



AMERICAN MARKETING  
ASSOCIATION

---

Is Customer Participation in Value Creation a Double-Edged Sword? Evidence from Professional Financial Services Across Cultures

Author(s): Kimmy Wa Chan, Chi Kin (Bennett) Yim and Simon S.K. Lam

Source: *Journal of Marketing*, Vol. 74, No. 3 (May 2010), pp. 48-64

Published by: American Marketing Association

Stable URL: <http://www.jstor.org/stable/27800814>

Accessed: 29-09-2016 00:27 UTC

## REFERENCES

Linked references are available on JSTOR for this article:

[http://www.jstor.org/stable/27800814?seq=1&cid=pdf-reference#references\\_tab\\_contents](http://www.jstor.org/stable/27800814?seq=1&cid=pdf-reference#references_tab_contents)

You may need to log in to JSTOR to access the linked references.

---

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at

<http://about.jstor.org/terms>



*American Marketing Association* is collaborating with JSTOR to digitize, preserve and extend access to *Journal of Marketing*

# Is Customer Participation in Value Creation a Double-Edged Sword? Evidence from Professional Financial Services Across Cultures

Emergent perspectives in marketing highlight new opportunities for co-opting customers as a means to define and cocreate value through their participation. This study delineates and empirically tests hypotheses regarding the effects of customer participation (CP) on value creation and satisfaction for both customers and employees with different cultural value orientations in the context of professional financial services. Using data collected from 349 pairs of customers and service employees in two national groups (Hong Kong and the United States) of a global financial institution, this study examines how (1) CP drives performance outcomes (i.e., customer satisfaction, employee job satisfaction, and employee job performance) through the creation of economic and relational values and (2) the effects of CP on value creation depend on participants' cultural value orientations. Promoting CP could be a double-edged sword for firms: CP enhances customers' economic value attainment and strengthens the relational bond between customers and employees, but it also increases employees' job stress and hampers their job satisfaction. Moreover, the effects of CP on value creation depend on the cultural values of both customers and service employees; this result implies that arranging customers and service employees with "matched" cultural value orientations could facilitate the creation of value through CP.

**Keywords:** customer participation, value creation, cultural value orientation, professional financial services, individualism–collectivism, power distance

Customers are fundamentally changing the dynamics of the marketplace. The market has become a forum in which consumers play an active role in creating and competing for value. (Prahalad and Ramaswamy 2000, p. 80)

Significant changes in both marketing thought and the marketplace suggest that simply being customer oriented is not enough; firms must learn from and collaborate with customers to create values that meet their individual and dynamic needs (Prahalad and Ramaswamy 2000). Encouraging customer participation (CP) may represent the next frontier in competitive effectiveness (Bendapudi and Leone 2003), and it reflects a major shift from a goods-centered to a service-centered logic for marketing (Vargo and Lusch 2004). This new service-dominant logic views customers as proactive cocreators rather than as passive receivers of value and views companies as facilitators of the value cocreation process rather than as producers of standardized value (Payne, Storbacka, and Frow 2008). The notion of value cocreation is particularly salient among pro-

fessional services, which are customized, high contact, and high in credence properties. For example, doctors at the Mayo Clinic meet with patients and collaborate to identify solutions to their needs (Bitner and Brown 2008). Customers of professional financial services participate by providing information to their financial advisors and jointly making decisions about investment plans (Auh et al. 2007). Such CP should benefit customers through improved service quality, more customization, and better service control (Dabholkar 1990; Xie, Bagozzi, and Troye 2008), and it should benefit firms through increased customer satisfaction and productivity gains (Lovelock and Young 1979; Mills and Morris 1986). However, CP may not unequivocally create positive value; customers' increased involvement in the service process may shift more power from service employees to customers and thereby increase employee workloads and role conflict (Hsieh, Yen, and Chin 2004; Kelley, Donnelly, and Skinner 1990).

Value cocreation is a central tenet of the service-dominant logic and the main premise of CP. Customer participation should deliver value to both customers and firms (Auh et al. 2007; Lovelock and Young 1979), and customers who perceive more value from their service encounters tend to be more satisfied (Ouschan, Sweeney, and Johnson 2006; Patterson and Smith 2001; Sharma and Patterson 1999). However, extant findings about the effect of CP on customer satisfaction and loyalty are, at best, mixed and incon-

---

Kimmy Wa Chan is Assistant Professor of Marketing, Department of Management and Marketing, Hong Kong Polytechnic University (e-mail: mskimmy@polyu.edu.hk). Chi Kin (Bennett) Yim is Professor of Marketing (e-mail: yim@business.hku.hk), and Simon S.K. Lam is Professor of Management (e-mail: simonlam@business.hku.hk), School of Business, University of Hong Kong. The research was funded by a Hong Kong SAR RGC research grant (HKU 7675/05H) awarded to the second author.

---

sistent (e.g., Auh et al. 2007; Bendapudi and Leone 2003; Ennew and Binks 1999). Bendapudi and Leone (2003) find that participating customers are more satisfied than nonparticipating customers when the service outcome is better than expected, whereas Ennew and Binks (1999) conclude that CP is positively related to service quality and satisfaction but has mixed impacts on future purchase intentions. Moreover, most evidence pertaining to value cocreation either is theoretical or reflects anecdotal accounts in business-to-business literature (e.g., Lusch, Brown, and Brunswick 1992; Normann and Ramírez 1993; Prahalad and Ramaswamy 2000; Ulaga 2003). Little empirical research has examined or confirmed the value cocreation process in the business-to-consumer context, particularly from a dyadic (i.e., customers and employees) perspective. A contingency approach, which examines potential moderating factors (e.g., individual cultural value orientations) that may influence the strength of the relationship between CP and value creation, also remains essentially missing.

Building on the premise in the service literature that CP alone is not the key to customer satisfaction but that value cocreation is what matters, we undertake an empirical study to address some overarching questions: Are more participatory service relationships between customers and service providers desirable? How effective is CP in creating value and affecting service outcomes for both customers and service employees? What are the boundary conditions associated with effective CP?

For this investigation, we define CP as a behavioral construct that measures the extent to which customers provide/share information, make suggestions, and become involved in decision making. Thus, CP enables service providers to cocreate customized services with customers to suit their needs. Customer participation is also more salient and offers greater value creation opportunities for service providers and customers in professional (e.g., financial, legal, medical) services that feature high credence qualities, high degrees of customer contact and customization, and high interdependence between customers and service providers for cocreating favorable outcomes (Auh et al. 2007; Lovelock 1983; Sharma and Patterson 2000). Therefore, our study focuses on professional financial services as an appropriate context in which to assess the desirability of CP as a potential source of value creation and satisfaction.

Our contribution to the existing literature is twofold. First, we empirically test how CP drives service outcomes (i.e., customer satisfaction, employee job satisfaction, and employee job performance) through the creation of economic and relational values for both customers and service employees in the business-to-consumer context of professional financial services. Economic value refers to the benefit and cost outcomes of the core services, whereas relational value entails the value derived from emotional or relational bonds between customers and service employees. Our dyadic methodology also addresses ongoing critiques of simplistic models that rely on the views of just one party (in most cases, customers) (e.g., Fleming, Coffman, and Harter 2005). Because CP likely influences employees' emotional responses, productivity, and job performance (Kelley, Donnelly, and Skinner 1990), a better understand-

ing of its simultaneous effects on customers and employees can help managers meet the formidable challenge of satisfying both groups (Hsieh, Yen, and Chin 2004).

Second, we do not simply assume that managerial practices transfer across cultural boundaries (Morris and Pavett 1992). Steenkamp and colleagues (e.g., Alden, Steenkamp, and Batra 1999; Steenkamp and Geyskens 2006; Steenkamp, Ter Hofstede, and Wedel 1999) suggest that culture has far-reaching influences on, for example, global culture brand positioning, the perceived value of Web sites, and consumer innovativeness. Culture also moderates the effect of switching barriers on customer retention (Patterson and Smith 2003), customers' preferences for personalized service (Mattila 1999), and their perceptions of recovery justice (Patterson, Cowley, and Prasongsukarn 2006). Therefore, whether CP is appropriate likely hinges on the alignment between key characteristics of CP and participants' (customers' and service employees') cultural values (Youngdahl et al. 2003). The impact of culture on attitudes and behaviors is particularly observable for services with medium and high levels of customer contact, such as professional financial services (Mattila 1999; Patterson, Cowley, and Prasongsukarn 2006). Therefore, we examine the moderating effects of customers' and employees' cultural value orientations—namely, individualism–collectivism and power distance (Donthu and Yoo 1998; Hofstede 1980; Steenkamp and Geyskens 2006)—to identify the boundary conditions associated with effective CP. Figure 1 depicts the conceptual framework.

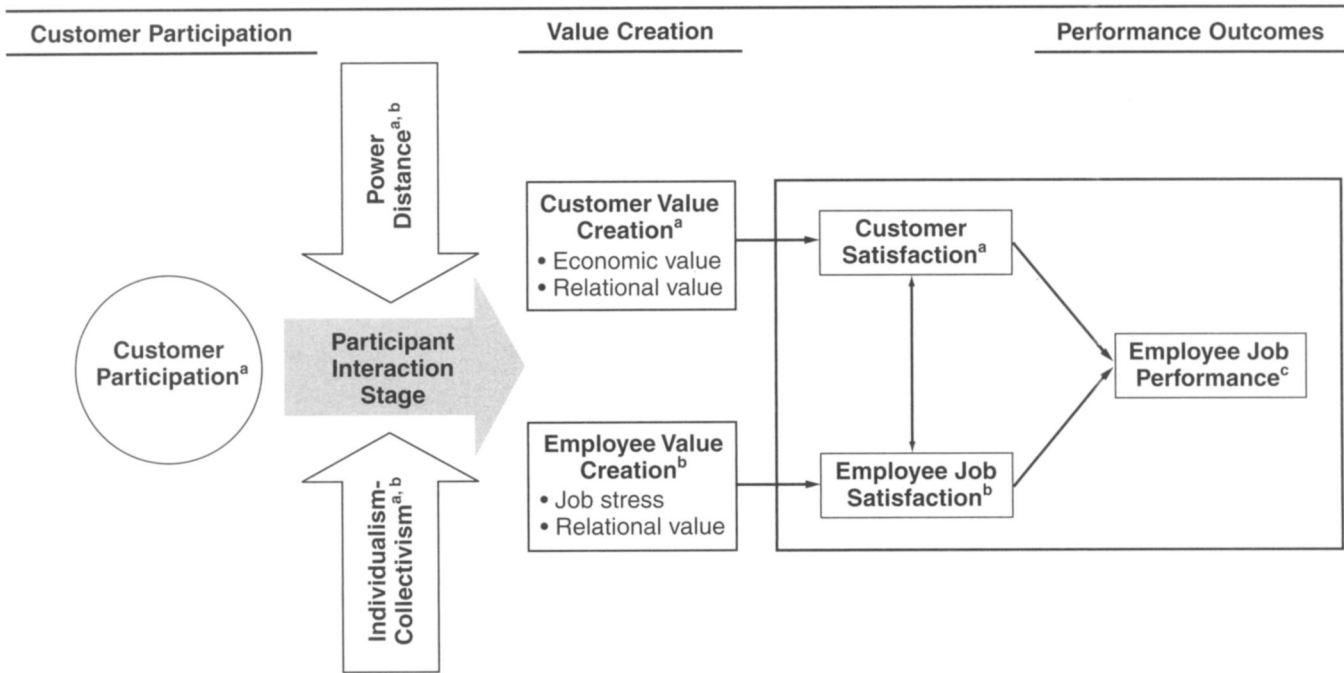
## Conceptual Development and Hypotheses

### *CP: Sallience and Effects*

The definitions of CP employ many forms and degrees, from firm production to joint production to customer production (Meuter and Bitner 1998). Because our purpose is to understand the value creation process when customers participate and interact with employees in services, we do not consider firm and customer production (e.g., self-service technologies). We adapt previous definitions of CP to our research context (i.e., professional financial services) by conceptualizing CP as a behavioral construct that measures the extent to which customers provide or share information, make suggestions, and become involved in decision making during the service cocreation and delivery process (Auh et al. 2007; Bettencourt 1997; Bolton and Saxena-Iyer 2009; Hsieh, Yen, and Chin 2004).

The enormous potential of CP has attracted research attention from multiple disciplines. Early work at the firm level focused on advocating the benefits of engaging customers as coproducers or “partial” employees for productivity gains, quality improvements, customization, and so on (e.g., Lovelock and Young 1979; Mills and Morris 1986). In contrast, research at the customer level tends to examine why and when customers are motivated to participate (Bateson 1985) and the means to facilitate CP (e.g., Goodwin 1988). Research has evolved from these largely conceptual investigations into empirical works that examine the effect

**FIGURE 1**  
Proposed Conceptual Framework



<sup>a</sup>Responses recorded from customers.

<sup>b</sup>Responses recorded from service employees.

<sup>c</sup>Responses recorded from supervisors.

of CP on service outcomes, such as satisfaction and loyalty (e.g., Auh et al. 2007; Bendapudi and Leone 2003). The scope of recent research even reaches new product development (Fang 2008; Fang, Palmatier, and Evans 2008) and service failure and recovery (Dong, Evans, and Zou 2008).

### Customers as Cocreators of Value

Extant literature offers evidence of value cocreation, albeit theoretical or anecdotal and in a business-to-business context. For example, Lusch, Brown, and Brunswick (1992) provide a theoretical framework for exploring the extent of CP in value creation, and Normann and Ramírez (1993) argue that the goal of business is not to create value for customers but rather to mobilize customers to cocreate value. Qualitative research has also been used to identify factors that drive value creation in manufacturer–supplier collaborations (Ulaga 2003). Anecdotal evidence about Ford Motor Company supports the notion of value cocreation between buyers and suppliers in the development of new vehicles (Prahalad and Ramaswamy 2000).

According to a service-dominant view of marketing, “value can only be created with and determined by the user” (Lusch and Vargo 2006, p. 284); thus, the customer is always a cocreator of value. This realization aligns with the postmodernist view that customers participate to customize their own world (Xie, Bagozzi, and Troye 2008). The cocreation of value is a desirable goal because it can help firms understand customers’ points of view and identify their needs and wants (Lusch and Vargo 2006; Payne, Storbacka, and Frow 2008).

Research also suggests that customers participate only if they anticipate benefits from the relationship (Ennew and Binks 1999). Cooperation research further reveals that parties’ interactions involve calculations of both economic and psychological benefits to be gained by cooperation, net of transaction costs and risk premiums (Smith, Carroll, and Ashford 1995). Employees cannot choose to accept or reject customers’ participation; however, their interactions with customers shape the returns they gain from the interaction process. Take professional financial services as an example: A customer and a financial advisor engage in an interaction, in which both parties incur costs (monetary or nonmonetary) and have expectations of cocreating something of value in return (e.g., profitable fund portfolio, satisfactory relationship).

Value is inherent to the use of products/services, such as in a consumer’s perceived preferences for and calculation of the benefits (e.g., more customized service), less the costs (e.g., effort expended), of engaging in an exchange (Ramirez 1999; Zeithaml 1988). This economic rationale forms the central focus for most early research on CP. However, value also may be a consequence of the use of the products/services that facilitate collective goals, so it may derive from emotional or relational bonds between a customer and a provider (Butz and Goodstein 1996). Vargo and Lusch (2004, p. 12) note that “service provision and the cocreation of value imply that exchange is relational.” Johar (2005) also finds that people do not always maximize their economic utility but rather consider social norms when determining value. The network approach similarly considers both economic and relational bonds critical to relations

between cooperating parties. Bowen (1983) suggests that customers can act as substitutes for supervisory leadership in service encounters by providing employees with social support and task guidance. Kellogg, Youngdahl, and Bowen (1997) provide evidence that both customers and employees value social support and relationship-building behaviors. In professional financial services, relational value, which derives from employees showing care to and building social bonds with customers, can serve as a powerful exit barrier (Patterson and Smith 2001, 2003). Therefore, we consider both economic and relational values that may be created as a result of CP.

*Effect of CP on satisfaction through economic value creation.* Customers may create economic value through their participation in three ways: better service quality, customized service, and increased control. Customers' active involvement can help guarantee quality and increase the likelihood of success and goal achievement; in line with agency theory, customers (principals) monitor service agents' fulfillment of the service contract (Mills 1986). Similarly, customers who engage in the service process can reduce the financial and performance risks associated with receiving inappropriate outcomes (Etgar 2008). Participation also allows customers to provide direct input into the service provision, make more choices, and work with the service provider to create higher levels of customization (Auh et al. 2007; Schneider and Bowen 1995). Finally, customers may experience delight when participating because participation leads to a greater sense of control over the service process and the final outcome (Dabholkar 1990; Schneider and Bowen 1995). As CP increases customers' knowledge and control of services, it shifts more power to customers (Donthu and Yoo 1998; Ouschan, Sweeney, and Johnson 2006; Prahalad and Ramaswamy 2000). Such a shift in power is particularly crucial for professional services that require a collaborative customer-provider relationship to achieve desirable service outcomes (Ouschan, Sweeney, and Johnson 2006). For example, customers involved in selecting fund investment options for their personalized financial service gain more decision power (Surprenant and Solomon 1987), which makes them likely to be more satisfied (Ramani and Kumar 2008). Similarly, in medical services, patients involved in health care decisions obtain more realistic and appropriate treatments, suffer fewer concerns and complaints, enjoy more sustainable health outcomes, and experience greater satisfaction (Trede and Higgs 2003). Therefore, we expect the following:

H<sub>1a</sub>: A higher level of CP leads to greater customer satisfaction through the creation of customer economic value.

Moreover, CP creates employee economic value, though the value may be negative in terms of increased job stress. Following role theory (e.g., Heide and Wathne 2006) and boundary-spanning literature (e.g., Singh 1998), we conceptualize job stress as being composed of three critical job stressors: role ambiguity, role conflict, and work overload. Role ambiguity refers to an employee's perceived lack of information and uncertainty about how to perform his or her role adequately. Role conflict taps incompatibility in the

requirements of the role, and work overload occurs when cumulative role demands exceed an employee's abilities and motivation to perform the task (Rizzo, House, and Lirtzman 1970; Singh 1998).

Customer participation could create employee job stress in three ways: loss of power and control, increased input uncertainty, and incompatible role expectations and demands. A shift of power to customers through CP implies a loss of power and control for employees, and professional service employees (e.g., medical or financial consultants), in particular, may not be accustomed to such a power shift. The loss of power and control could lead to role incongruence, such that employees' perceptions of job duties differ from customers' expectations, in which case the structure of the redefined service script may not be well understood (Solomon et al. 1985). Employees may also struggle with customers for control because relinquishing their control could weaken the service script and disrupt the smooth functioning of the service process (Chase 1978). Thus, the shift of power and control away from employees could lead to job stress.

Furthermore, CP represents a source of uncertainty for service employees, for whom greater demand diversity likely occurs when customers participate with spontaneous and "unscripted" behaviors (Martin, Horne, and Schultz 1999). For example, customers might use information they have gathered about financial investment options to challenge financial advisors to come up with fund portfolios that perform better. Such behaviors increase input uncertainty and task difficulty for employees, leading to role ambiguity (Larsson and Bowen 1989) and ultimately hampering their job satisfaction.

With regard to role conflict (Bowen and Ford 2002), customers' unexpected, special requests or expectations as a result of their participation may not be compatible with employees' role scripts, as predefined by managers (Hsieh, Yen, and Chin 2004; Schneider 1980). For example, actively participating customers who need financing to buy their homes may request unique plans that combine varied terms and conditions rather than simply accept predefined mortgage plans. Employees who face incompatible expectations and demands may need to expend more time and effort to fulfill the wishes of both customers and superiors, which increases their job stress (Hsieh, Yen, and Chin 2004).

Moreover, handling incompatible customer demands and expectations may require employees to regulate their emotional expressions in mandated ways (Brotheridge and Grandey 2002). In this case, employees must not only provide services but also engage in "emotional labor" (Hochschild 1983) by demonstrating polite and pleasant manners, regardless of customers' behaviors (Ben-Zur and Yagil 2005). Emotional labor is particularly salient in high customer-contact services (Brotheridge and Grandey 2002), and it is a key employee job stressor that causes burnout and hampers work performance (Rupp et al. 2008).

In summary, CP could have potentially damaging effects on employees' perceived job stress, and the influence of job stress on subsequent job outcomes is well documented (e.g., Brown and Peterson 1993; Hartline and Fer-

rell 1996; Singh 1998), especially in terms of its dysfunctional impact on job satisfaction (e.g., Hui, Au, and Fock 2004; Singh 1998). Thus, we posit the following:

H<sub>1b</sub>: A higher level of CP leads to lower employee job satisfaction through the creation of employee job stress.

*Effect of CP on satisfaction through relational value creation.* Customers and employees could cocreate relational value through their sense of enjoyment and by building relationships. Prior studies have suggested that participation can be intrinsically attractive (Bateson 1985) and enjoyable (Dabholkar and Bagozzi 2002). Similarly, experiential consumption research and consumer culture theory emphasize emotional, symbolic, and nonutilitarian values, such as fantasies, feelings, and fun, derived from the experience of consumption (Arnould and Thompson 2005). Parasuraman, Zeithaml, and Malhotra (2005) call for more studies on the experiential aspects of enjoyment and fun in service encounters. Moreover, a friendly and enjoyable interpersonal relationship adds value for the customer, which in turn enhances customer satisfaction and acts as an exit barrier in professional services (Patterson and Smith 2001, 2003; Sharma and Patterson 1999).

Customer participation may increase communication and relationship building between customers and employees (Claycomb, Lengnick-Hall, and Inks 2001). According to health care literature (e.g., Foreyt and Poston 1998; Street et al. 2003), when patients work with doctors to incorporate their preferences and values, this improves the level of care delivered and encourages more empathetic, honest, and friendly interactions, which produces relational values. On the service provider side, employees may fulfill their social needs for approval when they cocreate services with customers, similar to the way their perceptions of being valued by the organization enable them to satisfy their social needs for approval, affiliation, and esteem (Eisenberger et al. 1986). Thus, every interaction between employees and customers represents an opportunity to cocreate relational values for both parties (Fleming, Coffman, and Harter 2005). Illustrative comments from service employees about camaraderie and social bonding with their customers support this assertion (see Gremler and Gwinner 2000, p. 90).

Employees who build rapport with their customers experience greater job satisfaction (Gremler and Gwinner 2000); they perceive more relational value in the friendly, respectful, and attentive communication with their customers and are more satisfied with their jobs (Yoon, Seo, and Yoon 2004). Health care literature similarly indicates that enjoyable and open relationships with patients contribute to clinicians' sense of appreciation and protect against frustration and burnout, which enhances job satisfaction. This CP-relational value-satisfaction link, for both customers and employees, is particularly evident when the service is long term, customers depend heavily on credence qualities for their service evaluation, and employees have more personal connections with customers (Fleming, Coffman, and Harter 2005), such as in the professional services context. Therefore, we expect the following:

H<sub>2</sub>: A higher level of CP leads to greater (a) customer satisfaction through the creation of customer relational value and (b) employee satisfaction through the creation of employee relational value.

### **Cultural Effect on Value Creation Through CP: A Role Perspective**

Culture is defined as "the training or refining of one's mind from social environments in which one grew up" (Hofstede 1991, p. 4). Service encounters (including CP) are social exchanges; therefore, the norms, roles, and expectations of both customers and service employees should be influenced by each party's cultural background (Patterson, Cowley, and Prasongsukarn 2006). In the service process, CP challenges customers' and service employees' roles and scripts (Solomon et al. 1985); a patient who actively participates in making decisions about the best treatment is no longer a passive receiver but an active cocreator of health care services. Therefore, the extent of value creation through CP may depend on how well customers and employees accept and perform their newly defined roles and scripts, which in turn depend on their cultural orientations (Youngdahl et al. 2003). For example, Nakamura, Vertinsky, and Zietsma (1997) note that culture influences organizational members' predispositions toward cooperation, which is needed for the cocreation of value.

The application of role theory to marketing (e.g., Heide and Wathne 2006) has generated important insights (though not pertaining to the context of CP), particularly from a cultural perspective. The close linkage between people's accepted roles and cultural values motivates us to adopt a role perspective (businessperson-friend and superior-subordinate roles) to develop our hypotheses regarding how individualism-collectivism and power distance cultural value orientations may moderate the effects of CP on value creation.

*Moderating effect of individualism-collectivism.* A collectivist (versus an individualist) value orientation reflects a condition in which group or collective interests take precedence over the desires and needs of individuals (Patterson, Cowley, and Prasongsukarn 2006; Wagner and Moch 1986). Collectivists (versus individualists) are also more conscious of their relationships with other people and place greater value on group harmony (Chen, Chen, and Meindl 1998). These different cultural value orientations resemble the value distinctions embodied in the friend (versus businessperson) role that Heide and Wathne (2006) and Grayson (2007) discuss. A friendship is intrinsically oriented (Grayson 2007) and prescribes the cooperative acts and relational concerns of a collectivist value orientation, whereas a business relationship is instrumentally oriented and incorporates the calculative and utility-maximizing characteristics of an individualist value orientation.

People with a higher collectivist value orientation tend to be more expressively motivated and hope to establish social relationships. They place a higher value on the high "touch" component of their participation (Malhotra et al. 1994; Tata 2005). Given the chance to cocreate with service employees, these customers are more attentive to the oppor-

tunity and value of building a relationship with employees as “friends” and adapt their behaviors to a role that facilitates cooperation and personal connections (i.e., role identification; see Stryker and Statham 1985). They are willing to compromise their equity to induce a harmonious relationship and initiate a cycle of reciprocity (Patterson, Cowley, and Prasongsukarn 2006).

However, customers with a higher individualist value orientation prefer rewards that are proportional to their own contributions (Chen, Chen, and Meindl 1998). They are more likely to enact a businessperson role and are concerned less with relationship building and more with customized service outcomes. They attend more closely to efficient communication that saves time and hassles and value the opportunity to provide input to enhance control over the decisions and processes that are conducive to economic outcomes (Erez and Earley 1993; Winsted 1997). Thus, we expect the following:

H<sub>3</sub>: As a customer’s collectivist value orientation increases, CP has (a) a weaker effect on the creation of customer economic value and (b) a stronger effect on the creation of customer relational value.

Employees with a higher collectivist value orientation (i.e., who embody a friend role) likely act in accordance with social norms and may break organizational rules when they perceive a need to do so. In contrast, those with a higher individualist value orientation (i.e., businessperson role) likely act in accordance with rule-based behavior and tend “to resist exceptions that might weaken the rule” (Trompenaars and Hampden-Turner 1997, p. 31). Moreover, collectivist employees should be more motivated to act as partners during service delivery; they enjoy working together with customers to achieve collective goals. They also share a strong desire to accommodate the requests of customers (Han, Kim, and Srivastava 1998); thus, CP should facilitate their work goals and fulfill their desire to do a good job by serving customers’ specific needs (Hui, Au, and Fock 2004). We also expect more cooperation among employees with a higher collectivist value orientation (Chen, Chen, and Meindl 1998; Steenkamp and Geyskens 2006) because they regard cooperation as a way to maximize the interests of others rather than competing with others to maximize their own individual benefits. Thus:

H<sub>4</sub>: As an employee’s collectivist value orientation increases, CP has (a) a weaker effect on the creation of employee job stress and (b) a stronger effect on the creation of employee relational value.

*Moderating effect of power distance.* Power distance represents the extent to which inequality between more and less powerful people is considered acceptable (Hofstede 1991). People with a higher power distance value orientation view “superiors” and “subordinates” as different types and consider differences in power natural or an “existential inequality” (Hofstede 1980). In contrast, those with a lower power distance orientation believe that people are equal, and they view inequalities in roles as established solely for the sake of convenience (Gudykunst and Ting-Toomey

1988). The impact of power distance on interactions between superiors and subordinates in an organization has been well established, but other types of relationships, such as between customers and employees in service encounters, also might be affected in terms of their perceived roles of superiors and subordinates, respectively. Management rhetoric suggests that the customer is sovereign and the service employee is there to do everything to satisfy his or her needs, which then implies that employees enact subordinate service roles (Shamir 1980). Customers, particularly those in a higher power distance culture, may believe they have superior status and can determine the degree and closeness of their interactions with employees, who remain in a subordinate position (Guerrier and Adib 2000). For example, in Japan, exchange occurs not between equals but between a buyer who is doing the seller a favor (Johansson 1990). Thus, the power distance value orientations of customers and service employees may be closely related to their perceived superior–subordinate relational roles, which in turn could influence the effect of CP on creating both customer economic value and employee job stress.

Customers with a higher power distance value orientation may benefit less from participating in the service process (Johansson 1990) and perceive it as a face-losing situation because it can diminish the desired inequality between themselves, who they believe to be superior, and their perceived subordinates, the employees (Mattila 1999; Patterson, Cowley, and Prasongsukarn 2006). Increasing customer involvement in decision making also may generate greater anxiety. These customers tend to prefer and respect a more decisive and nonconsultative service approach (Joiner 2001). Conversely, customers with a lower power distance orientation prefer delegated and autonomous leadership and are more comfortable in environments that empower them (Eylon and Au 1999). They also react unfavorably to a lack of voice in decision making, which violates their cultural norms and perceived right to have a say in decisions (Brockner et al. 2001; Tata 2005). Thus:

H<sub>5a</sub>: As a customer’s power distance value orientation increases, CP has a weaker effect on the creation of customer economic value.

The subordinate scripts (e.g., the “customer is the king”) for employees typify what they should do when performing services (Johansson 1990). Employees with a higher power distance value orientation should perceive less role ambiguity from a clearly defined superior–subordinate role boundary. They also have a desire to resist change because of concerns about disruptions to established power structures (Geletkanycz 1997) and well-defined role scripts. Increasing involvement by superiors (customers) in the service process necessitates drastic changes to the subordinate script and blurs the originally clear subordinate role. This reasoning is in line with the notion of human territoriality (Ardrey 1967): People derive security and power from their own territory, but when someone intrudes on their territory, conflict and stress result. Likewise, CP may put employees in a conflict-producing situation of territorial ambiguity because both employees and customers have claims on the territory in which the interaction takes place. In that situa-



tion, employees likely feel confused about their role obligations, which exposes them to role conflict, ambiguity, and, ultimately, job stress.

On the contrary, employees with a lower power distance value orientation, who note fewer hierarchical differences between customers and employees, should be subjected less to the assertion of human territoriality. Because they respect an equal power distribution, they should be more receptive to others' inputs and even conflicting viewpoints (Newman and Nollen 1996) and prefer diverse participation (Nakamura, Vertinsky, and Zietsma 1997). Thus:

H<sub>5b</sub>: As an employee's power distance value orientation increases, CP has a stronger effect on the creation of employee job stress.

*Performance outcomes.* We include in our study three indicators that effectively represent firm performance: (1) customer satisfaction, (2) employee job satisfaction, and (3) employee job performance (Hartline and Ferrell 1996; Lam, Chen, and Schaubroeck 2002; Oliver and Swan 1989). Customer satisfaction provides a key benchmark for firm performance and competitiveness, as exemplified by the American Customer Satisfaction Index (Fornell 1992) and the Business Excellence Index (Kanji 1998). The inclusion of both employee job satisfaction and performance also dominates research in industrial and organizational psychology (e.g., Landy 1989; Shore and Martin 1989). Therefore, to validate the effect of CP, we measure employee job performance using the ratings of direct supervisors.

## Method

### Sample and Procedures

The data for this study come from 349 pairs of customers and service employees of the Hong Kong and U.S. operations of a large multinational bank. These two national groups comprise respondents with varying cultural value orientations. National boundaries might not necessarily characterize people's cultural values, which vary across individuals (Yoo and Donthu 2002), so we use the cultural values of individual respondents rather than those of the individual countries, as the unit of analysis. This approach avoids the ecological fallacy of using national generalizations to explain individual behaviors (Donthu and Yoo 1998; Patterson, Cowley, and Prasongsukarn 2006) and is reasonable because a person's values can be identified in terms of cultural value orientations (Donthu and Yoo 1998).

We sample respondents from a global financial institution and focus on professional financial services such as personal loans, insurance, financial planning, and asset/fund management. The employee respondents bear job titles such as financial advisors, customer service executives, loan officer, mortgage assistants, and so forth. The samples of employees reflect comparable job titles and descriptions between Hong Kong and the United States. Financial advisors account for 45% and 50%, customer service executives for 37% and 34%, and other titles for the remaining 18% and 16% of the respondents in the Hong Kong and U.S. samples, respectively. They provide professional financial

services to customers, and each respondent reports to a supervisor. The questionnaires sent to the potential employee (and their corresponding customer) respondents contained stamped, preaddressed return envelopes and guaranteed the respondents' anonymity. Participation in the survey was strictly voluntary. Employee respondents also provided their employee numbers so that their job performance data (provided by supervisors) and their customers' responses could be matched. Of the 407 selected Hong Kong employees, 297 returned questionnaires (73% response rate). In the United States, the employee response rate was 78% (194 of 249). For the Hong Kong and U.S. customers, the response rates were 69% and 72%, respectively. We matched a randomly selected customer with the employee respondent to form a customer–employee pair. Thus, the final data set contains 207 and 142 matched customer–employee pairs from Hong Kong and the United States, respectively.

We compared data from the employee respondents with company data pertaining to the total employee population of similar workers. We uncovered no significant differences in terms of age, gender, education, or tenure. The employee respondents have a mean age of 33.2 years and mean tenure of 5.3 years, and 68% are women. The customer respondents reveal a mean age of 38.1 years and mean relationship tenure with the organization of 4.1 years. When comparing the two samples from Hong Kong and the United States, we again find no significant differences in gender or education, though the organizational tenure of the U.S. employee respondents is significantly longer, and U.S. customer respondents are older ( $p < .01$ ) than those in Hong Kong.

### Measure Operationalization

The original questionnaire was prepared in English and then translated into Chinese using standard back translation (Brislin 1980) for distribution in Hong Kong. We pretested the questionnaire with 30 employees and 20 customers and asked them to comment on any item that they found ambiguous or difficult to understand. This process did not give rise to any major changes. In the Appendix, we provide the scales we use to measure the model constructs, the original source of each scale, and the measurement reliability and validity. All items, unless specifically indicated, use a five-point Likert scale (1 = "strongly disagree," and 5 = "strongly agree"). The items mostly come from previous research with minor wording modifications to fit our study context. We offer the descriptive statistics of the key constructs in Table 1.

We adopt a behavioral approach to capture customers' level of participation in the service process. We measure the extent to which a customer invests time and effort in sharing information, making suggestions, and being involved in the decision-making process (Auh et al. 2007; Bettencourt 1997; Claycomb, Lengnick-Hall, and Inks 2001; Hsieh, Yen, and Chin 2004). For value creation, we measure customers' economic value with items that capture its three defining characteristics—namely, better service quality, customized services, and enhanced control. Customers' relational value comprises items that represent an enjoyable interaction with and relational approval from the providers.



TABLE 1  
Descriptive Statistics of Study Variables in Combined (Hong Kong and U.S.) Sample

	M	SD	1	2	3	4	5	6	7	8	9	10	11
1. CP	3.38	.78	(.90)										
2. Customer economic value	3.62	.80	.53	(.90)									
3. Customer relational value	3.45	.74	.58	.48	(.89)								
4. Employee job stress	3.33	.75	.42	.28	.31	(.92)							
5. Employee relational value	3.21	.77	.30	.11	.21	.19	(.94)						
6. Customer satisfaction	3.85	.80	.51	.54	.62	.28	.20	(.92)					
7. Employee job satisfaction	3.50	.90	-.20	.12	.11	-.54	.28	.27	(.90)				
8. Customer power distance	3.02	.92	.06	-.15	.17	.08	.05	-.02	.06	(.93)			
9. Customer individualism-collectivism	3.14	.94	-.04	-.17	.18	-.02	.05	.06	-.02	.67	(.94)		
10. Employee power distance	3.25	.89	.10	.08	.04	-.14	-.02	.10	.03	.12	.09	(.90)	
11. Employee individualism-collectivism	3.19	.93	-.06	-.06	-.08	-.19	-.10	.11	.04	.09	.10	.66	(.93)
12. Employee job performance	3.51	.98	.31	.10	.14	-.04	.14	.52	.54	-.03	.05	.12	.11

Notes:  $n = 349$ . Correlations greater than .11 are significant at  $p < .05$ . Correlations greater than .15 are significant at  $p < .001$ . Numbers in parentheses are the coefficient alphas.

Similar measures assess employees' relational value perceptions. With respect to employees' job stress, we adopt nine items to capture the three key job stressors: role conflict, role ambiguity, and work overload. Moreover, two dimensions (individualism–collectivism and power distance) of the CVSCALE (cultural values scale; see Donthu and Yoo 1998) measure cultural values. This scale can successfully capture Hofstede's (1991) five cultural dimensions at the individual level (Donthu and Yoo 1998; Patterson, Cowley, and Prasongsukarn 2006). For performance outcomes, we rely on two four-item scales to measure customers' satisfaction with the service provided and employees' job satisfaction. The most recent employee performance appraisal results (1 = "needs to improve," and 5 = "excellent") from the organizational records serve as the measure of employee job performance.

## Results

### Measurement Model Tests

Using confirmatory factor analysis with LISREL 8 (Jöreskog and Sörbom 1993), we test and compare the expected factor structure of all measures in both samples. The analysis of a 12-factor model that includes both the Hong Kong and the U.S. samples yields a goodness-of-fit index (GFI) of .95, confirmatory fit index (CFI) of .95, and root mean square error of approximation (RMSEA) of .06 ( $\chi^2_{(864)} = 2401.28$ ), which support the factor structure that specifies the unidimensionality of all measures across both samples. Next, we test the factor loading equivalence between the Hong Kong and the U.S. samples for the 12 constructs. When we fix the loadings to be equivalent across the two samples, the GFI and CFI remain the same, and the increase in the chi-square statistic is not significant. We also test the equivalence of the uniqueness and factor variance–covariance matrices of the two samples by constraining these parameters to be equal. These models show no significant increments in chi-square statistics or changes in fit indexes. Therefore, we find strong evidence of measurement equivalence in terms of the between-group factor structures, factor loadings, error variances, and factor variances and covariances. The two samples also do not differ significantly on the means of key variables, including CP ( $p = .20$ ), customer economic value ( $p = .16$ ), customer relational value ( $p = .12$ ), customer satisfaction ( $p = .12$ ), employee relational value ( $p = .16$ ), job stress ( $p = .19$ ), employee job satisfaction ( $p = .14$ ), or employee job performance ( $p = .23$ ). However, they offer variations in individualism–collectivism and power distance at the individual level, for testing our cultural effects hypotheses. As we expected, the mean level of collectivist value orientation in the Hong Kong customer sample is significantly higher than that in the U.S. sample ( $t = 7.58, p < .001$ ), as is the mean level of power distance ( $t = 7.72, p < .001$ ). We find the same pattern for the employee sample, with higher mean levels of collectivist ( $t = 6.89, p < .001$ ) and power distance ( $t = 7.62, p < .001$ ) value orientation. These differences are consistent with prior research comparing Hong Kong and U.S. samples (Bond and Hwang 1995).

### Hypotheses Testing

To test  $H_1$  and  $H_2$  on the mediating role of value creation, we use the mediation test procedures that Baron and Kenny (1986) recommend. In Table 2, Panel A, we demonstrate that CP is significantly related to customer value creation (both economic and relational) and customer satisfaction. Value creation is also significantly related to customer satisfaction. When both CP and value creation appear as predictors of customer satisfaction, only value creation has statistically significant effects (economic value:  $\beta = .53, p < .001$ ; relational value:  $\beta = .58, p < .001$ ). After we control for value creation, the effect of CP on customer satisfaction is not significant ( $\beta = .06, n.s.$ ). These results indicate that customer value creation (economic and relational) fully mediates the relationship between CP and customer satisfaction, in support of  $H_{1a}$  and  $H_{2a}$ , which also confirms what is known in the service literature. Similar interpretations regarding the mediating role of employee value creation in linking CP to employee job satisfaction apply for  $H_{1b}$  and  $H_{2b}$  (see Table 2, Panel B); we find full mediation for the effect of employee value creation on the impact of CP on employee job satisfaction.

To test the moderating effects of cultural values, as we predicted in  $H_3$ – $H_5$ , we employ moderated regression (see Table 3). Specifically, we enter the control variables in Step 1, main effects in Step 2, and interaction terms in Step 3. All six proposed moderating effects indicate significant results for value creation. Individualism–collectivism significantly moderates the effect of CP on customer value creation (economic value:  $\beta = -.23, p < .05$ ; relational value:  $\beta = .28, p < .001$ ) and employee value creation (job stress:  $\beta = -.19, p < .001$ ; relational value:  $\beta = .23, p < .001$ ), in support of  $H_3$  and  $H_4$ . Regarding the moderating effect of power distance, we find that it significantly moderates the effect of CP on customer economic value creation ( $\beta = -.21, p < .05$ ), in support of  $H_{5a}$ . Yet the effect of CP on employee job stress declines significantly when employees' power distance value orientation is higher ( $\beta = -.17, p < .001$ ), in contrast with  $H_{5b}$ . Moreover, power distance positively moderates the effect of CP on both customer ( $\beta = .26, p < .001$ ) and employee ( $\beta = .20, p < .001$ ) relational value. Although we posited no formal hypotheses regarding this link, we discuss it subsequently.

Regarding the effects of satisfaction evaluations on supervisors' ratings of job performance, we find a positive and significant impact of customer satisfaction ( $\beta = .56, p < .01$ ) and employee job satisfaction ( $\beta = .61, p < .01$ ) on employee job performance. These findings cohere with studies in the organizational behavior and the marketing literature (e.g., Luo and Homburg 2007; Schneider and Bowen 1985) and provide face validity for our study.

## Discussion

This research provides empirical evidence in support of the extant premise that value creation is a prerequisite for the success of a firm's strategic efforts to improve customer satisfaction by encouraging CP. Furthermore, this study offers particular significance because of its use of a dyadic

**TABLE 2**  
**Results of Mediation Tests**

<b>A: Customer Economic and Relational Values<sup>a</sup></b>						
<b>Variables</b>	<b>Customer Satisfaction</b>	<b>Customer Satisfaction</b>	<b>Customer Satisfaction</b>	<b>Economic Value</b>	<b>Relational Value</b>	<b>Customer Satisfaction</b>
<b>Control Variables</b>						
Country <sup>b</sup>	.07	.07	.06	.07	.05	.06
Employee organizational tenure	.05	.04	.04	.03	.03	.03
Customer organizational tenure	.06	.03	.04	.05	.05	.05
<b>Independent Variables</b>						
Customer economic value (H <sub>1a</sub> )	.49**					.53**
Customer relational value (H <sub>2a</sub> )		.57**				.58**
CP			.52**	.46**	.61**	.06
Total R <sup>2</sup>	.24**	.38**	.31**	.23**	.34**	.33**
<b>B: Employee Job Stress and Relational Value<sup>a</sup></b>						
<b>Variables</b>	<b>Job Satisfaction</b>	<b>Job Satisfaction</b>	<b>Job Satisfaction</b>	<b>Job Stress</b>	<b>Relational Value</b>	<b>Job Satisfaction</b>
<b>Control Variables</b>						
Country <sup>b</sup>	.07	.07	.06	.07	.07	.07
Employee organizational tenure	-.02	.02	.04	.03	.02	.04
Customer organizational tenure	.06	-.02	.04	.05	.05	.04
<b>Independent Variables</b>						
Employee job stress (H <sub>1b</sub> )	-.50**					-.41**
Employee relational value (H <sub>2b</sub> )		.25*				.24**
CP			-.17**	.37**	.30**	-.07
Total R <sup>2</sup>	.30**	.08**	.04**	.20**	.11**	.32**

\**p* < .01.

\*\**p* < .001.

<sup>a</sup>Standardized regression coefficients.

<sup>b</sup>0 = Hong Kong, 1 = United States.

**TABLE 3**  
**Results of Moderating Tests of Individualism–Collectivism and Power Distance with CP on Value Creation<sup>a</sup>**

	Customer Economic Value		Customer Relational Value		Employee Job Stress		Employee Relational Value	
Step 1: Control Variables								
Country <sup>b</sup>	.13*	.14*	.13*	.13*	.13*	.13*	.14*	.14*
Employee organizational tenure	.03	.04	.03	.04	.05	.04	.04	.03
Customer organizational tenure	−.03	−.04	−.03	−.02	.04	.05	.04	.04
Step 2: Independent Variables								
CP	.45**	.40**	.55**	.48**	.32**	.30**	.30**	.26**
Customer PD	−.07	−.04	.04	.05				
Customer I-C	−.07	−.04	.05	.06				
Employee PD					−.07	−.06	−.06	−.06
Employee I-C					−.07	−.06	−.05	−.06
Step 3: Interaction Terms								
CP × Customer I-C (H <sub>3a</sub> & 3b)		−.23*		.28**				
CP × Customer PD (H <sub>5a</sub> )		−.21*		.26**				
CP × Employee I-C (H <sub>4a</sub> & 4b)						−.19**		.23**
CP × Employee PD (H <sub>5b</sub> )						−.17**		.20**
Total R <sup>2</sup>	.19**	.25**	.29**	.35**	.18**	.23**	.17**	.21**
ΔR <sup>2</sup> at last step		.06**		.06**		.05**		.04**

\**p* < .05.

\*\**p* < .001.

<sup>a</sup>Standardized regression coefficients.

<sup>b</sup>0 = Hong Kong, 1 = United States.

Notes: I-C = individualism–collectivism; PD = power distance.

methodology that captures both customer and employee perspectives and its consideration of a cultural contingency for the efficacy of CP. From this attempt to enrich existing conceptually dominant literature pertaining to CP and provide clarification about the effects of CP, several key findings emerge for further discussion.

First, the strategic management practice of promoting CP may be a double-edged sword. Customers can cocreate economic benefits, such as customized services, better quality, and more control, by participating in the service process. Yet, although CP strengthens relational bonds between customers and employees and enhances their interaction enjoyment, it also increases employees' job stress and reduces their job satisfaction, particularly for employees with a higher individualist or a lower power distance value orientation.

Second, the effect of CP on performance outcomes is more complex than previously stated. The findings confirm the extant assertion that CP alone is not the key to customer satisfaction; value cocreation is what matters. We also uncover a fully mediating effect of value creation for employees. This finding suggests that CP produces positive effects on employee job satisfaction only if such participation minimizes job stress and meets employees' relational needs.

Third, the increasing globalization of markets and the ease with which services cross national boundaries provide compelling reasons for understanding the cultural context of customer and employee behavior (Maheswaran and Shavitt 2000; Patterson, Cowley, and Prasongsukarn 2006). The results clearly show that the extent of value creation depends significantly on the interaction between CP and each partner's cultural value orientation. Firms have a better chance of exploiting the positive and alleviating the negative values of CP if they remain sensitive to individual customers' and employees' cultural value orientations. It may be worthwhile to match customers and employees by their cultural values and introduce "interaction routing" according to their proven fit congruence (Van Dolen et al. 2002). For example, more relational value might result from CP if both customers and employees have higher collectivist value orientations.

Fourth, our unexpected finding that a power distance value orientation helps alleviate the negative impact of CP on employee job stress provides a compelling prospect for further exploration. This finding might reflect differential responses to special requests associated with customers' active involvement. Employees with a higher power distance value orientation recognize a clear role boundary between subordinate and superior, and their subordinate service role might be so deeply rooted that it becomes internalized (Belk 1988). For example, Whyte (1948) notes that European waiters express less role conflict than U.S. waiters, probably because the former are more accustomed to class differences and therefore are less resentful of social distinctions. In contrast, employees with a lower power distance value orientation may not identify with their subordinate role to such a great extent, which may make them less willing to adapt their behaviors to a role that is appropriate for facilitating special requests and demands. Thus, they

may be less receptive to customers' input uncertainties and experience greater role conflicts. This finding uncovers the potential power of hierarchical perception to help employees self-identify with (but not be forced into) their subordinate role and make them psychologically more adaptable to the special requests and unexpected demands that CP initiates.

Fifth, though not hypothesized, we find that a power distance value orientation enhances the creation of relational value from CP for both customers and employees. This result entails an unexpected finding because, in general, people with a higher power distance value orientation avoid building relationships or social bonds with partners of unequal status (Patterson and Smith 2001). However, if given the opportunity to interact and form social relationships with others through CP, might people with a higher power distance orientation (compared with those with a lower power distance orientation) be attentive to and value such relationship-building opportunities more because these occasions are rare or novel? This conjecture could find potential support from research on "novel popout," which indicates that people's attention tends to get captured by stimuli that are unlikely or less likely to occur (Johnston et al. 1990). When confronted with two visual patterns, one novel and one familiar, people tend to fixate on the novel pattern (Bornstein 1985; Fantz 1964). Perceptual fluency builds up for certain objects and events after repeated exposures in particular environmental contexts, and when people then confront a mixture of novel and familiar objects or events, the region of perceptual fluency becomes disturbed, and attention flows rapidly and automatically to the nonfluent region (Johnston et al. 1990).

### **Managerial Implications**

Customer participation adds a new dynamic to the customer-provider relationship that engages customers directly in the cocreation of value. Therefore, understanding how companies can harness the benefits and circumvent the drawbacks of CP is of great importance. The findings have several implications for firms that are considering or have engaged their customers in cocreation of value in the service process.

*The bottom line: costs versus benefits.* Customer participation invokes both costs and benefits, and firms should regularly review and locate the point beyond which the incremental costs outweigh the incremental benefits. This study reveals another potential cost of CP: increased job stress for some employees, particularly those with higher individualist and lower power distance value orientations, which can lead to job dissatisfaction and poor job performance. To address this problem, firms could authorize a supervisor to handle special customer requests and assist in service duties that fall outside service employees' standard operating procedures. This step may help reduce disruptions to service employees' regular job functions caused by CP and, thus, their job stress (Hsieh, Yen, and Chin 2004).

*Motivating customers to be cocreators.* To ensure an effective value cocreation process, firms need to motivate customers to participate. For customers with higher collectivist and power distance value orientations, more effort is

required to help them visualize the economic value of their participation. However, firms should look beyond economic benefits when motivating customers. Managing the service experience so that customers can build social bonds with employees and develop affective commitment to the firm is equally important, especially in professional services characterized by high credence properties and service complexity, which make it difficult for many clients to determine the quality of service outcomes and therefore renders particular salience to relationship building (Patterson, Johnson, and Spreng 1997). Customers who perceive the relationship as durable should be more motivated to make the most of their cocreation opportunities. Facilitating the creation of relational values not only enhances the benefits of CP but also produces a competitive advantage. Relationships alone may not tie customers permanently to the firm, but they are difficult for competitors to imitate. Customers also need to be trained to know what to expect and how to behave in given situations, particularly in professional services in which the service is more complex and customers are usually less familiar with the situations (Bitner, Booms, and Mohr 1994; Bloom 1984).

*Cultivating a CP culture.* Just as customers need to learn their cocreation roles, employees must adjust to their new roles. The view of customers as cocreators dictates that employees include customers' new roles and expectations in their planning and execution of daily operations. Employees also must recognize the business value of the new approach, their responsibilities, and the way it might bring them personal benefits. For example, organizational socialization (Dubinsky et al. 1986) could function to orient employees to accept the view of customers as cocreators. The process might include altering policies for recruiting, training, and rewarding employees to help customers in the cocreation effort.

Greater CP requires more flexible and responsive employees who can cope with increased uncertainty. Relationship building would be a desirable strategic approach. Therefore, firms should screen potential employees for their social abilities and tendencies to facilitate personal relationships. As Crosby, Evans, and Cowles (1990) suggest, such screening implies that some employees will be better friend makers than others. For example, employees with a higher collectivist value orientation tend to cooperate better with others and enjoy working with customers as partners, and a sociable and pleasant character may enhance the creation of relational bonds. In contrast, organizations whose employees exhibit a lower collectivist value orientation should not be too hasty to promote CP, because these employees likely will be less comfortable with special requests and unexpected demands. Because they minimally identify with the subordinate role, they need time to adapt their behaviors and mind-sets to deal with the input uncertainty and demand diversity associated with CP.

Service firms might invest in training and communications to strengthen the scripts of their employees and customers and to help them develop subscripts for dealing with obstacles and errors (Mohr and Bitner 1991). Employees need training in appropriate coping and problem-solving

skills to handle customers, as well as their own personal feelings, and thereby reduce the overwhelming effect of emotional labor (Bitner, Booms, and Mohr 1994). Moreover, employees should be trained to adjust their behaviors to the interpersonal demands of the service encounter. Bitner, Booms, and Mohr (1994) report that almost half of particularly satisfying customer encounters result from a contact employee's ability to adjust the system to accommodate specific customer needs and requests.

*Matching customers and service employees.* Culturally matched dyads of customers and employees help maximize value cocreation; such matching may be particularly feasible for services that require teamwork. Managers should assess the cultural value orientation of clients and allocate financial advisors who embody a matching role. For example, they should avoid assigning a client who embodies a businessperson role to an employee who takes a friend role. As Grayson (2007) suggests, friendship and business relationships create expectations that often conflict and negatively influence business outcomes.

### **Limitations and Further Research**

The generalizability of the findings should be considered in light of our study's limitations. First, the findings are more suggestive than conclusive. Longitudinal studies would help clarify whether cocreated values (economic and relational) persist in the long run, particularly with regard to the relationship-building component. Time-lagged data would also allow for a proper examination of potential reciprocal effects across customer and employee levels. Customers and employees must interact and work together to cocreate value; their attitudes and emotional responses are likely to affect each other in the cocreation process.

Second, the result pertaining to how a customer's power distance orientation moderates the effect of CP on economic value creation may be contingent on perceptions of the difference in the hierarchical status of the customer and service employee. In a high power distance society, if a customer's status is significantly higher than the service employee's, a relationship may never even develop for the cocreation of economic value to take place. This complex effect is worthy of exploration in further research.

Third, this research focuses on one professional service. Further research might consider other services of a similar nature (e.g., medical, legal), as well as other service contexts, to ascertain the generalizability of the results. Professional financial services are high in credence properties and, for most customers, are high involvement (Sharma and Patterson 1999), so CP seems more likely to prompt customers to perceive sources of value. However, in low-involvement service situations, fewer value cocreation opportunities for CP may exist, which could cause customers to perceive CP as a chore and adopt a cynical view that CP simply provides a means to shift the workload onto customers' shoulders (Auh et al. 2007).

Fourth, the CP construct may include other dimensions (e.g., psychological, relational), beyond the behavioral notions we adopt. Conceptual and empirical work should

attempt to integrate these elements into a more unified conceptualization.

Finally, we examine only two variables that might alter the effect of CP on value creation. Organizational culture, individual readiness to participate (e.g., customer's ability, employee's motivation), other cultural values such as uncertainty avoidance, and personality traits (e.g., extroversion) could be examined to expand knowledge of the boundary conditions of CP.

## Summary

This study examines the emerging service-dominant logic of viewing customers as proactive cocreators of value during the service process. We delineate and empirically test hypotheses pertaining to the creation of economic and relational values by CP and the boundaries of its effectiveness. Using a dyadic sample of both customers and employees of professional financial services from Hong Kong and the United States, we confirm an extant premise that CP alone is not the key to customer satisfaction but that value cocre-

ation is what matters. Our findings uncover a fully mediating effect of value creation for not just customers but also employees. Moreover, the effects of CP on value creation are contingent on individual cultural value orientations: Customers (employees) with higher collectivist and power distance value orientations perceive less economic value (less job stress) and more relational value from CP. These findings suggest that fostering CP could be a double-edged sword, in that it enhances customers' economic value attainment and strengthens the relational bonds between customers and employees while also creating job stress for employees because of their loss of power and control, increased input uncertainties, and incompatible demands and expectations. To maximize the benefits and minimize the costs of CP, managers should match customers and employees by their cultural value orientations. Both acknowledging and examining the desirability and efficacy of CP, as this study does, through value cocreation, a dyadic lens, and cultural value contingency would provide important implications for research and practice.

## APPENDIX

### Measurement Items and Validity Assessment

#### Customer Participation

$\alpha = .90$ ,  $CR = .88$ ,  $AVE = .69$ ,  $HSV = .51$   
(Auh et al. 2007; Bendapudi and Leone 2003; Dabholkar 1990; Ennew and Binks 1999; Hsieh, Yen, and Chin 2004)

1. I spent a lot of time sharing information about my needs and opinions with the staff during the service process.
2. I put a lot of effort into expressing my personal needs to the staff during the service process.
3. I always provide suggestions to the staff for improving the service outcome.
4. I have a high level of participation in the service process.
5. I am very much involved in deciding how the services should be provided.

#### Customer Economic Value

$\alpha = .90$ ,  $CR = .88$ ,  $AVE = .67$ ,  $HSV = .53$   
(Hartline and Ferrell 1996; Zeithaml 1988)

1. My participation helps me receive ...
  - Higher quality services.
  - More customized services.
  - More professional services.
  - More control over the services quality.
  - Less service failure.

#### Job Stress

$\alpha = .92$ ,  $CR = .86$ ,  $AVE = .72$ ,  $HSV = .51$   
(Singh 1998; Van Yperen and Hagedoorn 2003)

1. Customers' participation ...
  - Makes me nervous.
  - Increases my job stress.
  - Creates more problems for me.
  - Makes me work under conflicting directives.
2. Customers' participation ...
  - Brings me a heavier workload.
  - Makes me work under more time pressure.
  - Makes me work extra hard to finish my tasks.
  - Makes it difficult for me to decide how to get my job done.
  - Takes away my full authority to determine my work content.

#### Customer Relational Value

$\alpha = .89$ ,  $CR = .92$ ,  $AVE = .71$ ,  $HSV = .51$

#### Employee Relational Value

$\alpha = .94$ ,  $CR = .90$ ,  $AVE = .74$ ,  $HSV = .42$   
(Hartline and Ferrell 1996; Zeithaml 1988)

1. My participation (customers' participation) helps me build a better relationship with the service provider (customers).
2. My participation (customers' participation) makes the service interaction more enjoyable.
3. My participation (customers' participation) helps me receive relational approval from the service provider (do a better job to serve their needs).

#### Customer Satisfaction

$\alpha = .92$ ,  $CR = .84$ ,  $AVE = .61$ ,  $HSV = .48$   
(Lam et al. 2004; Oliver and Swan 1989)

1. I am satisfied with the services provided.
2. This bank is a good bank to do business with.
3. The service of this bank meets my expectations.
4. Overall, I am satisfied with the service provided by this bank.

## APPENDIX Continued

### Job Satisfaction

$\alpha = .88$ , CR = .88, AVE = .78, HSV = .48  
(Hackman and Oldham 1975; Hartline and Ferrell 1996)

1. I am satisfied with working at this bank.
2. This bank is a good employer to work for.
3. I enjoy working in this bank.
4. Overall, I am satisfied with my job at this bank.

### Customer I-C

$\alpha = .94$ , CR = .90, AVE = .73, HSV = .52

### Employee I-C

$\alpha = .93$ , CR = .86, AVE = .78, HSV = .47  
(Donthu and Yoo 1998; Erez and Earley 1993; Youngdahl et al. 2003)

1. Individuals should ...
  - Sacrifice self-interest for the group.
  - Stick with the group even through difficulties.
  - Pursue their goals only after considering the welfare of the group.
2. Group welfare is more important than individual rewards.
3. Group success is more important than individual success.
4. Group loyalty should be encouraged, even if individual goals suffer.

### Customer PD

$\alpha = .93$ , CR = .86, AVE = .68, HSV = .38

### Employee PD

$\alpha = .90$ , CR = .86, AVE = .72, HSV = .52  
(Donthu and Yoo 1998; Erez and Earley 1993; Youngdahl et al. 2003)

1. People in higher-level positions should ...
  - Make most decisions, without consulting people in lower-level positions.
  - Not ask people in lower-level positions for their opinions frequently.
  - Avoid social interaction with people in lower-level positions.
2. People in lower-level positions should not disagree with decisions made by people in higher-level positions.

### Employee Job Performance

(Lam, Chen, and Schaubroeck 2002)

1. How would you rate the overall performance of this employee? (Answered by supervisors)

Notes:  $\alpha$  = Cronbach's alpha, CR = composite reliability, AVE = average variance extracted, HSV = highest shared variance with other constructs, I-C = individualism-collectivism, and PD = power distance.

## REFERENCES

- Alden, Dana L., Jan-Benedict E.M. Steenkamp, and Rajeev Batra (1999), "Brand Positioning Through Advertising in Asia, North America, and Europe: The Role of Global Consumer Culture," *Journal of Marketing*, 63 (January), 75-83.
- Ardrey, Robert (1967), *The Territorial Imperative*. New York: Atheneum.
- Arnould, Eric J. and Craig J. Thompson (2005), "Consumer Culture Theory (CCT): Twenty Years of Research," *Journal of Consumer Research*, 31 (4), 868-82.
- Auh, Seigyoung, Simon J. Bell, Colin S. McLeod, and Eric Shih (2007), "Co-Production and Customer Loyalty in Financial Services," *Journal of Retailing*, 83 (3), 359-70.
- Baron, Reuben M. and David A. Kenny (1986), "The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations," *Journal of Personality and Social Psychology*, 51 (6), 1173-82.
- Bateson, John E.G. (1985), "Self-Service Consumer: An Exploratory Study," *Journal of Retailing*, 61 (3), 49-76.
- Belk, Russell W. (1988), "Possessions and the Extended Self," *Journal of Consumer Research*, 15 (September), 139-68.
- Bendapudi, Neeli and Robert P. Leone (2003), "Psychological Implications of Customer Participation in Coproduction," *Journal of Marketing*, 67 (January), 14-28.
- Ben-Zur, Hasida and Dana Yagil (2005), "The Relationship Between Empowerment, Aggressive Behaviours of Customers, Coping, and Burnout," *European Journal of Work and Organizational Psychology*, 14 (1), 81-99.
- Bettencourt, Lance A. (1997), "Customer Voluntary Performance: Customers as Partners in Service Delivery," *Journal of Retailing*, 73 (3), 383-406.
- Bitner, Mary J., Bernard H. Booms, and Lois A. Mohr (1994), "Critical Service Encounters: The Employee's Viewpoint," *Journal of Marketing*, 58 (October), 95-106.
- and Stephen W. Brown (2008), "The Service Imperative," *Business Horizons*, 51 (January), 39-46.
- Bloom, Paul N. (1984), "Effective Marketing for Professional Services," *Harvard Business Review*, 62 (October), 102-110.
- Bolton, Ruth N. and Shruti Saxena-Iyer (2009), "Interactive Services: A Framework, Synthesis and Research Direction," *Journal of Interactive Marketing*, 23 (1), 91-104.
- Bond, Michael H. and Kwang K. Hwang (1995), "The Social Psychology of Chinese People," in *The Psychology of the Chinese People*, M. Bond, ed. Oxford: Oxford University Press, 213-66.
- Bornstein, Marc H. (1985), "Infant into Adult: Unity to Diversity in the Development of Visual Categorization," in *Neonatal Cognition: Beyond the Blooming, Buzzing Confusion*, J. Mehler and R. Fox, eds. Hillsdale, NJ: Lawrence Erlbaum Associates, 115-38.
- Bowen, David E. (1983), "Customers as Substitutes for Leadership in Service Organizations," doctoral dissertation, Department of Management, Michigan State University.
- and Robert C. Ford (2002), "Managing Service Organizations: Does Having a 'Thing' Make a Difference?" *Journal of Management*, 28 (3), 447-69.
- Brislin, Richard W. (1980), "Translation and Content Analysis of Oral and Written Materials," in *Handbook of Cross-Cultural Psychology, Vol. 2—Methodology*, H.C. Triandis and J.W. Berry, eds. Boston: Allyn & Bacon, 389-444.
- Brockner, Joel, Grant Ackerman, Jerald Greenberg, Michele J. Gelfand, Anne Marie Francesco, Zhen Xiong Chen, et al. (2001), "Culture and Procedural Justice: The Influence of Power Distance on Reactions to Voice," *Journal of Experimental Social Psychology*, 37 (4), 300-315.
- Brotheridge, Céleste M. and Alicia A. Grandey (2002), "Emotional Labour and Burnout: Comparing Two Perspectives of People at Work," *Journal of Vocational Behavior*, 60 (1), 17-39.



- Brown, Steven P. and Robert A. Peterson (1993), "Antecedents and Consequences of Salesperson Job Satisfaction: Meta-Analysis and Assessment of Causal Effects," *Journal of Marketing Research*, 30 (February), 63–77.
- Butz, Howard E., Jr., and Leonard D. Goodstein (1996), "Measuring Customer Value: Gaining the Strategic Advantage," *Organizational Dynamics*, 24 (3), 63–77.
- Chase, Richard B. (1978), "Where Does the Customer Fit in a Service Operations?" *Harvard Business Review*, 56 (6), 137–42.
- Chen, Chao C., Xiao-Ping Chen, and James R. Meindl (1998), "How Can Cooperation Be Fostered? The Cultural Effects of Individualism-Collectivism," *The Academy of Management Review*, 23 (2), 285–304.
- Claycomb, Cindy, Cynthia A. Lengnick-Hall, and Lawrence W. Inks (2001), "The Customer as a Productive Resource: A Pilot Study and Strategic Implications," *Journal of Business Strategies*, 18 (Spring), 47–69.
- Crosby, Lawrence A., Kenneth R. Evans, and Deborah Cowles (1990), "Relationship Quality in Services Selling: An Interpersonal Influence Perspective," *Journal of Marketing*, 54 (July), 68–81.
- Dabholkar, Pratibha A. (1990), "How to Improve Perceived Service Quality by Increasing Customer Participation," in *Developments in Marketing Science*, Vol. 13, B.J. Dunlap, ed. Cullowhee, NC: Academy of Marketing Science, 483–87.
- and Richard P. Bagozzi (2002), "An Attitudinal Model of Technology-Based Self-Service: Moderating Effects of Consumer Traits and Situational Factors," *Journal of the Academy of Marketing Science*, 30 (3), 184–201.
- Dong, Beibei, Kenneth R. Evans, and Shaoming Zou (2008), "The Effects of Customer Participation in Co-Created Service Recovery," *Journal of the Academy of Marketing Science*, 36 (1), 123–37.
- Donthu, Naveen and Bonghee Yoo (1998), "Cultural Influence on Service Quality Expectations," *Journal of Service Research*, 1 (November), 178–85.
- Dubinsky, Alan J., Roy D. Howell, Thomas N. Ingram, and Danny N. Bellenger (1986), "Sales Force Socialization," *Journal of Marketing*, 50 (October), 192–207.
- Eisenberger, Robert, Robin Huntington, Steven Hutchison, and Debora Sowa (1986), "Perceived Organizational Support," *Journal of Applied Psychology*, 71 (3), 500–507.
- Ennew, Christine T. and Martin R. Binks (1999), "Impact of Participative Service Relationships on Quality, Satisfaction, and Retention: An Exploratory Study," *Journal of Business Research*, 46 (2), 121–32.
- Erez, Miriam and P. Christopher Earley (1993), *Culture, Self-Identity, and Work*. Oxford: Oxford University Press.
- Etgar, Michael (2008), "A Descriptive Model of the Consumer Co-Production Process," *Journal of the Academy of Marketing Science*, 36 (1), 97–108.
- Eylon, Dafna and Kevin Y. Au (1999), "Exploring Empowerment Cross-Cultural Differences Along the Power Distance Dimension," *International Journal of Intercultural Relations*, 23 (3), 373–85.
- Fang, Eric (2008), "Customer Participation and the Trade-Off Between New Product Innovativeness and Speed to Market," *Journal of Marketing*, 72 (July), 90–104.
- , Robert Palmatier, and Kenneth R. Evans (2008), "Influence of Customer Participation on Creating and Sharing of New Product Value," *Journal of the Academy of Marketing Science*, 36 (3), 322–36.
- Fantz, Robert L. (1964), "Visual Experience in Infants: Decreased Attention to Familiar Patterns Relative to Novel Ones," *Science*, 146 (October), 668–70.
- Fleming, John H., Curt Coffman, and James K. Harter (2005), "Manage Your Human Sigma," *Harvard Business Review*, 83 (7–8), 106–114.
- Foreyt, John P. and Walker S. Poston II (1998), "The Role of the Behavioral Counselor in Obesity Treatment," *Journal of the American Dietetic Association*, 98 (10), 27–30.
- Fornell, Claes (1992), "A National Customer Satisfaction Barometer: The Swedish Experience," *Journal of Marketing*, 56 (January), 6–21.
- Geletkanycz, Marta A. (1997), "The Salience of 'Culture's Consequences': The Effects of Cultural Values on Top Executive Commitment to the Status Quo," *Strategic Management Journal*, 18 (8), 615–34.
- Goodwin, Cathy (1988), "I Can Do It Myself: Training the Service Consumer to Contribute to Service Productivity," *Journal of Services Marketing*, 2 (4), 71–78.
- Grayson, Kent (2007), "Friendship Versus Business in Marketing Relationships," *Journal of Marketing*, 71 (October), 121–39.
- Gremler, Dwayne D. and Kevin P. Gwinner (2000), "Customer-Employee Rapport in Service Relationships," *Journal of Service Research*, 3 (August), 82–104.
- Gudykunst, William B. and Stella Ting-Toomey (1988), *Culture and Interpersonal Communication*. Newbury Park, CA: Sage Publications.
- Guerrier, Yvonne and Amel S. Adib (2000), "'No, We Don't Provide That Service': The Harassment of Hotel Employees by Customers," *Work Employment Society*, 14 (4), 689–704.
- Hackman, J. Richard and Greg R. Oldham (1975), "Development of the Job Diagnostic Survey," *Journal of Applied Psychology*, 60 (2), 159–70.
- Han, Jin K., Namwoon Kim, and Rajendra K. Srivastava (1998), "Market Orientation and Organizational Performance: Is Innovation a Missing Link?" *Journal of Marketing*, 52 (October), 30–45.
- Hartline, Michael D. and O.C. Ferrell (1996), "The Management of Customer-Contact Service Employees: An Empirical Investigation," *Journal of Marketing*, 60 (October), 52–70.
- Heide, Jan B. and Kenneth H. Wathne (2006), "Friends, Businesspeople, and Relationship Roles: A Conceptual Framework and a Research Agenda," *Journal of Marketing*, 70 (July), 90–103.
- Hochschild, Arlie R. (1983), *The Managed Heart: The Commercialization of Human Feeling*. Berkeley: University of California Press.
- Hofstede, Geert H. (1980), *Culture's Consequences: International Differences in Work-Related Values*. Newbury Park, CA: Sage Publications.
- (1991), *Cultures and Organizations: Software of the Mind*. London: McGraw-Hill.
- Hsieh, An T., Chang H. Yen, and Ko C. Chin (2004), "Participative Customers as Partial Employees and Service Provider Workload," *International Journal of Service Industry Management*, 15 (2), 187–99.
- Hui, Michael K., Kevin Y. Au, and Henry Fock (2004), "Empowerment Effects Across Cultures," *Journal of International Business Studies*, 35 (1), 46–60.
- Johansson, Johnny K. (1990), "Japanese Service Industries and Their Overseas Potential," *Service Industries Journal*, 10 (1), 85–109.
- Johar, Gita V. (2005), "The Price of Friendship: When, Why, and How Relational Norms Guide Social Exchange Behavior," *Journal of Consumer Psychology*, 15 (1), 22–27.
- Johnston, William A., Kevin J. Hawley, Steven H. Plewe, John M.G. Elliott, and M. Jann DeWitt (1990), "Attention Capture by Novel Stimuli," *Journal of Experimental Psychology: General*, 119 (4), 397–411.
- Joiner, Therese A. (2001), "The Influence of National Culture and Organizational Culture Alignment on Job Stress and Performance: Evidence from Greece," *Journal of Managerial Psychology*, 16 (3), 229–42.

- Jöreskog, Karl G. and Dag Sörbom (1993), *LISREL 8: Structural Equation Modeling with the SIMPLIS Command Language*. Chicago: Scientific Software International.
- Kanji, Gopal K. (1998), "Measurement of Business Excellence," *Total Quality Management*, 9 (7), 633–43.
- Kelley, Scott W., James H. Donnelly Jr., and Steven J. Skinner (1990), "Customer Participation in Service Production and Delivery," *Journal of Retailing*, 66 (Fall), 315–35.
- Kellogg, Deborah L., William E. Youngdahl, and David E. Bowen (1997), "On the Relationship Between Customer Participation and Satisfaction: Two Frameworks," *International Journal of Service in Management*, 8 (3), 206–219.
- Lam, Shun Y., Venkatesh Shankar, M. Krishna Erramilli, and Bysan Murthy (2004), "Customer Value, Satisfaction, Loyalty, and Switching Costs: An Illustration from a Business-to-Business Service Context," *Journal of the Academy of Marketing Science*, 32 (3), 293–311.
- Lam, Simon S.K., Xiao-Ping Chen, and John Schaubroeck (2002), "Participative Decision Making and Employee Performance in Different Cultures: The Moderating Effects of Allocentrism/Idiocentrism and Efficacy," *Academy of Management Journal*, 45 (5), 905–914.
- Landy, Frank J. (1989), *Psychology of Work Behavior*. Pacific Grove, CA: Brooks/Cole.
- Larsson, Rikard and David E. Bowen (1989), "Organization and Customer: Managing Design and Coordination of Services," *Academy of Management Review*, 14 (2), 213–33.
- Lovelock, Christopher H. (1983), "Classifying Services to Gain Strategic Marketing Insights," *Journal of Marketing*, 47 (Summer), 9–20.
- and Robert F. Young (1979), "Look to Consumers to Increase Productivity," *Harvard Business Review*, 57 (May–June), 168–78.
- Luo, Xueming and Christian Homburg (2007), "Neglected Outcomes of Customer Satisfaction," *Journal of Marketing*, 71 (April), 133–49.
- Lusch, Robert F., Stephen W. Brown, and Gary J. Brunswick (1992), "A General Framework for Explaining Internal vs. External Exchange," *Journal of the Academy of Marketing Science*, 20 (Spring), 119–34.
- and Stephen L. Vargo (2006), "Service-Dominant Logic: Reactions, Reflections, and Refinements," *Marketing Theory*, 6 (3), 281–88.
- Maheswaran, Durairaj and Sharon Shavitt (2000), "Issues and New Directions in Cultural Psychology," *Journal of Consumer Psychology*, 9 (2), 59–66.
- Malhotra, Naresh K., Francis M. Ulgado, J. Agarwal, and I. Baalbaki (1994), "International Services Marketing: A Comparative Evaluation of the Dimensions of Service Quality Between Developed and Developing Countries," *International Marketing Review*, 11 (2), 5–15.
- Martin, Claude R., David A. Horne, and Anne Marie Schultz (1999), "The Business-to-Business Customer in the Service Innovation Process," *European Journal of Innovation Management*, 2 (2), 55–62.
- Mattila, Anna S. (1999), "The Role of Culture in the Service Evaluation Process," *Journal of Service Research*, 1 (3), 250–61.
- Meuter, Matthew L. and Mary Jo Bitner (1998), "Self-Service Technologies: Extending Service Frameworks and Identifying Issues for Research," in *AMA Winter Educators' Conference: Marketing Theory and Applications*, Dhruv Grewal and Cornelia Pechman, eds. Chicago: American Marketing Association, 12–19.
- Mills, Peter K. (1986), *Managing Service Industries: Organizational Practices in a Postindustrial Economy*. Cambridge, MA: Ballinger.
- and James H. Morris (1986), "Clients as 'Partial' Employees of Service Organizations: Role Development in Client Participation," *Academy of Management Review*, 11 (4), 726–35.
- Mohr, Lois A. and Mary Jo Bitner (1991), "Mutual Understanding Between Customers and Employees in Service Encounters," in *Advances in Consumer Research*, Vol. 18, M. Solomon and R. Holman, eds. Provo, UT: Association for Consumer Research, 611–17.
- Morris, Tom and Cynthia M. Pavett (1992), "Management Style and Productivity in Two Cultures," *Journal of International Business Studies*, 23 (1), 169–79.
- Nakamura, Masao, Ilan Vertinsky, and Charlene Zietsma (1997), "Does Culture Matter in Inter-Firm Cooperation? Research Consortia in Japan and the USA," *Managerial and Decision Economics*, 18 (2), 153–75.
- Newman, Karen L. and Stanley D. Nollen (1996), "Culture and Congruency: The Fit Between Management Practices and National Culture," *Journal of International Business Studies*, 27 (4), 753–79.
- Normann, Richard and Rafael Ramírez (1993), "From Value Chain to Value Constellation: Designing Interactive Strategy," *Harvard Business Review*, 71 (July–August), 65–77.
- Oliver, Richard L. and John E. Swan (1989), "Consumer Perceptions of Interpersonal Equity and Satisfaction in Transactions: A Field Survey Approach," *Journal of Marketing*, 53 (April), 21–35.
- Ouschan, Robyn, Jillian Sweeney, and Lester Johnson (2006), "Customer Empowerment and Relationship Outcomes in Healthcare Consultations," *European Journal of Marketing*, 40 (9–10), 1068–1086.
- Parasuraman, A., Valarie A. Zeithaml, and Arvind Malhotra (2005), "E-S-QUAL: A Multiple-Item Scale for Assessing Electronic Service Quality," *Journal of Service Research*, 7 (3), 213–33.
- Patterson, Paul G., Elizabeth Cowley, and Kriengsin Prasongsukarn (2006), "Service Failure Recovery: The Moderating Impact of Individual-Level Cultural Value Orientation on Perceptions of Justice," *International Journal of Research in Marketing*, 23 (3), 263–77.
- , Lester W. Johnson, and Richard A. Spreng (1997), "Modeling the Determinants of Customer Satisfaction for Business-to-Business Professional Services," *Journal of the Academy of Marketing Science*, 25 (1), 4–17.
- and Tasman Smith (2001), "Modeling Relationship Strength Across Service Types in a South-East Asian Context," *International Journal of Service Industry Management*, 12 (2), 90–113.
- and ——— (2003), "A Cross-Cultural Study of Switching Barriers and Propensity to Stay with Service Providers," *Journal of Retailing*, 79 (2), 107–120.
- Payne, Adrian F., Kaj Storbacka, and Pennie Frow (2008), "Managing the Co-Creation of Value," *Journal of the Academy of Marketing Science*, 36 (1), 83–96.
- Prahalad, C.K. and Venkatram Ramaswamy (2000), "Co-opting Customer Competence," *Harvard Business Review*, 78 (January–February), 79–87.
- Ramani, Girish and V. Kumar (2008), "Interaction Orientation and Firm Performance," *Journal of Marketing*, 72 (January), 27–45.
- Ramirez, Rafael (1999), "Value Co-Production: Intellectual Origins and Implications for Practice and Research," *Strategic Management Journal*, 20 (1), 49–65.
- Rizzo, John R., Robert J. House, and Sidney I. Lirtzman (1970), "Role Conflict and Role Ambiguity in Complex Organizations," *Administrative Science Quarterly*, 15 (2), 150–63.

- Rupp, Deborah E., A. Silke McCance, Sharmin Spencer, and Karlheinz Sonntag (2008), "Customer (In)Justice and Emotional Labor: The Role of Perspective Taking, Anger, and Emotional Regulation," *Journal of Management*, 34 (5), 903-924.
- Schneider, Benjamin (1980), "The Service Organization: Climate Is Crucial," *Organizational Dynamics*, 9 (2), 52-65.
- and David E. Bowen (1985), "Employee and Customer Perceptions of Service in Banks: Replication and Extension," *Journal of Applied Psychology*, 70 (3), 423-33.
- and ——— (1995), *Winning the Service Game*. Boston: Harvard Business School Press.
- Shamir, Boas (1980), "Between Service and Servility: Role Conflict in Subordinate Service Roles," *Human Relations*, 33 (10), 741-56.
- Sharma, Neeru and Paul G. Patterson (1999), "The Impact of Communication Effectiveness and Service Quality on Relationship Commitment in Consumer, Professional Services," *Journal of Services Marketing*, 13 (2), 151-70.
- and ——— (2000), "Switching Costs, Alternative Attractiveness and Experience as Moderators of Relationship Commitment in Consumer, Professional Services," *International Journal of Service Industry Management*, 11 (5), 470-90.
- Shore, Lynn M. and Harry J. Martin (1989), "Job Satisfaction and Organizational Commitment in Relation to Work Performance and Turnover Intentions," *Human Relations*, 42 (7), 625-38.
- Singh, Jagdip (1998), "Striking a Balance in Boundary Spanning Positions: An Investigation of Some Unconventional Influences of Role Stressors and Job Characteristics on Job Outcomes of Salespeople," *Journal of Marketing*, 62 (July), 69-86.
- Smith, Ken G., Stephen J. Carroll, and Susan J. Ashford (1995), "Intra- and Interorganizational Cooperation: Toward a Research Agenda," *Academy of Management Journal*, 38 (1), 7-23.
- Solomon, Michael R., Carol Surprenant, John A. Czepiel, and Evelyn G. Gutman (1985), "A Role Theory Perspective on Dyadic Interactions: The Service Encounter," *Journal of Marketing*, 49 (Winter), 99-111.
- Steenkamp, Jan-Benedict E.M. and Inge Geyskens (2006), "How Country Characteristics Affect the Perceived Value of a Web Site," *Journal of Marketing*, 70 (July), 136-50.
- , Frenkel ter Hofstede, and Michel Wedel (1999), "A Cross-National Investigation into the Individual and National Cultural Antecedents of Consumer Innovativeness," *Journal of Marketing*, 63 (April), 55-69.
- Street, Richard L., Edward Krupat, Robert A. Bell, Richard L. Kravitz, and Paul Haidet (2003), "Beliefs About Control in the Physician-Patient Relationship," *Journal of General Internal Medicine*, 18 (8), 609-616.
- Stryker, Sheldon and Anne Statham (1985), "Symbolic Interaction and Role Theory," in *Handbook of Social Psychology*, Vol. 1, I.G. Lindzey and E. Aranson, eds. New York: Random House, 311-78.
- Surprenant, Carol F. and Michael R. Solomon (1987), "Predictability and Personalization in the Service Encounter," *Journal of Marketing*, 51 (April), 86-96.
- Tata, Jasmine (2005), "The Influence of National Culture on the Perceived Fairness of Grading Procedures: A Comparison of the United States and China," *Journal of Psychology*, 139 (5), 401-412.
- Trede, Franziska and Joy Higgs (2003), "Re-framing the Clinician's Role in Collaborative Clinical Decision Making: Rethinking Practice Knowledge and the Notion of Clinician-Patient Relationships," *Learning in Health and Social Care*, 2 (2), 66-73.
- Trompenaars, Fons and Charles Hampden-Turner (1997), *Riding the Waves of Culture: Understanding Diversity in Global Business*, 2d ed. New York: McGraw-Hill.
- Ullaga, Wolfgang (2003), "Capturing Value Creation in Business Relationships: A Customer Perspective," *Industrial Marketing Management*, 32 (8), 677-93.
- Van Dolen, Willemijn, Jos Lemmink, Ko de Rutger, and Ad de Jong (2002), "Customer-Sales Employee Encounters: A Dyadic Perspective," *Journal of Retailing*, 78 (4), 265-79.
- Van Yperen, Nico W. and Mariët Hagedoorn (2003), "Do High Job Demands Increase Intrinsic Motivation or Fatigue or Both? The Role of Job Control and Job Social Support," *Academy of Management Journal*, 46 (3), 339-48.
- Vargo, Stephen L. and Robert F. Lusch (2004), "Evolving to a New Dominant Logic for Marketing," *Journal of Marketing*, 68 (January), 1-17.
- Wagner, John A. and Michael K. Moch (1986), "Individualism-Collectivism: Concept and Measure," *Group and Organization Studies*, 11 (3), 280-303.
- Whyte, William Foote (1948), *Human Relations in the Restaurant Industry*. New York: McGraw-Hill.
- Winsted, Kathryn Frazer (1997), "The Service Experience in Two Cultures," *Journal of Retailing*, 73 (3), 337-60.
- Xie, Chunyan, Richard P. Bagozzi, and Sigurd V. Troye (2008), "Trying to Prosume: Toward a Theory of Consumers as Co-Creators of Value," *Journal of the Academy of Marketing Science*, 36 (1), 109-122.
- Yoo, Boonghee and Naveen Donthu (2002), "The Effect of Marketing Education and Individual Cultural Values on Marketing Ethics of Students," *Journal of Marketing Education*, 24 (2), 92-103.
- Yoon, Mahn H., Fai H. Seo, and Tae S. Yoon (2004), "Effects of Contact Employee Supports on Critical Employee Responses and Customer Service Evaluation," *Journal of Services Marketing*, 18 (4-5), 395-412.
- Youngdahl, William E., Deborah L. Kellogg, Winter Nie, and David E. Bowen (2003), "Revisiting Customer Participation in Service Encounters: Does Culture Matter?" *Journal of Operations Management*, 21 (January), 109-120.
- Zeithaml, Valarie A. (1988), "Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence," *Journal of Marketing*, 52 (July), 2-22.