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Co-synergy and Co-creation Value on Customer Behavioural Outcomes

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Abstract—This study aims to get an empirical model of customer behavior in deciding to buy life insurance that is combined with financial investment. The underlined concept of this research is the marketing theory of relationship based on social interaction and resources (RbV), social exchange theory and agency theory. The object of this study was conducted on private life insurance companies in Semarang with as many as 140 respondents. The technique used is purposive sampling with criteria of life insurance customer. Satisfied customers will behave and talk positively about the company, make continuous purchases and volunteer bring friends, relatives and people around them to buy products. Co-synergy is a synergy collaboration between insurance agents and customers to produce co-creation value. Sales persons (insurance agent) as a moderating variable because of the role of insurance agents as value creators who represent the company. Insurance agents who play a very important role in presenting the information on the rights and obligations of customer's transparently also serve as customer's financial consultants. It is proved that insurance agents are not able to moderate collaboration on the value of insurance.

Keywords—customer behavioural outcomes; co-synergy; co-creation value; relational sales persons capability

I. INTRODUCTION

Engaging consumers in product creation enables them to express their thoughts, skills and capabilities to collaborate with companies. Excessive consumers who are called collaboration will produce unique co-creation values that make their own advantages for the company. This is what distinguishes the company from others, and this value is difficult to imitate.

Co-creation provides space for customers and end users to be actively involved in design, product and service development, so that the products produced are manifestations of personal personality, experience of consumers and companies [1].

Customer engagement at certain stages of production uses the influence of their innovation ideas on the business system [1-3]. The collaboration is carried out with the aim of reducing risk, costs, capturing creative ideas, sharing knowledge and technology [4-7]. However, customer involvement in product development sometimes lacks adequate technical knowledge and lacks understanding of the articulation of their needs in producing innovation products [8-10].

Many companies still use conventional systems that are less responsive, such as life insurance companies in Indonesia. things such as the Customer involvement in determining what is desired and needed for the funds invested for the future is also still low. According to Sunarto et al. the lack of corporate interaction with policyholders after transactions and systems are used is still conventional which causes low interest in investing in life insurance [11]. Life insurance products that are less attractive to the public in Indonesia are caused by many research conducted by Rochma, where the level of income of people who are not high causes insurance to not become a top priority [12]. Another cause, lack of education by insurance companies so that customers get less accurate information. According to research conducted by Khair, the image of a company that is not good causes a lack of public confidence in insurance [13]. Indonesia's population is more than 257 million BPS [14], which has life insurance of approximately 22.19% of the population. From this phenomenon there are still very open market opportunities to develop the insurance industry, especially life insurance.

The connectedness of customers and life insurance companies through Sales persons/agents is quite unique because agents do not only sell and market, but are required to be value creators. As a value creator, a sales person is required to have communication skills, competence, skills, hard work and smart work [15]. Research conducted by Zultowski found that there was a lack of customer confidence in insurance policy agents [16]. They prioritize their own interests and commissions, so customers in America prefer to transact online. In contrast to the results of research by Rochma [12], in Indonesia, the role of agents/sales persons is still very high at around 83% of the total sales policy. the characteristics of Indonesian society which are still classified as passive and technology stutterers.

The paradigm change has not occurred in the life insurance industry in Indonesia. Therefore this study is interesting to study by focusing on co-creation with the antecedent co-synergy variable, the relational capability of the sales persons that impacts on customers' behavioral outcomes.

II. METHOD

This research model is built based on the above hypothesis, which is expected to explain the variables that influence customer behavioral outcomes. This type of research is quantitative which explains explanatory cause and effect. Research locations in the city of Semarang and surrounding areas. The population of this study is the customers of private life insurance company. By using purposive sampling, the total sample of this study is 140 respondents from life insurance customers.

A. Description of Respondents

The number of respondents is 140, which is derived from 180 questionnaires distributed, which can be used according to the criteria of 140 questionnaires. Female respondents were 51.4% while male respondents were 48.6%. This shows women besides holding household finances who understand their financial abilities. Women are also more aware of the importance of taking part in insurance for family survival if something happens to the head of the family and the benefits to be gained in the future. Age distribution that has the most insurance is customers with the age range 31-40 years at 32.1% and 41-50 years at 36.4%. This shows that the age range of 30-50 years is a productive age where they still have children under the age of teen age. The high participation in productive age shows that respondents who are aware and need insurance as a precautionary attitude and they understand about other than insurance also invest. Participation in insurance is getting younger the burden of premium costs that must be paid cheaper.

The amount of salary received by the respondent as a customer indicates that conscious customers participate in insurance, in fact those with salaries of 1-10 million are 89.3%. This is interesting to study because customers with higher incomes above 10 million are actually less. The most common reason is getting younger, paying cheaper premiums. Looking at the respondents who were the target of this study were many from the education sector so that the salary range recorded was in the range of 5-10 million rupiah. While respondents who work in non-education private salaries above 10 million rupiahs, there are some levels of position as senior and senior managers. The duration of respondents who participated in insurance programs mostly between 1 to 5 years amounting to 60% and then being a customer between 1 to 10 years at 22.9%. This shows that the majority of new customers first joined, where as participation in insurance products in the productive age and level of financial ability at that age determines the length of participation in the stage of 1-5 years. While other data of participation above 5 years are those who are above 50 years of age. The jobs that were most carried by respondents were private and civil servant employees of 56.4% and 20%. This shows that even though the private company has made it obligatory to participate in Government insurance, the respondents still participate in private insurance just in case and for safety and comfort.

B. Validity Test

Validity test is done by using Barlett test to determine the correlation between question indicators variables X1, Z, Y1, and Y2. The result is that all question indicators have a low correlation with Barlett values <5%, so the latent variable research can be continued. KMO (Kaiser-Meyer-Olkin) test for strong weak correlation between indicators in general. KMO test results of all latent variable indicators are 83.3%> 50%, so the correlation is said to be strong. This shows the correlation between strong indicators. Loading Factor test to find out whether the latent variable indicator is valid or not. The result is all latent variable indicators (co-synergy = 0.798; capability = 0.87; co-creation = 0.882; participation = 0.831 and CBO = 0.784)> 50%, it shows that all indicators are valid [17,18]. Although in some other references Sharma et al. [19], Ferdinand [20], explained that the weakest loading factor that can be accepted is 0.40.

C. Reliability Test

Reliability testing is useful to determine whether the questionnaire instrument can be used more than once, at least by the same respondent will produce consistent data. In other words, instrument reliability characterizes the level of consistency. The reliability test results of all the variables above Cronbach's Alpha are 0.885> 0.6, indicating that the variables are reliable.

III. RESULTS AND DISCUSSION

A. Results

1) Model I: $Y_1 = 0{,}236X_1 + 0{,}696 Z$

Variable of co-synergy value (X_1) and sales persons relational capability (Z) on Co-coreation (Y_1) value has a positive and significant effect because p-value X_1 and Z = 0% $< \alpha = 5\%$. This means that the higher the co-synergy the higher the effect on the co-creation value and the higher the relational capability of the sales persons the greater the influence on the value of co-creation. The contribution of the co-synergy free variable and the relational capability of the sales persons explained 71.8% $(R^2$ adjusted = 0.718), indicating a high contribution of independent variables to the dependent variable.

2) Model II moderation: $Y_1 = 0{,}387X_1 + 0{,}909 Z - 0{,}323X_1Z$

The variable of co-synergy value (X_1) to co-coreation (Y_1) value has no effect because p-value X_1 = 14% > 5%. The relational capability of the sales persons (Z) to the co-creation (Y_1) value has a positive and significant effect because p-value Z = 1.4% $< \alpha = 5\%$. Variable co-synergy interactions and relational capabilities of sales persons do not affect co-creation because p-value $X_1Z = 55.7\% > 5\%$.

This result shows that the interaction coefficient between co-synergy (X_1) and sales persons (Z) relational capability is not significant with p-value of 0.557 (55.7%). In addition, the estimation results also show that there is no significant increase in strength explaining the R^2-adjusted R^2 0.717 (71.7%) with the inclusion of interactions into the model. The co-synergy model and the sales person's relational capability as

independent variables have a R^2 of 71.8% and a model with a R^2 interaction of 71.7% decreases 0.1% meaning that sales persons relational capability weakens the influence of co-synergy on co-creation. Overall, these results indicate that the sales person relational capability hypothesis as moderating the relationship between co-synergy and co-creation is not supported. Although in both models the sales person's relational capability is more dominant than the co-synergy variable, this shows that sales persons capabilities are purely independent variables.

3) Model III: $Y_2 = 0,569Y_1$

The effect of the variable value of co-creation (Y_1) has a positive and significant effect on Customer's behavior outomes (Y_2), because p-value $(Y_1) = 0\%$. This means that the higher the co-creation values, the higher the influence on customers behavior outomes. The strength explained that the co-creation variables were only 32% including weak even though the F value was 90.744 significant.

TABLE I.   SUMMARY OF HYPOTHESES

No	Hipotesis	Note
H1	The higher the Co-synergy (X_1), the higher the effect on the Co-creation Value (Y_1).	Accepted
H2	The higher the Relational Capability of Sales Persons (Z), the higher the effect on the Co-creation Value (Y_1)	Accepted
H3	There is a positive interactive between co-synergy and the relational capability of sales persons in influencing the co-creation. The higher the capability of the sales persons relational power, the higher the Co-synergy effect on the Co-creation Value (Y_1)	Rejected
H4	The higher the Co-creation Value (Y_1), the higher effect on Customers behavioral outomes (Y_2).	Accepted

B. Discussion

1) Co-synergy value and Co-creation value: Co-synergy value has a positive and significant effect on co-creation value, meaning that the higher the co-synergy value the higher the co-creation value. Co-creation values will be created individually (unique) if there are cooperative values that are in accordance with the values perceived by customers. Strong collaboration between organizations according to Anderson et al. [21], Muthusamy et al. [22], Sawler [23], which means that all parties believe that cooperation will result in something greater / better, and does not attempt to carry out opportunistic actions that will damage the cooperation. From the empirical test results, insurance customers will feel that they have insurance products in accordance with the needs because there is mutual trust and information disclosure that is needed when insurance agents design the desired insurance products. The resulting co-creation value makes it unique because the value is determined individually by prospective customers, the unique values created (distinctive value) become the company's competitive advantage.

2) Sales persons relational capability and co-creation value: Relational capability of sales persons has a positive and significant effect on the value of co-creation. The higher the competence and experience of the sales persons, the better the value created by cooperation with customers. Sales persons with capabilities can explain the benefits of insurance for the protection of customers and their families.

Sales persons or insurance agents are able to explain the benefits of the investment contained in insurance products in the form of unit-links. The view of Vargo et al. says the value of shared creation is knowledge and skills that are the core of service [24].

The role of the relational capability of sales persons as corporate resources in empowering relational capabilities is able to create social relationships both individually and in groups by bringing together the resources of knowledge, skills and information for competitive advantage. The relational capability of sales persons as value creators, they are required to work professionally by explaining the benefits of investing in the unit-links contained in insurance. The gap between the results of the empirical test and the fact that the business is not in the same direction. The inconsistency of the direction means that the high relational capability of the sales persons will produce a high value of shared creation, but will not be able to increase consumers' buying interest in insurance. When viewed from the description of respondents, it turns out that most customers (60%) have not understood in detail about insurance and investment in insurance because it was the first time to buy life insurance.

3) Co-creation value and customer behavioral outcomes: Co-creation values have a positive and significant effect on customer behavioral outcomes. The higher the value of co-creation will be the higher the customer behavioral outcomes, which is reflected in the satisfied customers who will make a repurchase and will voluntarily share experiences with the people around them. The high level of satisfaction achieved empirically should increase public interest in insurance products. Insurance products that are developing now have provided additional benefits by cooperating with unit link investment products.

The insurance value is the value of benefits from life insurance while the investment value is an additional income for customers. Experienced customers have the bargaining power to allocate funds to insurance and investment. The value of the premium paid by the customer is divided into two, namely the value of the periodic premium for life insurance coverage and the value of the top-up premium for investment. Research conducted by Nitisusastro found that insurance customers do not understand the information provided so they feel doubtful and unsure about buying insurance products [25].

IV. CONCLUSION

The relational capability of sales persons as value creators has not been able to influence the co-synergy of co-creation. The relational capability of sales persons using the RvB theory is a strategic resource that can be used as a competitive advantage for the company. The results of this study can show

that the relational capability of sales persons is not yet consistent as a moderating variable. Satisfied customer behavior will behave positively by voluntarily sharing their experiences and recommending to friends around them, and making repeat purchases. Many limitations in this study, there are indicators of variable co-synergy and co-creation that are cross loading, so they must be excluded from the calculation.

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