of a relationship between an independent variable and a dependent variable (Baron & Kenny 1986).

According to Table 6, the standardized coefficient of $H_1$ (PTraits moderates cocrea – $\rightarrow$ RelaQual) is not significant with $t$-value is 0.4978. While the second moderating hypothesis $H_2$ (PTraits moderates RelaQual – $\rightarrow$ RelaEqui) is also not significant with $t$-value at 0.0435. Thus, $H_1$ and $H_2$ are both not supported and this is contrary to the proposed hypotheses of the study.

**DISCUSSION**

This study intends to shed light on (1) the impact of CVCB on relationship quality among consumers of tailoring services; (2) the impact of relationship quality and relationship equity; and (3) the moderating effect of personality traits on the relationship between CVCB with relationship quality and relationship quality with relationship equity. Returning to the proposed hypotheses, Table 4 and Table 6 show the results relating to the proposed relationships between the constructs under construction. The important aspects of these results are as follows:

Hypothesis 1 covers the effect of CVCB on relationship quality. The relationship ($p < .01$) was found to be statistically significant, and the effect of 0.41 was detected. Hence, there is a statistical support for this hypothesis and it can be concluded that CVCB has a positive effect on relationship quality. Logically, the interaction between tailor and customer at the initial stage of tailoring will increase the relationship closeness between them (Shashi 2012). To provide a better service, tailors have to communicate and co-operate with their customers at the initial stage, during the service delivery process and after sales which is a continuum process of co-creation. The interaction and communication will enhance relationship quality, which is supported by Grönroos (2011) to make use of value co-creation opportunities a better supplier-buyer relationship. Recently, several scholars suggest realigning the intersection between the design and the marketing functions for success in the fashion businesses allows consumers to select and develop their own identities (Goworek et al. 2016). Based on the S-D logic concept the fashion designers should move away from the production orientation approach to a more customer-oriented approach that requires the designer to focus on customers engagement, participation, and co-creation.

Hypothesis 2 proposes that relationship quality is positively related to relationship equity. The results show a statistically significant relationship ($p < .01$), and the effect identified stands at 0.68. Therefore, there is a statistical support for this hypothesis and it can be concluded that relationship quality has a significant and positive effect on relationship equity. The quality of the relationship between customer and the service provider is realized from the customer interaction with the service offering and the quality of the interaction is fundamental for value co-creation to occur (Grönroos 2011). As predicted, there was a significant positive relationship between relationship quality and relationship equity. The finding supports the extant theories that had previously linked the relationship between relationship quality and equity (Marquardt 2013; Nyadzayo et al. 2011). Moreover, the result is also consistent with the findings of Lai (2004) which suggested that service providers, including tailors, should focus on developing a better relationship quality with customers in order to retain their loyalty.

Hypothesis 3 refers to the moderating effect of personality traits on the relationship between CVCB and relationship quality. The results indicate that there is no statistical support for this hypothesis. Hypothesis 4 alludes to the moderating effect of personality traits on the

**TABLE 6. Moderating effects of personality traits**

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Path Coefficient</th>
<th>Std Dev</th>
<th>t value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 cocrea*PTraits $\rightarrow$ RelaQual</td>
<td>0.4980</td>
<td>0.3883</td>
<td>0.4978</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H2 RelaQual*PTraits $\rightarrow$ RelaEqui</td>
<td>0.0440</td>
<td>0.2857</td>
<td>0.0435</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>
relationship between relationship quality and relationship equity. The results show an insignificant relationship.

Thus, it can be concluded that personality traits do not have any moderating effects in the relationship of both CVCB-RelaQual and RelaQual-RelaEqui. The interaction between CVCB with relationship quality and between relationship quality and relationship equity are not being enhanced by customers’ personality traits and this is contradictory to the findings by Adjei and Clark (2010). The result seems logical for the selected product category in this study which involved SMEs in fashion and tailoring services. As the data is collected during the peak period of the festive season and the tailoring services operators in this study are small independent owned tailoring service providers which are located in an urban mall location, most of the participants of this study are repeat customers and have been loyal with similar service providers for many years. Furthermore, it is common for the service providers in this industry to treat their customers as value co-creators regardless of their personality differences. This is based on the idea that co-creation processes will increase customers satisfaction level (Grissemann & Stokburger-Sauer 2012). Offering better service and custom options are strategies that most tailoring service providers use to stay competitive (Nieves-Rodriguez et al. 2017). Consistent with the study of Payne et al. (2008) and Vivek et al. (2012), co-creation process between tailors and customers will develop enthusiasm, social interaction and conscious participation. Engaged customers have a tendency to maintain a relationship with service providers by enhancing the degree of relationship and communication between them (Jaakkola & Alexander 2014).

THEORETICAL IMPLICATIONS

The study empirically provides an insight regarding the social exchange theory (Homans 1961) and Service-Dominant Logic (Vargo & Lusch 2008) as buyers and sellers are willing to co-create and interact for exchange benefits and mutual wellbeing. Findings indicate that customer value co-creation behavior is positively related to relationship quality (H1). The findings related to customer value co-creation behavior obviously supports the current debate (Vargo & Lusch 2016) on the importance of this phenomenon in service retail context. Logically, the interaction process between tailor and customer at the initial stage of tailoring will increase the relationship closeness between them (Shashi 2012). The interaction and communication will enhance relationship quality, which is supported by Gronroos (2011) to make use of value co-creation opportunities for a better supplier-buyer relationship. From the theoretical perspective, the reciprocal relationship will generate a willingness for customers to co-create for their own benefits in which induce them to be loyal with the service providers in the future.

In addition, relationship quality is positively related to relationship equity (H1), which is consistent with the findings of Lai (2014) that suggest service providers, including tailors, should focus on developing a better relationship quality with customers in order to retain their loyalty. In a similar vein, Chen and Myagmarsuren (2011) posit that relationship value in the context of service can be developed by focusing on building relationship quality with their customers. This finding is important in customer equity study, as relationship quality is one of the dimensions of customer equity drivers (CED) (Ramaseshan et al. 2013).

However, this study did not find significant results for the moderation. We conclude that personality traits do not have any moderating effects in the relationship of both cocrea -> RelaQual and RelaQual -> RelaEqui. The interaction between customer co-creation behavior with relationship quality and between relationship quality and relationship equity is not being enhanced by customers’ personality traits and this is contradictory to the findings by Adjei and Clark (2010). The result seems logical for the group of customers in tailoring services as most of them have been loyal with similar service providers for many years which require low customer involvement. Previous studies (Odekerken-Schröder et al. 2003) revealed that the level of involvement may interact with personality traits. In this study, the consumer may have had low involvement with the tailoring services because of longer duration of relationship that has been established.

MANAGERIAL IMPLICATION

This research has important managerial implications. First, if service providers want to strengthen their relationships with customers, they need to promote customer participation and involvement. Cambra et al. (2014) recommend company to have frequent dialogues and personal interactions with customers as it will improve the relationship. Service providers should innovate their marketing strategies and incorporates more interactive value in their offering in order to encourage customer engagement. The interaction between customer and service providers happens all the time, whether the customer realizes it or not, but the challenge for the providers is to make that interaction to be engaging and happen through positive experience. Thus, among other practical approaches that should be taken into considerations are proper planning for training programs particularly for frontline employees, creating conducive ambiance for service co-creation and improve the overall capabilities in order to deliver an exceptional and memorable service experience. By implementing a co-creation approach in company strategy, it will benefit both parties in term of generating quality relationship and consequently will improve relationship equity. Second, the findings suggest that customer relationship quality with the service provider is positively related to relationship equity in the context
of tailoring service. It is important for a company to build long-term, and trustworthy relationships with customers in order to enhance customer loyalty. Third, the capacity of customer value co-creation to generate a lasting relationship with the customer in the tailoring services does not depend solely on personality traits. Thus, it is suggested that service providers in this industry to treat their customers as value co-creators regardless of their personality differences. This is based on the idea that co-creation processes will increase satisfaction level to all kind of customers (Grissemann & Stokburger-Sauer 2012). The findings made a contribution to the service management field under the retail industry perspective where it enhanced the understanding on how the co-creation and relationship processes contribute to the customer loyalty and retain them for a long period of time.

LIMITATION AND FUTURE RESEARCH

Despite the useful findings of this study, there are several limitations that need to be acknowledged. First, due to time and resource constraint, the sample size of the study is limited to 245 respondents. Second, the findings cannot be generalized extensively as the scope of the study is only limited to the customers in a single shopping complex in Kuala Lumpur. Lastly, this study mainly focused on testing the effects of customer value co-creation behavior, relationship quality, and relationship equity and does not incorporate the actual customer behavior in a more comprehensive buyer-seller relationship model.

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The Impact of Customer Value Co-Creation and Relationship Quality on Relationship Equity


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