

TAILORING SERVICE DELIVERY INNOVATION ARCHITECTURE: A SERVICE-DOMINANT LOGIC THEORY PERSPECTIVE FOR MICRO SMALL AND MEDIUM ENTERPRISES

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Abstract

Although extensively discussed in previous studies, social media adoption has yet to consistently translate into improved business performance, revealing a significant research gap. In light of this, our study seeks to bridge this gap by investigating the relationship between social media adoption and performance in 261 micro-businesses within the food and beverage sector. We aim to explore the role of distinctive competencies in marketing as a mediating variable and examine the influence of service delivery innovation architecture from the perspective of service-dominant logic theory. We employ SEM-Amos as our analytical tool to test the formulated hypotheses to achieve this. The result show that this study significantly advances SDL theory by elucidating the pivotal role of social media adoption in understanding customer behavior and gaining valuable insights. In the context of SDL, this contributes to the understanding of how services are co-created between businesses and customers in a digitally connected environment. The outcomes of this research offer valuable insights for small businesses on leveraging social media adoption to enhance their distinctive competencies in marketing and service delivery innovation architecture.

Keywords: Social media adoption; distinctive competencies in marketing; service delivery innovation architecture

JEL Classification: M31, O12, O31

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INTRODUCTION

The landscape of social media adoption in the business world has indeed evolved over the years. Traditionally, it was primarily used by large corporations and micro-enterprises as a means to promote their products and services (Trawnih et al., 2021) and attract new customers (Effendi et al., 2020). Marketing activities, such as promotional efforts, were the primary focus of social media adoption during this period. However, as highlighted by (Bhatia et al., 2022) the significance of social media as a platform for customer interaction needs to be more noticed. Customer interactions through social media, including chat, testimonials, suggestions, comments, and more, have long been recognized as avenues for value co-creation, information sharing, social influence, or even the sharing economy platforms. This shift in perspective is important because it goes beyond the traditional marketing-centric approach. Social media platforms provide businesses with unique opportunities to engage with their customers directly and build meaningful relationships. Customers today expect more than just promotional content; they seek authentic interactions and personalized experiences. In line with Ahmad et al. (2019) a limited focus on marketing activities alone can indeed lead to inconsistent improvements in business performance. By paying attention to the potential for customer interaction on social media, businesses may miss out on valuable insights, feedback, and opportunities for co-creating value with their customers (Marolt et al., 2022a).

These findings collectively indicate a research gap, highlighting the need for researchers to identify ways to bridge the disconnect between social media adoption and its influence on business performance. Our study demonstrates that micro businesses can effectively harness social media adoption to interact with customers, allowing them to explore and understand

customer preferences and needs (Bhatia & Mabillard, 2022). Social media adoption represents a company's ability to leverage communication technology in co-creating value with customers. This goes beyond merely serving as a marketing platform; it fosters interactions to enhance value co-creation and improve access to valuable information (Khan et al., 2021). Additionally, social media adoption plays a crucial role in maintaining strong customer relationships (Marolt et al., 2022a) thereby contributing to the enhancement of distinctive capabilities in marketing, also known as distinctive competency in marketing (Fernandez et al., 2018; Palacios-Marqués et al., 2019). By embracing social media holistically, micro-businesses can significantly improve their marketing prowess and overall performance.

As per the principles of Service-Dominant Logic (SDL) theory (Vargo et al., 2014; Vargo et al., 2017), the emphasis is placed on customers as active co-creators of value through various interactions and innovation processes (Vargo & Lusch, 2014). In this context, a company's success hinges on its capacity to optimize services by integrating a range of external resources, including technology, in a manner that outperforms its competitors and enhances overall performance. The adoption of social media by micro businesses should be approached as a differentiating factor from their competitors. Micro businesses can gain a competitive advantage by utilizing social media platforms to engage with customers and involve them in value co-creation processes. This strategic use of social media enables them to harness the potential of external resources more effectively, leading to improved business outcomes and success in the marketplace.

From the perspective of SDL theory, micro businesses' adoption of social media goes beyond using it solely for marketing products. It is a multifaceted tool that can enhance various aspects of their opera-

tions. By embracing social media, micro-businesses can improve their services, gain insights into competitors, and stay updated with business trends, particularly regarding information exchange (Marolt et al., 2022b). In turn, it contributes to the development of distinctive capabilities within the micro business sector, commonly referred to as Distinctive competency in marketing (Schaarschmidt et al., 2020). Distinctive competency in marketing (DCIM) refers to an activity that has the potential to create unique value and establish a competitive advantage through marketing endeavors (Palacios-Marqués et al., 2019).

In light of this, our research adopts the perspective of SDL theory to address the research gap by exploring how social media adoption serves as a mediating factor in enhancing micro-enterprise business performance through DCIM. DCIM entails a routine process employed by micro businesses to optimize the input from social media as a means of interacting with customers. It involves leveraging customer information, staying attuned to business trends, and monitoring competitor movements. By strategically utilizing social media in this way, micro-businesses can develop their distinctive competency in marketing and, in turn, improve their overall business performance.

Our study aims to shed light on this relationship and demonstrate how adopting social media within SDL theory can lead to significant performance enhancements for microenterprises. The Service-Dominant Logic (SDL) theory suggests that micro businesses can gain a comparative advantage by leveraging social media to provide exceptional customer service. This advantage stems from several key factors: Firstly, in a dynamic market, micro-businesses must actively gather information about customers, markets, and competitors. By engaging in interactions with customers through social media, micro-businesses can learn about a wide range of products and

gain insights into market trends and customer preferences (Peltier et al., 2020). Secondly, these interactions foster customer-oriented value creation. By understanding and responding to customer needs, micro-businesses can effectively bring their services closer to their customers, resulting in a more personalized and satisfying experience (Appel et al., 2020). Lastly, activities that generate distinctive value are pivotal in driving company innovation.

By capitalizing on social media to offer unique and exceptional services, micro businesses have the potential to spur innovation and, in turn, enhance their overall business performance (Verma et al., 2014). In summary, embracing social media in the context of SDL theory empowers micro businesses to absorb valuable market information, co-create customer-oriented value, and stimulate innovation, thus leading to a competitive edge and improved business outcomes.

From this perspective, we put forth the concept of distinctive competency in marketing as the mediator between social media adoption and Small Enterprises (SEs) performance while also considering Service delivery innovation architecture as the process through which value is delivered to customers.

The primary research questions addressed in this study are as follows. Can distinctive competency in marketing act as a mediator in the relationship between social media adoption and marketing performance? In other words, does the adoption of social media positively influence business performance through the enhancement of distinctive marketing capabilities?. How do Distinctive competency in marketing, Service delivery innovation architecture, and Small Enterprises performance (SEs performance) interrelate causally? What is the impact of distinctive marketing capabilities and service delivery innovation on the business performance of Small Enterprises?

By investigating these research questions, our study sheds light on the role of Distinctive competency in marketing as a mediator, as well as the causal relationships between distinctive marketing capabilities, service delivery innovation architecture, and the performance of Small Enterprises. Through this examination, we aim to gain valuable insights into how social media adoption and marketing strategies can influence the performance of Small Enterprises in the market.

We focused on microenterprises in the food and beverage sector that have adopted social media for testing our research model due to the following considerations—direct Impact of COVID-19. First, the food and beverage sector has been significantly affected by the COVID-19 pandemic. Many businesses in this sector have adopted social media to adapt and survive the challenging market conditions brought about by the pandemic (Erlangga et al., 2021). Second, the prevalence in Indonesia: In Indonesia, the food and beverage sector represents the largest percentage of micro businesses compared to other micro-enterprises. This sector's prominence makes it a relevant and representative context for our research (Arwanto et al., 2022). Small businesses often build close customer relationships, allowing for a deeper understanding of customer needs and preferences enabling the creation of personalized and relevant offerings. By adopting the perspective of Service-Dominant Logic, small businesses can focus on the quality of service provided, enhancing overall customer experiences, even in product-oriented industries. Embracing Service-Dominant Logic, small businesses can drive innovation in service delivery, finding resource-efficient and customer-aligned solutions to improve service quality and outcomes, even with limited resources.

Theoretically, this research expands the service-dominant logic literature by introducing and exploring new variables. By

investigating the mediating role of distinctive competency in marketing and the impact of service delivery innovation architecture, we aim to enrich the understanding of how social media adoption influences business performance within the service-dominant logic framework. On the managerial front, the findings of this study can offer valuable insights to organizations operating in the food and beverage sector. By identifying the key factors that influence business performance through social media adoption, this research can help companies formulate new strategies and approaches to enhance their overall performance and competitiveness in the market.

LITERATURE REVIEW

Distinctive competency in marketing a perspective service dominant logic

According to the Service-Dominant Logic (SDL) perspective, an organization's distinctive competence is rooted in its capacity to create and deliver value through co-creation with customers (Cheung et al., 2021; Saha et al., 2022). This value-creation process unfolds through interactive and engaging exchanges between customers and service providers, where customers actively participate as co-creators of value. In this context, specialized competence in marketing refers to the organization's ability to develop and effectively communicate value propositions that align closely with customer needs and desires. Organizations can gain a competitive advantage in the marketplace by understanding and responding to customer preferences. This distinctive competency in marketing enables companies to create meaningful connections with their target audience and stand out from competitors, ultimately leading to enhanced business performance.

In the service dominant logic perspective, specific marketing competencies hinge on a company's grasp of customer needs, preferences, and behaviors. Micro-

enterprises can achieve this understanding through social media adoption, emphasizing customer participation and co-creation of value beyond merely using it as a promotional tool. The co-creation process fosters lasting customer relationships, boosts loyalty, and encourages customer referrals, becoming a vital source of competitive advantage. Microenterprises can leverage social media algorithms to engage with customers effectively. By adopting this approach, companies can use social media platforms as a valuable resource to listen to customer feedback and gather essential information for supporting their marketing strategy decisions (Erlangga et al., 2021). This study embraces the service-dominant logic as the theoretical foundation to bridge the research gap between social media adoption and small business performance.

Social media adoption, distinctive competency in marketing and SEs performance

Social media has revolutionized how businesses and customers interact (Valkenburg, 2022). It enables increased customer reach compared to traditional marketing channels, connecting diverse customers from different regions. Small businesses can adopt social media to attract new customers and expand their reach to potential customers based on demographics, interests, and behavior (Kircaburun et al., 2020). Social media adoption enables businesses to execute more effective marketing campaigns by targeting the right customers with relevant messages, engaging with them in real-time, and promptly responding to inquiries and feedback. This leads to an enhancement in distinctive competency in marketing (Marko et al., 2021). Marko & Direito (2021) and Sharma (2022) state that social media adoption significantly impacts distinctive competencies in marketing. Companies that adeptly leverage social media can attain a competitive advantage, distinguishing themselves from competi-

tors (Marko & Direito, 2021; Sharma et al., 2022). Therefore, we propose the following hypothesis:

Hypothesis 1: Social media adoption positively influences distinctive competency in marketing.

Distinctive competency in marketing empowers microenterprises with several key abilities. It allows them to gather valuable information about their customers and target markets, identify and attract new customers, gain insights into competitors, and keep track of emerging business trends. Additionally, this distinctive competency enables companies to design and collaborate on developing new products and successfully launch them in the market. Moreover, it facilitates efficient product distribution to reach a wider audience (Fernandez et al., 2018; Palacios-Marqués et al., 2019). As a result, companies that possess distinctive competency in marketing can significantly improve their overall business performance.

Hypothesis 2: Distinctive competency in marketing positively influences SEs performance.

Distinctive competency in marketing, service delivery innovation architecture and SEs performance

Service Delivery Innovation Architecture (SDI) is a concept adapted from the research of Verma and Jayasimha (2014). It represents a comprehensive framework within an organization that focuses on how services are delivered to customers in innovative and customer-centric ways. SDI emphasizes the development and implementation of inventive strategies and systems to enhance service delivery processes. This architecture encompasses various dimensions and indicators, as highlighted, new service channels, handling customer complaints, innovative service approaches, after-sales service, conformance with existing channels, custo-

mer service and consultation, delivery of existing services, introducing new services, developing and implementing services, and enhancing service delivery capability.

Service Delivery Innovation Architecture is a multifaceted concept that considers not only the introduction of new service channels but also the efficiency, effectiveness, and customer-centricity of service delivery methods. Researchers like Verma and Jayasimha (2014) have explored this construct to understand its impact on organizational performance and competitiveness. In the context of the study, the logical relationship between distinctive competency in marketing and Service Delivery Innovation Architecture suggests that companies with strong marketing competencies are better equipped to understand customer needs and preferences. This understanding enables them to develop and implement innovative service delivery methods, aligning with the dimensions mentioned above. As a result, these companies can enhance their service delivery processes, which can contribute to improved small business performance. Overall, the relationship between marketing competencies and Service Delivery Innovation Architecture highlights how marketing capabilities can drive innovation and efficiency in service delivery, ultimately influencing the performance of small businesses.

An in-depth understanding of customer needs and preferences places micro-enterprises in a strategically advantageous position, enabling them to develop and provide superior services. This capability can result in a competitive edge over rivals, as noted by Ahmed et al. (2021). Specialized competencies play a pivotal role in shaping the architecture of service delivery innovation. These competencies encompass a wide range of factors, including the creation of novel service channels for customers to order customized services, efficient handling of customer complaints, the implementation of

innovative approaches in service delivery, and the provision of consulting services, as highlighted by Verma and Jayasimha (2014). It is essential to establish a direct relationship between service delivery innovation architecture and small business performance. The Service-Dominant Logic (SDL) theory, as articulated by Vargo and Lusch (2017), underscores the paramount importance of services in contemporary business. This perspective places a strong emphasis on creating shared value between companies and customers, which aligns with the objective of enhancing small business performance through service delivery innovation (Vargo & Lusch, 2017).

Hypothesis 3: Distinctive competency in marketing positively influences service delivery innovation architecture.

Service delivery innovation architecture refers to a company's capacity to furnish superior services, enhance operational efficiency, and lower costs while aligning with its marketing strategies (Mehmood et al., 2021). This integrated approach has the potential to stimulate revenue growth and bolster overall profitability. Service delivery innovation architecture can elevate the quality of services offered to customers, resulting in an enhanced customer experience and a substantial positive impact on business performance (Verma & Jayasimha, 2014); this is achieved by enabling companies to improve operational efficiency, reduce costs, and deliver better customer experiences, thereby driving revenue growth and ultimately enhancing overall profitability. Therefore, we propose the following hypothesis:

Hypothesis 4: Service delivery innovation architecture positively influences SEs Performance.

Distinctive competency in marketing mediates Social media adoption and SEs Performance

SEs with distinctive competency in marketing are better equipped to optimize their social media adoption. They can create more engaging and relevant content, target specific customer segments more effectively, and tailor their marketing messages to resonate with their audience (Terho et al., 2022). As a result, their social media efforts are more successful in attracting and retaining customers, leading to improved SEs performance. They can analyze customer behaviors, preferences, and feedback more effectively, enabling them to make informed marketing decisions (Franke et al., 2009). This data-driven approach leads to more impactful marketing strategies, positively influencing SE's performance. SEs with distinctive competency in marketing can use social media as a platform to strengthen their brand identity and increase brand awareness. They can create a loyal customer base through consistent and compelling brand messaging and gain a competitive edge. A strong brand reputation positively impacts SEs' performance by attracting new customers and fostering customer loyalty. The mediation hypothesis suggests that distinctive competency in marketing acts as an intermediate factor that influences the relationship between social media adoption and SEs performance. In this scenario, the distinct marketing capabilities of SEs may enhance the effectiveness of their social media adoption efforts, leading to improved performance outcomes. Therefore, we propose the following hypothesis.

Hypothesis 5: Distinctive competency in marketing mediates Social media adoption and SEs Performance.

As explained in Figure 1, adopting social media platforms has become a pivotal element in contemporary marketing strategies (Smith, 2019). It has significantly influenced distinctive competency in marketing by reshaping how companies engage with their target audiences. Firms that leverage social media tend to build a

distinct competency in understanding online consumer behavior, crafting compelling content, and fostering meaningful relationships with customers through various platforms. This competency sets them apart from competitors and enables them to adapt quickly to evolving consumer preferences.

Distinctive competency in marketing, in turn, profoundly impacts service delivery innovation architecture (Verma & Jayasimha, 2014). Firms with strong marketing competency are more attuned to customer needs and market trends, enabling them to identify opportunities for innovation in their service delivery processes. They can design services that resonate with their target audience, incorporate technology effectively, and streamline customer experiences. It leads to developing a service delivery innovation architecture that aligns with the firm's marketing process.

The culmination of these factors ultimately influences marketing performance (Porter, 1996). Companies with distinctive competency in marketing and a well-aligned service delivery innovation architecture are better positioned to outperform their competitors. Their ability to create and promote products or services that meet customer demands and innovative delivery methods results in enhanced customer satisfaction, loyalty, and, ultimately, higher marketing performance.

RESEARCH METHODS

Sample and Data Collection Method

The culinary sub-sector, specifically the micro-business sub-sector in food and beverage enterprises of Pekanbaru City, was selected for this study, taking into account certain factors. First, the survey was conducted offline, it is essential to highlight the challenges and opportunities that micro and small food and

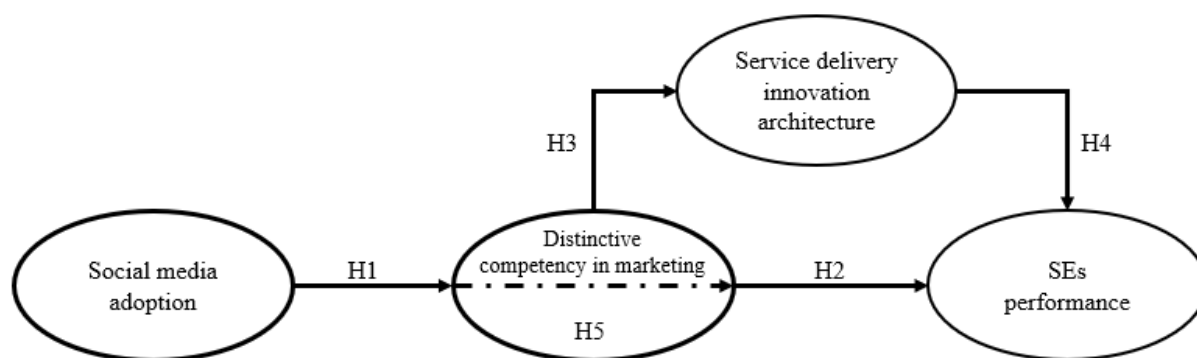


Figure 1. Research Model

understanding these dynamics can provide valuable insights for enhancing their performance and competitiveness in the market. Second, these micro and small food and beverage businesses represent the largest segment within the culinary sub-sector. Third, it is observed that these businesses are increasingly embracing social media as an alternative platform for economic activities. Of the 267 questionnaires distributed, 261 questionnaires (97.3%) were returned, and seven questionnaires (2.6%) indicated as an outlier. The next stage is the data is coded and tabulated in an Excel file for further import into SPSS for further analysis using the AMOS program, so the final data analyzed in this study are 261 samples.

In order to ascertain the appropriate sample size for our study, we followed the guidelines outlined by Hair et al. (2013) for structural equation models (SEM) containing five or fewer constructs. SEM allows researchers to examine complex relationships among multiple variables simultaneously. SEM, especially when used with AMOS, allows researchers to investigate mediating and moderating effects within their models. This is crucial for understanding the underlying mechanisms of relationships among variables. Considering our model comprises four latent variables and 17 observed indicators, with a significance level of 0.05, the minimum required sample size is

170. Our sample size of 261 participants surpasses this minimum requirement (Hair et al., 2013), thereby establishing a satisfactory level of sample adequacy for the study.

The directory data from the central statistical agency of Pekanbaru City served as this study's primary information source. Probability sampling was employed to ensure a representative sample, utilizing the simple random sampling technique. Local surveyors were engaged to assist in distributing questionnaires among the targeted respondents, who were micro-business owners. Data collection involved disseminating structured questionnaires without open-ended questions, and respondents' responses were directly recorded on the questionnaire answer sheets.

Development of Measures

This study used a scale of 1-10 to measure the instrument (Hohne et al., 2022). We retained the indicator items from their original form. Social media adoption was developed using six scales adapted from (Qalati et al., 2021). Specific competencies in marketing are adapted from (Palacios-Marqués et al., 2019), Service delivery innovation architecture is measured by six indicators adapted from (Verma & Jayasimha, 2014) and SEs Performance is adapted from (Qalati et al., 2021).

Data Analysis

In this study, we employed Structural Equation Modeling (SEM) to assess and test the five hypotheses that were developed, taking into account the SDL theory on the constructed variables (Blunch, 2008). Utilizing SEM-Amos, we conducted confirmatory factor analysis (CFA) to validate the measurement model (Brown, 2006), and also examined the role of mediation hypotheses (Tabachnick et al., 2014).

RESULT AND DISCUSSION

Assessment of Univariate and Multivariate Normality

The results revealed that the data distribution surpassed the normality values threshold, confirming the data's suitability for further statistical analysis. By referring to Aguinis et al (2013) we employed a data cleansing approach to address the presence of abnormal data by removing indicators and respondents identified as outliers. The dataset was refined through this process,

ensuring a more robust and reliable foundation for subsequent statistical analyses (Aguinis et al., 2013). As a result of applying the data cleansing approach and eliminating outliers, the data was successfully transformed into a normal distribution (see Table 1).

This normalization of the data enhances the validity and appropriateness of the dataset for conducting further statistical analyses with increased accuracy and reliability. By referring to Hair (2013), The computed Average Variance Extracted (AVE) values for each construct exceeded the recommended threshold of 0.50, indicating adequate convergent validity. Specifically, the AVEs were found to be 0.67 for social media adoption, 0.81 for distinctive competencies in marketing, 0.63 for service delivery innovation architecture, and 0.87 for SEs performance, as presented in Table 2. These results confirm the reliability and validity of the measurement model, signifying that the constructs adequately capture the underlying latent variables in the study.

Table 1. Assessment of Univariate and Multivariate Normality

Variables	Min	Max	Skew	C.R.	Kurtosis	C.R.
DCM1	6.000	10.000	.045	.300	-.016	-.054
DCM2	6.000	10.000	.091	.600	.616	2.031
DCM3	5.000	10.000	.033	.216	.642	2.116
DCM5	6.000	10.000	.027	.180	.403	1.329
DCM6	6.000	10.000	-.152	-1.005	.398	1.312
SEsP4	5.000	10.000	-.176	-1.162	.674	2.224
SEsP3	5.000	10.000	-.127	-.835	.718	2.369
SEsP2	5.000	10.000	-.177	-1.169	.727	2.396
SEsP1	5.000	10.000	.095	.626	.717	2.365
SMA2	7.000	10.000	.208	1.374	.503	1.660
SMA3	7.000	10.000	.359	2.371	.353	1.163
SMA4	7.000	10.000	-.005	-.034	-.365	-1.203
SMA6	7.000	10.000	.359	2.365	-.024	-.080
SDIA6	6.000	10.000	.116	.766	-.314	-1.034
SDIA5	6.000	10.000	-.025	-.167	-.246	-.812
SDIA2	6.000	10.000	.067	.444	.564	1.860
SDIA1	6.000	10.000	.129	.849	.073	.241
Multivariate					25.145	7.991

Source: Authors' calculation; Note: skew-skewness; C.R.-critical ratio.

Table 2. Measurement of Validity and Reliability of the Construct

Variable and indicator	Scale item	Std. Loading	Construct Reliability	Variance extracted (AVE)	Discriminant validity (DV)
Social media adoption (Fan et al., 2021)					
CMIN/DF 4,846; GFI 0,981; AGFI 0,905; TLI 0,929; CFI 0,976; RMSEA 0,121					
SMA2	We adopted social media to improve customer services and relationships with them.	0.74			
SMA3	We adopted social media to improve our relationships with employees and suppliers.	0.73			
SMA4	We adopted social media to improve communication with our stakeholders (e.g. employees, suppliers, potential customers, etc.).	0.71			
SMA6	We adopted social media to promote and advertise products and services.	0.67			
Distinctive competencies in marketing (Palacios-Marqués et al., 2019)					
GFI 0,995; AGFI 0,960; TLI 0,990; CFI 0,998; RMSEA 0,54					
DC1	Ability to obtain information about customers and current markets	0.66	0.88	0.81	0.90
DC2	Ability to identify new customer and market opportunities, and to collect information about them	0.76			
DC3	Ability to obtain information about competitors	0.81			
DC5	Ability to design, collaborate in the development of new products and launch them on the market	0.76			
DC6	Ability to distribute products widely	0.86			
Service delivery innovation architecture (Verma & Jayasimha, 2014)					
GFI 0,989; AGFI 0,964; TLI 0,981; CFI 0,991; RMSEA 0,059					
SDIA1	Our company emphasis offering new service channels for customers to order new services.	0.74	0.77	0.63	0.79
SDIA2	Our company emphasis offering new service channels to adjust customer complaints.	0.52			
SDIA5	Our company emphasis offering new service channels to deliver existing services.	0.57			
SDIA6	Our company emphasis offering new service platforms to easily introduce new services for customers.	0.87			
SEs Performance (Fan et al., 2021)					
GFI 0,998; AGFI 0,991; TLI 1,004; CFI 1,000; RMSEA 0,000					
SP1	Improved customer relationship	0.86	0.90	0.87	0.93
SP2	Increase in company/brand visibility and reputation	0.90			
SP3	Enhance the customer service	0.78			
SP4	Increase product/service awareness among customers and increase market share	0.84			

Notes:

SFL= Standardized factor loadings.

* eliminated because it is below the cut-off value.

Non-Responses Bias

To identify and mitigate common method bias in survey data. We are using Harman's Single-Factor Test. This test is crucial for assessing the quality of survey responses, as it helps researchers discern whether a single dominant factor, reflecting methodological influences rather than the actual constructs of interest, exists in the data. Detecting and addressing common method bias is paramount for enhancing research validity, ensuring that

relationships between variables are not artificially skewed by methodological artefacts, and improving research findings' trustworthiness.

This research uses a self-reported survey and is prone to common method bias (Podsakoff et al., 2003). Common Method Bias (CMB) testing to avoid the causes of errors in measurement or data testing. The principle of the test is to include all items from all research constructs. This study suggests that no single factor explains the

conflict of more than 50% to indicate no CMB in this study. We perform Harman's single test factor test (Aguirre-Urreta & Hu, 2019). We found the variance value was at 18,050%, Still below the standard 50% (Podsakoff et al., 2012), so the research data is not disturbed by variance.

Statistical analysis

The outcomes of the Structural Equation Modeling (SEM) analysis, as presented in Table 3 confirmed the acceptance of all the formulated hypotheses. These findings provide empirical support for the proposed relationships among the variables, substantiating the influence of distinctive competencies in marketing as a mediator, and validating the applicability of the SDL theory in the context of the study.

As shown in Figure 2, Social media adoption for marketing has a positive influence on distinctive competency in marketing. The interplay between social media adoption for marketing and various critical components within the small enterprise ecosystem becomes evident. Firstly, social media adoption for marketing positively influences distinctive competency in marketing. This phenomenon highlights how effectively harnessing social media platforms can empower small businesses to build unique strengths in understanding consumer behavior, content creation, and customer engagement.

Distinctive competency in marketing has a positive influence on small enterprise performance. Distinctive competency in marketing, as depicted in the model, contributes to small enterprise performance and drives service delivery innovation architecture. Small enterprises that excel in marketing competency tend to be more attuned to market dynamics and customer needs, allowing them to identify opportunities for innovation in their service delivery processes. It can lead to the developing of efficient and customer-centric delivery models that enhance overall performance.

Furthermore, the positive relationship between service delivery innovation architecture and small enterprise performance indicates that when small businesses invest in enhancing their delivery methods and architecture, it can lead to improved performance outcomes. Streamlined and innovative service delivery processes can increase customer satisfaction and loyalty, contributing to superior performance metrics.

One intriguing aspect of the model is the mediating role played by distinctive competency in marketing. The influence of social media adoption on small enterprise performance is not direct but is mediated by the intermediary variable of marketing competency. In other words, social media adoption enhances marketing competency, which, in turn, positively impacts small enterprise performance. It underscores the pivotal role of marketing skills and strategies in leveraging the benefits of social media for small enterprises.

In conclusion, Figure 2 portrays a comprehensive framework showcasing how social media adoption, distinctive competency in marketing, service delivery innovation architecture, and small enterprise performance are interconnected. It emphasizes the importance of cultivating marketing expertise to fully realize the potential benefits of social media adoption and its impact on the overall performance of small enterprises in today's dynamic business landscape.

In the final step of testing the mediation hypothesis, we followed the four-step mediation analysis approach outlined (Baron et al., 1986). Firstly, we conducted a regression analysis, regressing the independent variable (social media adoption - SMA) on the dependent variable (small enterprises' performance - SEs performance). The results revealed a significant regression weight of 0.303, indicating a statistically significant relationship between social media adoption and small enterprises' performance. Secondly, we

performed another regression analysis, regressing the independent variable (SMA) on the mediator variable (distinctive competencies in marketing - DCM). The analysis indicated that the independent variable (social media adoption) significantly affects the mediator variable (distinctive competencies in marketing) with a regression weight of 0.316. These findings suggest that social media adoption has a direct positive impact on small enterprises' performance and also influences distinctive competencies in marketing. The significant mediation effect of distinctive competencies in marketing helps to explain the relationship between social media adoption and small enterprises' performance, offering insights into the underlying mechanisms that contribute to the observed associations.

The third step involved conducting a regression analysis, regressing the mediating variable (distinctive competencies in marketing - DCM) onto the dependent variable (small enterprises' performance - SEs performance). The analysis revealed a significant regression weight of 0.243, indicating that the mediating variable (DCM) has a statistically significant impact on the dependent variable (SEs performance). In the fourth step, we reevaluated the relationship between the independent variable (social media adoption - SMA) and the dependent variable (SEs performance) while incorporating the mediating variable (DCM). The results demonstrated a significant regression weight of 0.233, which decreased from the initial value of 0.303 when the mediating variable was not considered. The conditions of the mediation test were met, as the mediating variable (DCM) exhibited a diminishing influence on the relationship between the independent variable (SMA) and the dependent variable (SEs Performance). Consequently, it can be concluded that the mediating variable has a partial mediation effect, explaining a portion of the association between social media adoption and small enterprises'

performance. These results indicate that distinctive competencies in marketing (DCM) play a partial mediating role in the relationship between social media adoption (SMA) and small enterprises' performance (SEs performance). The mediation effect of distinctive competencies in marketing sheds light on the mechanisms through which social media adoption influences small enterprises' performance, highlighting the importance of marketing competencies in enhancing the overall business outcomes.

The evaluation of strategic pathways to enhance the performance of micro and small enterprises can be effectively analyzed by comparing the total effects of variables within this structural model. Specifically, the total effect of social media adoption is calculated to be 0.089, which is comparatively smaller than the total effects of distinctive competencies in marketing (0.253) and service delivery innovation architecture (0.324). This observation underscores the significance of incorporating distinctive competencies in marketing (DCIM) as a bridging factor to amplify the influence of social media adoption on the performance of micro and small businesses.

Discussion

The findings of this study are consistent with previous research that highlights the significant role of social media adoption in understanding customer behavior and gaining valuable insights. Several studies have demonstrated that businesses leveraging social media platforms can reach a wider audience and collect real-time data on customer preferences, buying patterns, and feedback. Moreover, prior research has shown that social media adoption can enhance a company's distinctive competencies in marketing. Businesses can strengthen their brand identity and differentiation by actively engaging with customers and utilizing innovative marketing strategies on social media (Pentina et al., 2012).

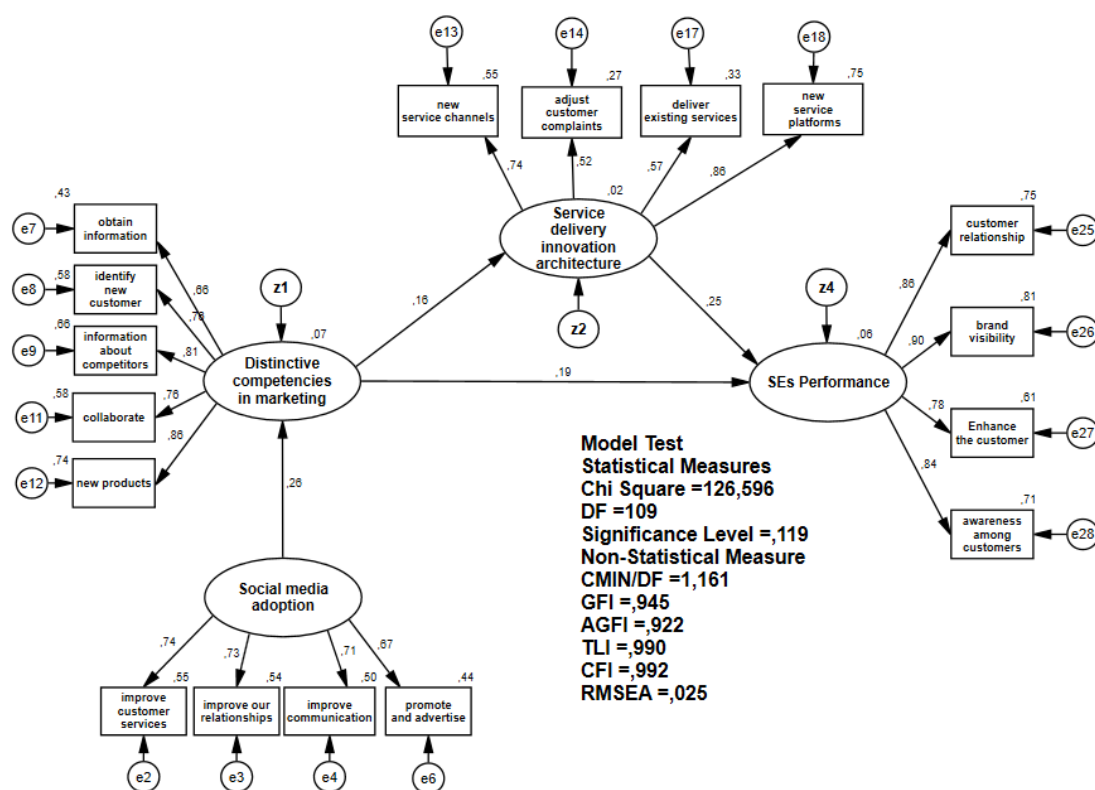


Figure 2. Research model

Table 3. Hypothesis testing

Hypothesis	Estimate	S.E	C.R.	p-value	Conclusion
H1 Social media adoption for marketing has a positive influence on Distinctive competency in marketing	0.350	0.100	3.501	***	Supported
H2 Distinctive competency in marketing has a positive influence on small enterprise performance	0.210	0.077	2.744	0.006	Supported
H3 Distinctive competency in marketing has a positive influence on Service delivery innovation architecture	0.132	0.061	2.147	0.032	Supported
H4 Service delivery innovation architecture has a positive small enterprises performance	0.324	0.092	3.530	***	Supported
Mediation hypothesis					
Partial mediation					
H5 Distinctive competencies in marketing mediates the influence between social media adoption on small enterprises performance					
P1: SMA → SEsP	0.303	0.107	2.835	0.005	Supported
P2: SMA → DCM	0.316	0.099	3.175	0.001	Supported
P3: DCM → SEsP	0.243	0.077	3.153	0.002	Supported
P4: SMA → Sesp	0.233	0.108	2.153	0.031	Supported
Total effect size					
Social Media Adoption → SEs performance					0.089
Distinctive competencies in marketing → SEs performance					0.253
Service delivery innovation architecture → SEs performance					0.324

Source: Authors' calculation.

Note SEsP-Performance; SMA- Social Media Adoption; DCM-Distinctive competencies marketing.

The findings of this study significantly advance SDL theory by elucidating the pivotal role of social media adoption in understanding customer behavior and gaining valuable insights. In the context of SDL, this contributes to the understanding of how services are co-created between businesses and customers in a digitally connected environment. Our research aligns with SDL principles by showcasing how businesses leveraging social media platforms can co-create value with customers. Through real-time data on customer preferences and feedback, businesses can adapt and tailor their services in line with the co-creation concept central to SDL.

This study underscores the importance of specialized marketing competencies in the context of SDL. By enhancing these competencies through social media adoption, small businesses can strengthen their brand identity and differentiation, a concept central to SDL's emphasis on service as the basis of exchange. The research also highlights how service delivery innovation architecture, driven by an understanding of customer needs and preferences, aligns with SDL's focus on customer-centricity and co-creation. Small businesses can use this innovation to create significant customer value and enhance satisfaction, both fundamental principles of SDL. This research demonstrates that small businesses can gain a competitive advantage within SDL by adapting their strategies to evolving customer demands through specialized marketing competencies and service delivery innovation. This adaptability resonates with SDL's dynamic view of service exchanges. In essence, this study showcases how small businesses can effectively integrate SDL principles into their practices. By leveraging their unique marketing strengths in conjunction with social media adoption, they co-create value with customers, optimize their presence on digital platforms, and enhance overall performance. The integration of marketing competencies and social media adoption,

as highlighted in our findings, illustrates the SDL principle of resource integration. Small businesses can efficiently reach a wider audience without significant financial investments, leveling the playing field in digital marketplaces.

Our findings provide strong support for Hypothesis 1, which posits that social media adoption positively influences distinctive competency in marketing. The data analysis reveals a significant and positive relationship between social media adoption and distinctive competency in marketing, emphasizing the importance of social media as a platform for enhancing marketing capabilities within small enterprises. Hypothesis 2, suggesting that distinctive competency in marketing positively influences small enterprises' performance, receives robust validation from our research. The results demonstrate a clear and positive connection between distinctive competency in marketing and SEs (small enterprises) performance, highlighting the critical role that marketing competencies play in driving business success.

Our study affirms Hypothesis 3, which proposed that distinctive competency in marketing positively influences service delivery innovation architecture. The analysis indicates a strong and positive association between marketing competencies and the development of inventive strategies and systems within the service delivery process, underlining the integral relationship between marketing prowess and service innovation. Hypothesis 4, suggesting that service delivery innovation architecture positively influences SEs performance, garners substantial empirical support. The results underscore the significant impact of innovative service delivery architecture on small enterprises' performance, emphasizing its potential to drive competitiveness, customer satisfaction, and overall success.

CONCLUSION

Theoretical contribution

Distinctive competencies in marketing assume a vital role in bolstering and advancing the principles of service-dominant logic (SDL). Within the framework of service-dominant logic, these competencies hold substantial significance in shaping a company's capacity to create value alongside its customers collaboratively. Central to these distinctive competencies is the adeptness at comprehending and fulfilling customer needs in a superior manner to competitors. By prioritizing customer-centric competencies, such as customer insight, personalization, and responsiveness, businesses can actively involve customers in the co-creation of value, harmonizing seamlessly with the fundamental tenets of service-dominant logic.

Distinctive competencies often entail the synergistic integration and coordination of diverse resources, both internal and external, to deliver exceptional value to customers. Following service-dominant logic (SDL), this emphasis on resource integration is crucial for effective value co-creation.

Companies with robust marketing competencies can adeptly combine resources, including technology, human capital, and strategic partnerships, to co-create value through service exchanges with customers. Furthermore, distinctive competencies in marketing play a pivotal role in cultivating and nurturing strong customer relationships. SDL recognizes the paramount importance of relationships in value creation, wherein customer relationship management, segmentation, and targeted strategies enable companies to establish enduring connections with customers. By comprehending customer preferences and needs, businesses can actively engage in a value co-creation process, fostering enduring relationships with customers and facilitating mutual value generation. In summary, distinctive competencies in marketing facilitate the efficient integra-

tion of resources and the establishment of strong customer relationships, which are fundamental components of value co-creation within the framework of service-dominant logic. This customer-centric approach empowers companies to adapt, innovate, and thrive in an ever-evolving business landscape while ensuring the mutual creation of value with their customers.

Managerial Implication

Firstly, companies armed with robust specialized marketing competencies are well-positioned not only to understand but also to respond to customer needs and preferences effectively. This understanding forms the foundation for the development of innovative service delivery architectures that not only meet but exceed customer expectations, ultimately creating substantial value. Secondly, a well-structured service delivery innovation architecture empowers companies to communicate with their customers, leading to efficient engagement. This efficient communication enables companies to deliver their messages more effectively, fostering a stronger connection with their customer base. For small businesses, which often face limitations in the field of marketing due to resource constraints, these findings are especially significant. This research contributes by offering a pathway to overcome managerial weaknesses in marketing. By emphasizing the importance of specialized marketing competencies and innovative service delivery architecture, small businesses can level the playing field. They can enhance their marketing capabilities and customer engagement, ultimately achieving superior business performance and competitiveness, even with limited resources.

Research Limitations and Future Research

This study pioneered to examine the influence of social media adoption on specialized competencies in small firms. Despite successfully achieving its objecti-

ves, the study possesses certain limitations. Specifically, the research centered on a specific sub-sector and employed a sample size that may constrain the generalizability of the findings to a more extensive population. Future research should consider employing larger and more diverse samples to enhance the external validity of the results.

Secondly, the exclusive reliance on questionnaires for data collection may limit the exploration of valuable insights that could be gleaned from alternative data sources. Future research should consider incorporating multiple data collection methods, such as interviews or observations, to achieve a more comprehensive analysis.

Thirdly, while marketing competencies are undeniably influential, it is important to acknowledge that other factors, such as technological advancements and organizational culture, may also significantly impact value co-creation and business performance. Expanding the range of variables under investigation can provide a more holistic understanding of the intricate dynamics involved in this context.

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