

Service strategy based on Tri Kaya Parisudha, social media promotion, business values and business performance

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ABSTRACT

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In addition to implementing the hybrid business strategy, Small Medium Enterprises (SMEs) in Bali also accommodate the values of local wisdom in Bali. One of the values of local wisdom in Bali is called Tri kaya Parisudha (TKP). The aim of this study is to determine the effect of service strategies based on TKP and social media promotion on business value and the impact on SME business performance in SMEs. AMOS-based Structural Equation Modeling (SEM) is the analysis technique used to examine the hypotheses in this study using a sample consists of 105 people. The results show that (1) TKP-based service strategy has a positive and significant effect on business performance; (2) Social media promotion has a positive and significant effect on business performance; (3) TKP-based service strategy has a positive and significant effect on business value; (4) social media promotion has a positive and significant effect on business value; (5) business value has a positive and significant effect on business performance. The theoretical implications from this research is that the application of service strategy based on TKP and social media promotion is a business strategy that is very important to improve the value of the businesses and to improve their performance.

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1. Introduction

SME's in Bali have implemented various types of business strategies in order to maintain and develop their businesses. The dominant business strategy adopted is by combining several existing business strategies, such as a combination of innovation and service strategies, a combination of innovation and promotion strategies, a combination of partnership and service strategies, and other hybrid strategies. This hybrid strategy implementation is indeed able to increase the achievement of higher performance. In addition to implement the hybrid business strategy, SME's in Bali also accommodates the values of local wisdom in Bali (Yasa et al., 2019). One of the values of local wisdom in Bali is *Tri Kaya Parisudha (TKP)* which consists of three elements, namely *manacika* (good thinking), *Wacika* (good words), and *Kayika* (good deeds), strong in keeping up its traditions, culture and convention, Bali must be dependent upon interruption followed by changed (Setini et al., 2020). This concept is very suitable to be combined with a business strategy (service strategy) and by implementing the service strategy, entrepreneurs can start with the thought of providing good service followed by providing services customers (Setini & Darma, 2019). Service strategy by integrating TKP values is expected to make consumers satisfied, and the impact will be increase loyalty, as well as improve the performance of the businesses.

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In addition to accommodating the values of Balinese local wisdom in general, SME's must not disregard the development of the external environment, namely the development of information technology (IT). The development of IT must be incorporated into the SME's business in order to enhance the performance of the business. The business strategy that can accommodate the development of IT is a promotion strategy. SMEs have to always maintain and strengthen the competitive advantage of their firms by conducting intensive promotional strategies in order to increase the marketing performance of the SMEs (Yasa et al., 2020; Giantari et al., 2020). Almost all SME's in Bali implement IT-based promotion strategies by using social media promotion. The use of social media as a promotional tool has been widely applied by SME's abroad (Yasa et al., 2020, Setini et al., 2020). Setini *et al.* (2020) emphasized the use of information technology, especially social media in transforming marketing which needs to be strong in maintaining Bali's cultural customs and traditions.

The implementation of the service strategy based on TKP values and promotion strategy through social media is certainly expected to be able to benefit SME's businesses and ultimately have an impact on improving business performance. Based on business issues in SME's in Bali and the absence of previous researchers on the service strategy based on the TKP values and promotion strategies through social media that benefit business value and improve business performance, and supplemented by some empirical study results related to the existing issues, the objectives of this study are to examine the effect of service strategy based on TKP and promotion strategies through social media on business value and improving business performance in SME's in Bali.

2. Literature Review

2.1 Service strategy based on TKP

Service strategy is one way for companies to achieve competitive advantage. Through the best service, the company is able to provide satisfaction to consumers, which have an impact on increasing customer loyalty and ultimately become a free promotional media for companies because consumers will always tell positive stories about the company's products. All of these benefits will be able to make the company superior to its competitors. This phenomenon has been studied by Edelman *et al.* (2002) which show the results that business performance increases by carrying out quality control, meeting consumer demand, providing the best quality products and the best service. The same result was also found by Bell *et al.* (2005) and Ng Sandy *et al.* (2011). Service strategy based on TKP values is a service strategy that refers to the values contained in the TKP concept, namely the value of *manacika* (good thinking), *Wacika* (good words), and *kayika* (good deeds). Service strategy based on TKP has three dimensions, namely: *manacika*-based service strategy, *Wacika*-based service strategy, and *kayika*-based service strategy (Yasa *et al.*, 2019). The indicators of each dimension are as follows: 1) service strategy based on *Manacika* values consist of: always having the desire to provide the best service, always wanting to benefit customers, and having the desire to maintain good relations with customers; 2) service strategy based on *Wacika* values consist of: speak politely, speak gently to customers, and being honest about the product; 3) service strategy based on *Kayika* values consists of: quickly helping customers and giving special attention to customers (Ng Sandy *et al.*, 2011).

2.2 Promotion Strategy through Social Media

Social media is a medium that has developed in the last ten years. Social media develops in line with developments in information technology. Social media has reached every tier of society and all human activities. Similarly, entrepreneurs also have to adopt technology in order to reach markets, communicate their products, and maintain good relations with their customers. There are various types of social media that can be used by entrepreneurs, such as *Instagram*, *Facebook*, *Line*, *YouTube*, and *Blogs*. From a business perspective, social media can be used in several ways to improve operations and improve business profile through better communication; greater exposure through word strengthening from the mouth-to-mouth effect; getting closer and building relationships with old customers; attract new customers; promoting company products/ services; increase brand awareness; increase the volume of traffic to the website; increase sales levels; better collaboration and building online communities (Divol *et al.*, 2012; Stockdale *et al.*, 2012; Fischer & Reuber, 2011; Montalvo, 2011; Nair, 2011; Zhang *et al.*, 2011; Hoffman & Fodor, 2010; Kaplan & Haenlein, 2010; Cook, 2008; Mangold & Faulds, 2009). Therefore, businesses increasingly try to embrace social media as an integral part of living work and utilize it for competitive advantage (Kiron *et al.*, 2012; Qualman, 2010).

2.3 Business Value

The concept of value is closely related to business and the strategy or system or product itself. Samuel and Foedjiawati (2007) assert that these perceptions can arise due to external stimuli that will affect a person through the five senses and subsequently the stimulus will be selected, organized, and interpreted by each person in their own way. Stimulus or stimulation can be in the form of object characteristics or group influence factors, meaning that the response of others in the environment can give direction to a behavior, while the perceived value is considered as a two-part construction, the first being the benefits received, in the form of economic, social benefits and relationship and the second is sacrifice made in the form of cost, time, energy, risk and comfort (Carlos *et al.*, 2006). The perception of value can also be related to the entrepreneur's own evaluation of the strategy or system built in the company.

The perceived value of a system or strategy including the business strategy that is implemented will be a consideration for an entrepreneur in determining what marketing strategies will be used to reach consumers. This is also similar to what was explained by Wijaya and Herdioko (2010) after businessman makes an assessment of a strategy, he will make a decision based on that assessment. Decisions made by entrepreneurs will affect their business strategies, whether they will use certain business strategies or not. Thus, it can be said that the perceived value of the businessman of a marketing strategy is an important factor in the decision process of a businessman using a marketing strategy in serving and reaching consumers and obtaining other values.

2.4 Business Performance

Business performance is an indicator that is usually used to measure the success of a company in achieving its goals (Ho, 2011), or the company's ability to meet customer satisfaction and win the market against competitors through the products and services offered. Business performance is generally measured using indicators of financial performance and market performance. Market performance is measured by market capability, total sales growth, and total profitability. Business performance uses 4 dimensions namely relative profitability, return on investment, customer retention and total sales growth. Likewise, there are variations of indicators in measuring performance. For instance, business performance is measured using financial performance such as return on investment or ROI, return on equity or ROE (Alipour, 2013; Andreou *et al.*, 2014; Abdifatah, 2014; Al-Najjar, 2014; Kilic *et al.*, 2015), revenue growth, profit size (Pinho *et al.*, 2014) and marketing performance such as sales growth and profitability (Antoncic and Prodan, 2008; Lee and Yang, 2011), market share (Antoncic and Prodan, 2008; Kilic *et al.*, 2015; Zehir *et al.*, 2015; Prajogo, 2016; Wijaya *et al.*, 2019a), customer satisfaction and total sales (Lee and Yang, 2011; Kilic *et al.*, 2015; Wijaya *et al.*, 2019b). Based on the conceptual framework that explains the relationship of each variable, a conceptual framework is arranged as shown in Fig. 1.

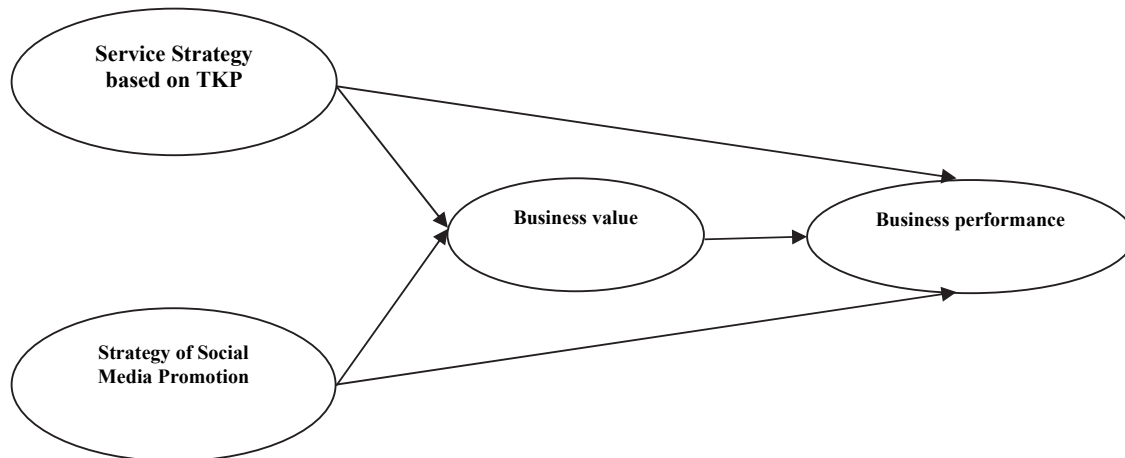


Fig. 1. Conceptual Framework of the Research

2.5 Research Hypothesis

Based on the existing conceptual framework, the research hypotheses that can be arranged are as follows,

- H₁**: TKP-based service strategy has a positive and significant effect on business performance.
- H₂**: Social media promotion strategy has a positive and significant effect on business performance.
- H₃**: TKP-based service strategy has a positive and significant effect on business value.
- H₄**: Social media promotion strategy has a positive and significant effect on business value.
- H₅**: Business value has a positive and significant effect on business performance.

3. Methodology

The study aims to examine the causality relationship between variable of TKP-based service strategy, promotion strategy through social media, business value, and business performance. The population of this research includes all Small and Medium Enterprises (SME's) in Bali. The sample size of this study is 105 SME's in-service sector. The Slovin formula is used to determine the sample size in this study. Hence, it is expected that all representative samples can represent SME's in each district/ city area and in finally, it will be able to represent the area of Bali Province.

Variable indicators of the variable service strategy based on *TKP* (*manahcika*-based service strategy, *Wacika*-based service

strategy, and *kayika*-based service strategy); promotion strategy through social media, business value, and business performance are measured by the perceptions of SME owners or managers as the initiator of the strategy using a five-level Likert scale, namely from completely disagree = 1, disagree = 2, quite agree = 3, agree = 4, and completely agree = 5. Data collection techniques are carried out by distributing questionnaires. The questionnaire used is tested before conducting a total study with a total sample of thirty people in order to represent each region in all districts/ cities in Bali. Validity and reliability tests are conducted in order to measure if the instrument able to measure and in order to know the consistency of the responses given by respondents. The validity of the instrument is tested by using the Pearson product-moment correlation technique with a minimum limit of $r = 0.3$ (Sugiyono, 2018: 150). Instrument reliability testing is conducted by calculating the reliability coefficient of Cronbach's Alpha with a minimum limit of Alpha coefficients > 0.6 (Sekaran, 2003: 312)

The data collected is then tabulated in a table and discussed descriptively. The descriptive standardization is conducted by giving a number, both in the number of respondents along with the average value of the respondent's answer and percentage. The causal relationship formulated in this study uses a model that is not simple; the variables in the model are recursive. This form of causal relationship requires analytical tools that are able to explain the relationship, thus, the inferential statistical method used in the analysis of this research data is Structural Equation Modeling (SEM).

4. Result and Discussion

The research data are obtained from a questionnaire distributed to 105 respondents. The data obtained through the questionnaire are then tested by using SEM analysis.

4.1 Description of Respondent Characteristics

Characteristics of respondents in this study can be classified based on age, gender, education level, marital status, and family dependents. The composition of the characteristics of the respondents is presented in Table 1. Age can indicate the experience, productivity, and maturity of the respondent's thinking. The age of SME's managers in service sector in Bali varies with the youngest age range of 22 years to the oldest age reaching 65 years. The age range of respondents can be seen in Table 1. Based on the data in Table 1, it can be seen that there are 9.52 percent of SME's managers in service sector in Bali who are aged up to 30 years, 38.10 percent of SME's managers in service sector in Bali are 31 years up to 40 years old, there are 42.86 percent of SME managers in service sector in Bali who are 41 years up to 50 years old, and there are 9.52 percent who are over 50 years. From the existing distribution, most of the respondents are in age range of 31 years to 50 years, which is as much as 80.96 percent. Age 31 years to 50 years is a productive age range where people are strong at work and it is suitable time to set up a business that provides the best service because it requires sound thinking.

Table 1
Composition of Several Characteristics of Respondents

Characteristic Item	Frequency (people)	Percentage (%)
Age		
≤ 30	10	9.52
31 – 40	40	38.10
41 – 50	45	42.86
> 50	10	9.52
Total	105	100.00
Gender		
Male	45	42.86
Female	60	57.14
Total	105	100.00
Education Level		
Junior High School	5	4.76
Senior High School	45	42.86
Diploma	30	28.57
Bachelor	25	23.81
Total	105	100.00
Marital Status		
Married	75	71.43
Single	30	28.57
Total	105	100.00

The gender distribution of SME's managers in service sector in Bali can be seen in Table 1. About 57.14% of respondents are female. This data shows that women are very compatible with jobs such as managers which require creativity, innovation and excellent service quality. However, this does not mean that men are not suitable to work as SME's manager in the service sector because there are 42.86% male respondents. Although this number is insufficient compared to female respondents, it is expected that more men will become SME's manager in the service sector in the future. The education level of SME's managers in service sector illustrates the level of knowledge, abilities, and skills in innovation. Distribution of respondent education level can be seen in Table 1. Most SME's managers in service sector business in Bali have a high school education background, which is amount to 42.86%. This number illustrates that quantitatively, the education level of SME's managers

in service sector in Bali has a fairly good knowledge. Table 1 also shows that the status of SME's managers in service sector in Bali is predominantly married. Marital status reflects the emotional stability of people which will have a positive impact on the achievement of SME's performance because people who have emotional stability are generally more mature at work compared to those who do not have emotional stability.

4.2 The Validity and Reliability Test of Research Instruments

The validity and reliability tests of the instrument are conducted with the Pearson Correlation and Cronbach's Alpha Coefficient. The complete results are presented in the appendix. As stated in the previous chapter, the research instrument is valid if the Pearson Product Moment correlation value $r \geq 0.30$ and reliable if the Cronbach's Alpha value ≥ 0.60 . The results of the validity and reliability test of the instruments for each variable can be presented in Table 2. The results of the validity and reliability test of the instruments in Table 2 show that all variables are valid because the correlation value is above 0.30 and they are also reliable because the Cronbach's Alpha value is above 0.6.

Table 2
The Result of Instrument Validity and Reliability Test

Variable	Item	r correlation	Cronbach's Alpha α
Service Strategy based on TKP Value (X1)	X1.1	0.879	0.816
	X1.2	0.887	
	X1.3	0.923	
	X1.4	0.940	
	X1.5	0.867	
	X1.6	0.888	
	X1.7	0.908	
	X1.8	0.939	
Promotion Strategy through Social Media (X2)	X2.1	0.830	0.826
	X2.2	0.866	
	X2.3	0.892	
Business Value (Y1)	Y1.1	0.915	0.905
	Y1.2	0.727	
	Y1.3	0.807	
	Y1.4	0.817	
	Y1.5	0.934	
	Y1.6	0.797	
Business Performance (Y2)	Y2.1	0.941	0.918
	Y2.2	0.910	
	Y2.3	0.932	

4.3 Descriptive Statistical Analysis

The frequency distribution is obtained from the respondent's answer score. The interpretation of item scores in the research variable refers to the Arikunto (2010) classification. A description of the descriptive statistical analysis of each variable is as follows:

4.4 Service Strategies Based on TKP Value

Service Strategy based on TKP value is one of the variables related to the Business Value and Performance of SMEs in service sector. This research variable measures the TKP-based service strategy with a quantitative approach, based on the responses of the SME managers/ owners to the implementation of the TKP value-based service strategy faced by SMEs in service sector in Bali Province. There are three dimensions used, namely: 1) manacika value-based service strategy; 2) Wacika value-based service strategy; and 3) kayika value-based service strategy. Manacika value-based service strategy consists of 3 indicators, namely SMEs always keen to satisfy customers (X1.1), SMEs always have the desire to serve customers (X1.2); SMEs always have a vision to maintain good relationships with customers (X1.3). Wacika value-based service strategy consists of 3 indicators, namely politeness of the greetings (X1.4), SMEs always provide information gently (X1.5); SMEs are honest in providing explanations about the product (X1.6). Kayika value-based service strategy consists of 2 indicators, namely being responsive to customer's problems (X1.7), SMEs give special attention to customer's problems (X1.8). Respondents' perceptions regarding the TKP-based service strategy, which consists of three dimensions and eight indicator variables (X1.1, X1.2, X1.3; X1.4; X1.4; X1.5; X1.6; X1.7; and X1.8) can be seen in Table 3. Table 3 demonstrates the TKP-based service strategy variable very much determined by variable of SME's in-service sector indicator explaining about the product honestly because the highest mean value is 3.93. Indicator variable of giving information honestly is one of the indicators that measure the variable service strategy based on TKP values with a quantitative assessment based on respondents' perceptions of service strategies by prioritizing providing information honestly that can reflect the TKP values-based service strategy of SMEs in service industry in Bali. Based on Table 3, it can be seen from the 105 respondents, it turns out that the general perception of SME managers in service sector in Bali towards indicator of giving honest information about the product is in positive regions with an average score of 3.93 and it is declared as good. This illustrates how respondents respond to service strategies based on TKP better in terms of giving honest information about the product.

Table 3
Descriptive Analysis of Variable of Service Strategy Based on *TKP* Value

Indicator	Answer score					Mean
	1	2	3	4	5	
Manacika value-based service strategy						
Having a desire to serve customers well (X1.1)	0	15	24	30	36	3.83
Having a desire to give benefit for customers (X1.2)	0	16	27	38	24	3.67
having a vision of maintaining good relationships with customers (X1.3)	0	15	30	26	34	3.75
Wacika value-based service strategy						
Greet politely (X1.4)	0	17	22	30	36	3.81
Giving information gently (X1.5)	0	15	31	40	19	3.60
Giving product explanation honestly (X1.6)	0	12	24	28	41	3.93
Kayika value-based service strategy						
Responsive to customer's problems (X1.7)	0	15	32	28	30	3.70
Giving special attention to customer's problems (X1.8)	0	15	26	36	28	3.73
Service Strategy based on <i>TKP</i> value						3,75

Indicator variable that have the lowest average value is indicator variable with polite words. This means customers can not distinguish between polite words and words with different tones.

4.5 Promotion Strategy through Social Media

Variable of Promotion Strategy through social media is one of the variables that are associated with the performance variable of SME's in-service sector in Bali. Social media is considered as one of the forms of new media (Syahputra, 2018). This research variable measures the implementation of promotion strategies through social media by SME's in service sector in Bali with a quantitative approach, which based on the responses of respondents (SME's managers in service sector) towards indicators of promotion strategies through social media implemented by SME's in service sector, namely indicators of promotion through Instagram (X2.1), promotion through Facebook (X2.2), and promotion through Line (X2.3). Respondents' perceptions about variable of Promotion Strategy through social media can be seen in Table 4.

Table 4
Descriptive Analysis of Variable of Promotion Strategies Through Social Media

Indicator	Answer Score					Mean
	1	2	3	4	5	
Promotion through Instagram (X2.1)	0	11	31	36	27	3.75
Promotion through Facebook (X2.2)	0	6	28	33	38	3.98
Promotion through Line (X2.3)	0	17	25	36	27	3.70
Promotion Strategy through Social Media						3.81

Promotion strategies through social media implemented by SME's in service sector in Bali are shown by variable indicators of promotion through Instagram (X2.1), promotion through Facebook (X2.2), and promotion through Line (X2.3). Based on Table 4, it can be seen that from the 105 respondents surveyed, it turns out that in general the perception of SME's managers in service sector towards the promotion variable indicator through Facebook is in a positive area with an average score of 3.98 and it is declared as good. This illustrates a condition that respondents assess promotion through social media conducted by SME's in service sector is indicated by promotions through Facebook.

Of the three types of promotion through social media, it turns out Facebook promotion shows the highest mean value, which is 3.98, while the lowest is Line promotion with a mean value of 3.70. This illustrates that promotion through Line needs to be increased.

4.6 Business Value

Measurement of Perception of Value or benefits for SME's in service sector refers to the research of Hoffman and Fodor (2010); Divol *et al.* (2012), Hofmann and Barlow (2015), which consists of: customer service value (Y1.1), sales increase value (Y1.2), brand awareness enhancement value (Y1.3), cost reduction value (Y1.4) , product promotion value (Y1.5), and customer relationship value (Y1.6).

Perception of perceived value for SME's in service sector in Bali is indicated by indicators of customer relationship values (Y1.1), sales increase value (Y1.2), brand awareness value (Y1.3), cost reduction value (Y1.4), product promotion value (Y1.5), and customer relationship value (Y1.6). Based on Table 5, it can be seen that from the 105 respondents surveyed, it turns out that in general the perception of SME's managers in service sector in Bali on the indicator variable perceived business value is in a positive area with an average score of 3.76 and it is declared to be good. This illustrates a condition that respondents understand the business value of SME's in-service sector in Bali which shown by the value of customer service and the value of product promotion.

Table 5
Descriptive Analysis of Business Value Variable

Indicator	Answer Score					Mean
	1	2	3	4	5	
Customer service value (Y1.1)	0	5	35	32	33	3.89
Sales increase value (Y1.2)	0	15	26	32	32	3.77
Brand awareness value (Y1.3)	0	4	36	37	28	3.85
Cost reduction value (Y1.4)	0	19	29	32	25	3.60
Product promotion value (Y1.5)	0	8	41	30	26	3.70
Customer relationship value (Y1.6)	0	8	33	26	38	3.90
Business value						3,78

Of the six types of perceived value or benefits for SME's in service sector, it turns out the customer relationship value shows the highest mean value, which is 3.90, while the lowest is the cost reduction value, which is 3.60. This illustrates that the value of customer relations is good, while the value of cost reduction needs to be increased, for example by managing expenses for social media.

Business Performance

The Business Performance Variable in this study measures the business performance achieved by SME's in Bali with a quantitative approach, which is based on the responses of respondents (SME's managers) to the business performance indicators achieved by SME's, namely indicators of sales turnover development (Y2.1), share growth market (Y2.2), and operating profit development (Y2.3). Respondents' perceptions about Business Performance variable can be seen in Table 5.11. Business performance achieved by SME's in Bali is shown by indicators of the variable sales turnover development (Y2.1), market share development (Y2.2), and operating profit development (Y2.3). Based on Table 6, it can be seen that from the 105 respondents surveyed that in general the perception of SME's managers in Bali on the variable indicator of sales turnover is in a positive area with an average score of 3.73 and it is stated to be good. This illustrates a condition that respondents understand business performance as indicated by the development of sales turnover.

Table 6
Descriptive Analysis of Business Performance Variable

Indicator	Answer Score					Mean
	1	2	3	4	5	
Sales turnover (Y2.1)	0	8	31	36	30	3.84
Market share development (Y2.2)	0	11	33	33	28	3.74
Operating profit development (Y2.3)	0	12	32	24	37	3.82
Business Performance						3,80

Of the three types of business performance measures available, it turns out that the development of sales turnover shows the highest mean value, which is 3.84, while the lowest is the development of market share with a mean value of 3.74. This illustrates that the development of sales turnover is good, while the development of market share needs to be improved.

4.7 Analysis Result

The theoretical model in the conceptual framework of the study is said to be fit if it is supported by empirical data. The results of SEM analysis show that the results of testing the goodness of fit overall model to determine whether the hypothetical model is supported by empirical data provided in Fig. 2. Based on Table 7, of the eight Goodness of Fit Overall Model criteria, six criteria state that the model is good, so the model can be used.

Table 7
Result of Goodness of Fit Overall Model Test

Criteria	Cut-of value	Model Result	Note
Khi square	Small	174.182	Good model
p-value	≥ 0.05	0.243	
CMIN/DF	≤ 2.00	1.075	Good model
GFI	≥ 0.90	0.867	Marginal Model
AGFI	≥ 0.90	0.827	Marginal Model
TLI	≥ 0.95	0.989	Good model
CFI	≥ 0.95	0.991	Good model
RMSEA	≤ 0.08	0.027	Good model

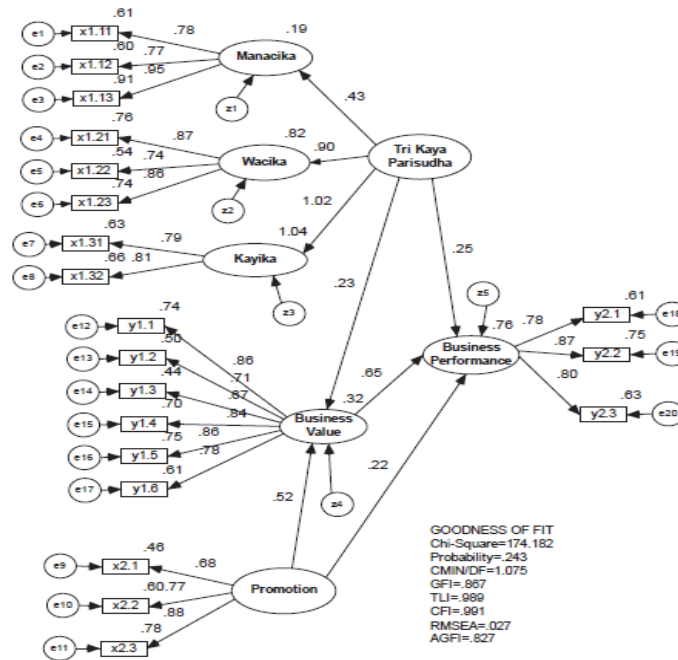


Fig. 2. SEM Model

4.8 Hypothesis Test Results

Hypothesis test is conducted by using *t* test on each path of direct effect partially. Table 8 presents the results of the direct effect hypothesis test.

Table 8
 The Results of Hypothesis Direct Effect Test

Independent Variable	Dependent Variable	Path Coefficient	p-value	Note
Service Strategy based on TKP value (X1)	Business Performance (Y2)	0.252	0.002	significant
Promotion Strategy through Social Media (X2)	Business Performance (Y2)	0.222	0.023	significant
Service Strategy based on TKP value (X1)	Business Value (Y1)	0.231	0.031	significant
Promotion Strategy through Social Media (X2)	Business Value (Y1)	0.519	0.000	significant
Business Value (Y1)	Business Performance (Y2)	0.648	0.000	significant

Hypothesis 1: TKP-based service strategy has a positive and significant effect on business performance

The results of SEM analysis of variable of service strategy based on TKP values (X1) on Business Performance (Y2) show the path coefficient of direct effect is 0.252 and p-value is 0.002. Because the p-value <5%, then the hypothesis “TKP value-based service strategy (X1) has a direct effect on Business Performance (Y2)” is accepted. Given the path coefficient is positive (0.252) and significant, it means that the relationship between these two variables is substantial. This means that business performance is highly dependent on the conditions of TKP-based service strategy values.

Hypothesis 2: Promotion Strategy Through Social Media has a direct effect on Business Performance

From the SEM analysis of the effect of the promotion strategy through social media (X2) variable on business performance (Y2), the path coefficient of direct effect is 0.222 and p-value is 0.023. Because the p-value <5%, then the hypothesis “Social Media Promotion Strategy has a direct effect on Business Performance (Y2)” is accepted. Given the path coefficient marked positive (0.222), it means that the relationship between these two variables is positive, meaning that the higher the intensive promotion of social media (X2), the higher the business performance (Y2). And vice versa, if the social media promotion strategy is getting lower then business performance also decreases.

Hypothesis 3: Service Strategy Based on TKP values has a direct effect on Business Value

From the SEM analysis results of variable of service strategy based on TKP values (X1) to Business Value (Y1), the direct effect path coefficient is 0.231 and p-value is 0.031. Because the p-value <5%, then the hypothesis “Service strategy based

on TKP value (X1) has a direct effect on Business Value (Y1) is accepted. Given the relationship between these two variables is positive and significant, the better the service strategy based on TKP value, the higher the business value.

Hypothesis 4: Social Media Promotion Strategy has a direct effect on Business Value

From the SEM analysis results of variable of promotion strategy through social media (X2) on business value (Y1), the direct effect path coefficient is 0.519 and p-value is 0,000. Because the p-value <5%, then the hypothesis "Promotion strategy through social media (X2) directly affects the business value (Y1)" is accepted. Considering the path coefficient is positive (0.519), it means the relationship between these two variables is positive, meaning that the more intensive the promotion strategy through social media (X2), the higher the business value (Y1), and vice versa.

Hypothesis 5: Business Value has a direct effect on Business Performance

From the SEM analysis results of business value variable (Y1) on Business Performance (Y2), the direct effect path coefficient is 0.648 and p-value is 0,000. Because the p-value <5%, the hypothesis "Business value (Y1) directly affects Business Performance (Y2)" is accepted. Given the path coefficient is positive (0.648), it means the relationship between the two variables is positive, and therefore, the higher the business value (Y1), the higher the business performance (Y2), and vice versa.

5. Discussion and conclusion

From the results of the calculation of validity and reliability, it can be seen that each indicator has been able to measure the variables and concepts tested and each concept is independent. By confirming factor analysis (goodness of fit test and factor weight significance test), it has been proven that the observed variables can reflect the analyzed factors. By testing the overall suitability of the model (goodness of fit test and regression weight causality test), it has been proven that the overall model fit and the causality relationship built is reliable.

The Effect of Service Strategy Based on TKP Values on the Performance of SME's in-Service Sector in Bali Province

Based on Table 8, it can be seen that the variable service strategy based on TKP has a significant effect on the business performance of SME's in-service sector. This result is proved by the existence of p-value of 0.002 which is smaller than 0.05. The relationship between variable of the TKP value-based service strategy with the Business Performance of SME's in-service sector variable shows a positive effect marked by an inner weight of 0.252. This result can be interpreted that a better TKP value-based service strategy can improve the performance of SME business in service sector in Bali. In this research, indicator of service strategy based on TKP values formed by variable indicators namely the desire to serve well, the desire to provide benefits, the desire to maintain good relations, greet politely, provide information gently, provide information honestly, be responsive to customer's problems, and quickly help customers play an important role in improving the performance of SME's business in service sector in Bali. The results of this study are in accordance with the conditions faced by SME's in-service sector in Bali. Services that are getting better and whole heartedly cause consumers to be satisfied and ultimately improve the business performance of SME's in-service sector in Bali.

The Effect of Social Media Promotion Strategies on the Business Performance of SME's in the service sector in Bali Province

Table 8 shows that promotion strategies through social media have a significant effect on the business performance of SME's in-service sector. This result is proved by the existence of p-value obtained by 0.002 which is smaller than 0.05. The relationship between variable of promotion strategy through social media with business performance variable shows a positive effect marked by an inner weight of 0.222. This result can be interpreted that the more intensive the promotion strategy through social media, the higher the business performance of SME's in-service sector in Bali. The results of this study are in accordance with the actual conditions that the higher social media promotion strategy makes the business performance of SME's in the service sector in Bali increase. In this study, promotion strategy indicators through social media which formed by indicators of promotion through Instagram, promotion through Facebook, and promotion through Line, have an important role in improving the performance of SME's business in service sector. The results of this study are in line with the results of research from Zhang and Ahmed *et al.* (2018), which states that with the promotion of social media can increase sales turnover, market share, and business profits.

The Effect of Service Strategy Based on TKP values on Business Value in SME's in-Service Sector in Bali Province

Table 8 shows that TKP-based service strategy has a significant effect on business value. This result is proved by the existence of p-value obtained at 0.031 which is greater than 0.05. The relationship between TKP value-based service strategy variable with business value perception variable shows a positive effect marked by an inner weight of 0.231. These results can be interpreted that the better the service strategy of the TKP value, the higher the business value of SME's in service sector in Bali. The results of this study are in accordance with the actual conditions that the better the TKP value-based service strategy,

the higher the business value. In this research, the indicator of the TKP value-based service strategy formed by variable indicators namely the desire to serve well, the desire to provide benefits, the desire to maintain good relations, greet politely, provide information gently, provide information honestly, responsive to customer's problems, and quickly helping customers, have an important role in business value of SME's in service sector in Bali.

The Effect of Social Media Promotion Strategies on Business Value in SME's in Service Sector in Bali Province

Table 8 shows that promotion strategies through social media have a significant effect on business value. This result is proved by the existence of p-value obtained by 0,000 which is smaller than 0.05. The relationship between social media promotion strategy variables and business value variables, the more intensive the social media promotion strategy, the higher the business value of SME's in-service sector in Bali. The results of this study are in accordance with the actual conditions that the more intensive social media promotion strategies make the business value higher. In this study, social media promotion strategy indicators which are formed by indicators of promotion variables through Instagram, promotion through Facebook, and promotion through Line have an important role in increasing business value. This is supported by research results from Zhang and Ahmed *et al.* (2018) which states that the use of social media can provide value to companies.

The Effect of Business Value on the Business Performance of SME's in-service sector in Bali Province

Table 8 shows that the perception of business value has a significant effect on Business Performance. This result is proved by the existence of p-value obtained by 0.000 which is smaller than 0.05. The relationship between the variable perceived business value with the Business Performance variable shows a positive effect marked by an inner weight of 0.648. This result can be interpreted that the higher the business value, the better the business performance of SME's in-service sector in Bali. The results of this study are in accordance with the actual conditions that the higher perception of business value increase the business performance of the SME's in-service sector. In this study, business value indicators formed by variable indicators of customer service value, increased sales value, brand awareness value, cost reduction value, product promotion value, and customer relationship value, have an important role in improving the business performance of SME's in-service sector in Bali.

6. Research Implications

As has been stated in the analysis and discussion that this research could theoretically find a relationship between latent variables of Service strategy based on TKP values and promotion strategies through social media on Business Value and Business Performance. This research can give input for SME's in the service sector. The input intended is that SME's should maintain and develop the implementation of TKP-based service strategy and promotion strategies through social media in order to be able to provide benefits to businesses that have an impact on improving business performance.

7. Research Limitations

Various limitations are found in this study mainly due to the following reasons. 1) This study only involved SME's managers or entrepreneur in service sector in Bali, hence, the research results cannot be generalized as a whole. 2). The mediating variable studied is the business value variable which in fact in this study has a significant effect on Business Performance, therefore, it is necessary to consider other mediating variables in future research, such as competitive advantage. 3) In addition, future study also can explore the strategy that should be adopted based on the customer's perspective.

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