The Power of Community Engagement for Delivering Co-Creation Value (Case: Paguyuban Sentra Industri Tempe Sanan-Malang Jawa Timur)

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ARTICLE INFORMATION

ABSTRACT

Publication information

Research article

HOW TO CITE

Nasoha, M., Ngarbingan, H. K., & Ginting, G. (2022). The Power of Community Engagement for Delivering Co-Creation Value (Case: Paguyuban Sentra Industri Tempe Sanan-Malang Jawa Timur). *Journal of Community Development in Asia, 5*(3), 72-83.

DOI:

https://doi.org/10.32535/jcda.v5i3.1844 community involvement. Interviews and

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Received: 29 June 2022 Accepted: 25 July 2022 Published: 20 September 2022 Buildina community engagement involving consumers, business actors, and others stakeholders as part of a marketing strategy for creating value co-creation has become a new phenomenon. This research provides a conceptual model of community-based action to assess its impact on value cocreation and how far it affects behavioral components in order to resolve the problem (intention and actual use). The suggested model can be used to conduct research to increase product purchase intent with high observations have been conducted at the Sentra Industri Tempe Sanan-Malang (East Java) to accurately execute the model, whose success is supported by the community's strength in the form of the association (Paguvuban). The research was conducted in July-August 2021 with the participation of 30 locals. The findings of the initial identification strongly support employing the suggested model in subsequent studies.

Keywords: Actual Purchase, Behavior, Community Engagement, Intention to repurchase, Value Co-creation.

INTRODUCTION

Product sales and marketing have faced various obstacles. Because of this, the community's ability to maintain sustainable consumption needs to be strengthened. Sefyang and Smith (2007) emphasized that there needs to be a change in behavior at all social levels by emphasizing the aspect of engagement to achieve sustainable consumption. Therefore, the link between community members needs to be established to generate innovation and to conduct alteration as a form of community-based action (sharing vision, information, and knowledge). The importance of strengthening the community for all stakeholders involved in the product value chain was proposed by Safie and Rennie (2012, p. 366), who emphasized that "... future studies should go for community-based approach, which is important not only for consumers but also in terms of responses to changes in market dynamics". The point is strengthening the community can become a marketing strength by involving members to interact to overcome changes in market dynamics that essentially optimize sharing resources, collaboration, and networking.

The importance of optimizing community engagement is supported by some research on consumer behavior (Ashley et al., 2011; Verhoef et al., 2010; Etgar, 2008), showing that consumer tendency in product purchasing is highly influenced by subjective norms, which are recommendations by other people. A subjective norm is held by a certain social environment where someone tends to follow the advice of a reference group, leader, family, and friends who influence the community to behave and take certain actions. It has also become a concern for academics and practitioners referring to the paradigm development oriented to "Service-Dominant Logic/SDL" (Vargo & Lusch, 2008; 2016). The point is that co-creation involves a high level of community engagement and provides new ways to do business and provide added value to products/services.

This paper discusses the importance of optimizing community formation and facilitating the dynamic interaction between a member that can drive value cocreation, which can influence purchasing behavior. The proposed model is founded on theoretical gaps in Service-Dominant Logic, community engagement, and behavior, which becomes a challenge for entrepreneurs to run their future business sustainability (Vargo & Lusch, 2016; Safie & Renie, 2012; Verhoef et al., 2010).

LITERATURE REVIEW

Community Engagement Drives Co-Creation Value

The development of the community engagement concept is influenced by technology that makes people easily interconnected with each other. Internet development encourages organizations to build community engagement through websites, blogs, and social media. According to some experts (e.g: Lee et al., 2014; Leibtag, 2013; Brodie et al., 2011), community engagement is more of a user interaction that can form a community. The important thing that needs to be considered to build engagement is user experience. Therefore, programs offered by companies focus not only on visual design but also on the interaction aspects between community members. Interaction and user experience are the two key components that must be able to develop community engagement. Therefore, the development of the internet and social media have become necessary means of

engagement. Besides the interaction aspect, the practice of community engagement is more than community participation; it is a process of collaborating with partners to share goals, known as the concept of the collaborative network.

According to (e.g: Piller et al., 2011; Matos & Afsarmanesh, 2006; Bititci et al., 2005), a collaborative network represents a new paradigm of knowledge driven by a society where participation and interaction in the network provide benefits for partners in terms of access to new knowledge, sharing risks and resources, joint skills and knowledge as well as competencies, and overcoming resources internal limitations. Furthermore, Several experts (e.g: Mircea, 2015; Xiaomi et al., 2014) emphasized the importance of collaboration to increase innovation skills and develop knowledge within an organization. Therefore, the collaboration will accelerate innovation through sharing and contribution between individuals and collective development.

Brodie et al. (2013) described community engagement as cognitive, emotional, and behavioral levels in online communities (members and roles). It can be said that engaged customers have a strong psychological connection with the brand or organization. According to Brodie et al. (2013), engagement is a process that can encourage community members to do five things: Advocating, which is an expression of community members in recommending other parties to utilize a product/service of a company. Sharing, where community members can mutually give information, knowledge, and experience. Socializing, whereas community members can interact with each other using community language that can build certain attitudes and norms, as revealed from an interview. Co-developing is a process where community members contribute to the organization by providing support and assistance to develop certain products and services. Learning is related to cognitive competencies and behavioral aspects related to the process of making purchase decision conducted.



Figure 1. Engagement Process in Online Community

Source: Brodie et al. (2013)

A similar opinion is proposed by Leibtag (2013), who thinks that community drives engagement. Thus, community plays an important role so that members can

interact with each other. There are several important matters that need to be considered by organizations if they want to build a community, including creating an interesting background of community members (organic food community), building relationships with the community through consistent and continuous conversation or discussion, and always inviting them to interact with other community members. Furthermore, Leibtag (2013) proposed three stages to increase engagement between community members. The first is to listen, which means finding out what community members do related to the tools they use, such as social media (Facebook, YouTube), email, and website; this is important to get the feeling of how community members interact. The second is a test, which means finding out community members' reactions by submitting various contents (videos, images, articles). The third is to measure engagement by conducting learning analytics to measure the effectiveness of the community, such as how many followers they have and the intensity of engagement among community members.

Engagement becomes antecedents and consequences in the process of value cocreation that reflects three expressions, including emotion, behavior, and cognition (Brodie et al., 2011). Further, works of literature from several experts (Ashley et al., 2011; Verhoef, 2010) prove that engagement influences co-creation value. This opinion was reinforced by Storbacka et al. (2016, p.3), arguing that "actor engagement as a micro foundation values co-creation". Storbacka et al. (2016, p.3) proposed a model known as The Coleman Bathup that explains the occurrence of engagement in value co-creation (Figure 2). Storbacka et al. (2016) stated that successful engagement is highly dependent on the facilitation provided by the company (platform) and the support of patterns of resource integration owned by the companies and consumers so that they create value together. Therefore, the challenge for companies is ensuring an appropriate platform so that the interaction runs optimally.



Figure 2. The Coleman Bathub: Actor Engagement Explains Value Co-creation

Source: Storbacka et al. (2016).

Companies that intend to build communities must apply effective engagement strategies (Brodie et al., 2013). CRM auditorial (2014) emphasized that because today's people are socially and digitally connected, the biggest challenge for

companies is gaining a single view of the people in the community while simultaneously giving a single view of the company. Building engagement is not easy. The company must see engagement as a service and connect one consumer with other consumers while maintaining context in buying cycle to encourage value co-creation.

The terminology of value co-creation is defined by several terms, such as prosumption, seduction, co-production, and co-creation. Gebauer (2010) explained these four terminologies: Pro-sumption, combining the meaning of producer and consumer. This term emphasizes the fact in value creation, consumers who act as co-producers form value when they add value to a product and use it. The part of consumers has changed from merely purchasing products/services to prosummer, effectively participating in the value production process called Servuction (combining the term "service" and "production"). This term illustrates the role of clients involved intensively in service production process; Value co-production explains the role of consumers who were passive, isolated, and ignored in being active, connected, and informed. Value co-creation is the process where both consumers and producers collaborate and participate in creating values.

Since Vargo and Lusch (2008) proposed changing the paradigm from Good Domestic Logic (GDL) to Service-Dominant Logic, the idea of value co-creation has advanced quickly (SDL). The involvement of parties in the co-creation process facilitates the integration of knowledge and skills, encouraging the development of important new capacities (Prahalad & Ramaswamy, 2004). According to Vargo et al. (2008), the process of co-creation value can accelerate innovation and simultaneously encourage the evolution of the market trend. SDL views that it is important to calculate resources (knowledge and skills) owned by other parties (customers, suppliers, and stakeholders) that become the basis for competitive advantage creation. SDL considers the importance of considering the community as an operant resource so that co-production and co-creation will occur through the company's marketing and strategy programs (Lusch & Vargo, 2009; 2010). The concept of co-production implicitly asserts that members become co-producers, which are an important part of the manufacturing process from the beginning to completion. Consumers must be able to learn how to use, maintain, improve, and adapt various manufacturing components to fulfill their needs, situations, and behaviors (Gronroos, 2008; Prahalad & Ramaswamy, 2000). Gummerus et al. (2012) also highlighted that co-creator value should be implemented well. Several important factors are required, including resource integration, interaction, and joint value creation.

Based on experts (Groonroos & Voima, 2013; Lusch & Vargo, 2010), consumers are active participants in value co-creation and can boost its efficacy and efficiency. The value that results from co-creation can satisfy customers, help businesses, and promote repeat purchases. Integration with consumers is the key to cocreation. But, according to Agrawal and Rahman (2015), this is not an easy task and presents challenges for businesses due to several factors, including heterogeneity, assigning consumer roles, recruiting and selecting consumers, and managing the various co-creation results from consumers.

One of the important things that companies must fulfil, so that value co-creation runs well is the need for a specific profile and consumers who will be involved in

co-creation. In value co-creation, companies must be able to determine the role of consumers properly, whether as co-producer, co-manufacture, co-designer, etc. The important role of the company is as a facilitator. In the exchange process, there will be interactions between resources owned by consumers and producers. Resources are classified into operant resources (financial, physical, social, technology, and culture) and operand resources (economy and human). Then, interaction in the exchange process that runs optimally will positively benefit consumers and the company. From the consumer side, value co-creation will impact the increase of value, experience, satisfaction, and learning. From the company side, it will affect several aspects, including profits, understanding consumers, gaining inputs, and gaining local consumers. The point is that the cocreation process involves interaction, involvement, and relationships with consumers. In this era, every business actor wants consumers to participate in product development because it will build consumer loyalty and belief. Also, cocreation has been widely accepted as an innovation model and satisfaction concept.

RESEARCH METHOD

A further step to assess the proposed model on the power of community engagement for delivering co-creation value has been done in the preliminary research (descriptive method). The data were collected using observation and interviews. This kind of data collected was also used in Kimbal's (2020) research, which focuses on the human capital of a small enterprise. Research using judging sampling involved as many as 30 members of the community in "Sentra Industry Tempe Malang" (East Java, Indonesia). The interview period was between 5-15 May 2021. Results of the observation and interview written transcript and matrix. To summarize the questions (open-ended questionaries). The questions sought information in relation to community behavior and actual purchase behavior.

RESULTS

This study aimed to investigate how the community engagement value triggered co-creation that impacted intention behavior and actual purchase. This study was a response to the empirical research by Vargo and Lusch (2008) and Brodie et al. (2013). This paper proposed a model of how community engagement drives value co-creation using behavioral approaches. These three prepositions can be developed as.

Proposition 1: community engagement based, shows the interaction between community members that can provide impressive experiences and has a real impact on three important aspects, including behavior, emotions, and cognition (Brodie et al., 2013). Community engagement is "the intensity of an individual's participation in and connection with an organization's offerings. Lusch and Vargo (2010) explain the connection between members in the community as value co-creation, where members play an active role in becoming the company's partner (value co-creators). The higher the level of member connectedness can empower value creation among community members. Community engagement is a process of interaction that occurs between community members that can strengthen the emotional connection through sharing, co-developing, socializing, advocating, and learning (Brodie et al., 2013; Lee et al., 2011; Leibtag, 2013). Creating shared

values between consumers and companies that are dynamic and interactive can trigger co-production and value in use (Gummerus, 2021; Groonroos, 2008). See figure 3.

Propositions 2 and 3: Dadfar (2013) shows that connectedness between members has three important dimensions: participation, enthusiasm, and social interaction directly and positively impact value creation. Ashley et al. (2011) stated that companies that can involve community members, including consumers for value co-creation, will be able to increase participation (providing information, responsible behavior, and personal interaction) and the formation of member citizenship where members play a significant role in providing feedback, consultation, tolerance, and providing assistance. If community members can create value together, they can create experiences that show interaction, which positively impacts purchase intention and actual purchase (lee et al., 2014; So et al., 2014). Intention purchase will influence actual purchase, which can provide four benefits for the company: loyalty to the company, willingness to pay more, propensity to switch, and response to the problem.

Based on these three propositions, the proposed model becomes the basis for exploring facts on how far community engagement could encourage value cocreation that impacts purchase behavior (intention to buy and actual purchase). See the figure below.



Figure 3. Proposed Model

This preliminary research was used as the basis for conducting quantitative research in the future. Interviews with 30 members of the community or well-known as "Sentra Industry Tempe Malang" (East Java, Indonesia) were to determine their

perceptions and motivation to strengthen the impact of intention and actual behavior toward customers.

The Sentra Malang Tempe industrial center is an area that produces Tempe. Not only that, but Tempe chips have historically been the icon of Malang city since 1942 and have changed for several generations. This industry is located in the Sanan Belimbing area, where most of its residents have been active and engaged in the production of Tempe long ago. Tempe Sanan tastes savory and is loved by many people. In addition, to the selection of quality soybeans, water from sources in Sanan affect the taste of Tempe. As a result, Malang's Tempe is known as the best quality and most delicious Tempe in the world (Agranoff, 2016). So, it is not surprising that Malang people claim their Tempe as the best quality in the world because it is arguably superior to the one produced in other cities. Currently, the number of Tempe craftsmen in Sanan is around 400 people. It consists of 145 Tempe craftsmen, 55 Tempe Chips craftsmen, and the rest are home Tempe craftsmen. Most of the craftsmen in this area join a community known as the Malang Tempe Crafts Association.

DISCUSSIONS

To gain insight into how the community engagement model can be applied in the development of future research, interviews were conducted with communities (Paguyuban) in Tempe Sanan-Malang Industry (East Java). This community develops along with the development of industrial centers, where the members are SME players. Therefore, interviews were conducted with 30 community members aimed at digging deeper into the role of the community in the sustainability of Sentra Industri Tempe Sanan-Malang, especially related to increasing marketing and sales.

Figure 4. Community Engagement (Paguyuban) activities in the Sentra Tempe Sanan Malang





Source: Tempesanan (n.d.)

By using the Conceptual Reference Model, there are several important findings that can be used as a basis for conducting more real research (getting factual data). One of them is community engagement. The Paguyuban members feel the great benefits of being included in the Malang Tempe Center association, namely: promotion, supply of raw materials, increasing sales, equalizing prices, increasing relationships, getting training (management, marketing, finance, and how to sell), producing products excellence and tourism education. However, a few people say that the community's role is not optimal, especially in protecting craftsmen from business competition. On the other hand, communication in the community is facilitated because of regular meetings and WhatsApp groups. There are several important notes from the interview results, such as the role of the Paguyuban should be further improved, especially related to information and equitable donation distribution from stakeholders (government and investors).

The Power That Occurs Through Community Engagement Can Encourage The Co-Creation of Value

Building engagement is not easy. The community must see engagement as a service and connect one member with other members while maintaining context in buying cycle to encourage value co-creation. Value co-creation in the context of the association in the Sentra Industri Tempe Sanan-Malang can be associated with servuction where community members (SME actors) are involved intensively in the service production process (collaborate and participate in creating value). The results of the interviews indicate that there is a close relationship among community members (Paguyuban). This strong bond encourages the cohesiveness of community members to seek strategies to advance the Tempe industrial center (value co-creation). The strategy agreed upon by the members of the association is to build collaboration and networking with various parties, such as consumers by socializing and promoting Tempe Sanan Malang products.

Two strengths are built through value co-creation through strengthening community engagement, namely the increasing encouragement of community members to be involved in the service production process and building collaboration and networking. This is important to increase marketing and sales so that they can encourage purchases. The interview results indicate that the business built by the association has a positive impact, as evidenced by the increasing tourist visits to this center and increasing online sales (e-commerce). It can be concluded that the results of interviews and observations with associations

in the Sentra Industri Tempe Malang can strengthen the proposed conceptual model. The point is that community engagement can facilitate the occurrence of value co-creation, which has a significant impact on purchase behavior (intention and actual purchase).

CONCLUSION

The proposed model can be used to further research because it supports strong theories and previous research. The proposed model provides three important hypotheses propositions: community engagement influences value co-creation, value co-creation impact intention, and intention will strongly influence the actual purchase. For exploring facts, interviews with the community at Sentra Industri Tempe Sanan-Malang can be an early indication that this proposed model can be implemented more accurately. Recommendations for future research that this model can be used as a reference to answer theoretical gaps from 3 perspectives, namely: Service-Dominant Logic (Lusch, 2008; 2016), Community Engagement (Safie & Renie, 2012), and behavior (Bashaa et al, 2015; Ashley et al., 2011) becomes a challenge for entrepreneurs to run their future business sustainability.

ACKNOWLEDGEMENT

The research was funded by the Research Grant of Universitas Terbuka.

DECLARATION OF CONFLICTING INTERESTS

To optimize the role of community engagement in improving business performance in SMEs, especially in the Sentra industry of Tempe Malang (East Java, Indonesia).

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