

## THE ROLE OF NETWORK VALUE ALIGNMENT (NVA) IN IMPROVING MARKETING PERFORMANCE

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**Abstract.** This research was conducted to identify factors in enhancing marketing performance by testing several aspects such as service orientation, service climate, and network value alignment (NVA). Furthermore, an identification was performed on the factors influencing the improvement of marketing performance from the perspective of Service-Dominant Logic (SDL) theory. This research was conducted on 226 respondents, comprising managers of microfinance institutions in Central Java, Indonesia, with a participation rate of 75%. The data was analyzed using structural equation modeling and AMOS 24 software was adopted in testing the hypotheses. The results showed that NVA strengthened the influence of service orientation on microfinance marketing performance through the support of service climate. This research was conducted on microfinance institutions that had characteristics of close social relations with customers. Further research should be performed on more heterogeneous companies to obtain broader and deeper results in managing NVA and enhancing marketing performance. A new perspective was provided on SDL theory by introducing NVA as an important antecedent in driving service climate and marketing performance.

**Keywords:** service orientation, marketing performance, network, value, service climate.

**JEL Classification:** M31, L21, L22.

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### 1. Introduction

Research on service orientation is gaining considerable attention, specifically in the field of management. For companies, this aspect is useful to improve service quality in meeting customer needs and striving for competitiveness. Many manufacturing companies have shifted business focus from product-oriented to service-oriented (Yan et al., 2020). Service orientation can be defined as a set of policies, procedures, and organizational system implementations to create and deliver quality services (Lin et al., 2019). This aspect directs strategic priorities in creating service quality excellence, generating superior value, customer service performance (Lin et al., 2019), competitive advantage (Bustinza et al., 2015), growth, and profitability (Lynn et al., 2000). Furthermore, managing service orientation requires internalization processes of prioritizing service awareness and strategic steps, such as building a service vision, service operational systems, service standards, training, and human resource development (Lin et al., 2019). These steps drive the achievement of superior customer service (Yan et al., 2020).

Based on the description above, service orientation is a systematic effort to direct organizations in improving the service capabilities of companies. This variable ensures business management with good service quality standards (Yan et al., 2020). Meanwhile, business management assurance promotes increased service awareness (Kohtamaki et al., 2015; Yan et al., 2020), builds service governance (Yan et al., 2020) and assigns responsibilities for each service. Accordingly, companies with credible service orientation, placing employees and customers as critical stakeholders, strengthen service performance achievement (Lee et al., 2021).

Various research has shown that service orientation plays an important role in improving marketing and financial performance (Zghidi & Zaiem, 2017; Briggs et al., 2020; Kohtamaki et al., 2015; Zghidi & Zaiem, 2017), and customer loyalty (Fernandes, 2018). However, Li et al. (2023) found that service orientation did not enhance marketing performance. This was because the variable failed to cultivate efficient and flexible customer integration. In the long run, this customer integration led to opportunistic behavior and increased customer expectations to be properly

managed. Therefore, sales performance was not improved without proper customer integration management even with high service orientation. Yan et al. (2020) showed that service orientation did not drive performance because it was in the early stage of building organizational foundations. This aspect only improved service performance and required efforts to enhance financial and marketing performance. Recent research on service orientation was conducted from various factors, including examining the variable from the aspect of social sustainability (Lee et al., 2021), organizational design aspect (Yan et al., 2020), service profit chain aspect (Briggs et al., 2020), service-dominant orientation with intellectual capital (Alves et al., 2020), and service innovation aspect (Lin et al., 2019). Therefore, there was still a limited exploration of service orientation from the perspective of distribution networks.

Several studies report a gap in the inconsistency of results regarding the influence of service orientation on performance. This gap should be investigated because superior service orientation enhances marketing performance. However, some research has found controversial results that service orientation cannot improve performance.

Companies use distribution networks to deliver products and optimize customer service. Therefore, the provision of service to distribution networks is important due to the significance in delivering products to customers. These efforts cannot improve marketing performance when the distribution network is inactivated despite having a well-established service orientation. Building a distribution network often faces challenges such as the desire for excessive profit, differences in network service perception, and control of network service quality. In this context, companies are expected to balance networks in attracting stakeholders to participate in the development of marketing networks (Chen & Yang, 2021). The service-dominant logic (SDL) theory can provide a solid foundation for developing a network value alignment (NVA) concept, bridging the role of service orientation and enhancing marketing performance.

As a fundamental force in quality development, service orientation is expected to drive NVA, supporting performance improvement. Furthermore, an overall service climate occurring at the organizational level has the potential to strengthen performance enhancement efforts and value creation. Companies will experience greater ease in activating marketing networks and making optimal contributions to performance achievement when a favorable service climate is possessed. Therefore, the increase in NVA resulting from the drive of service orientation will be stronger with a conducive service climate.

Based on the description above, this research aimed to develop a conceptual model to manage service orientation to drive performance, involving several variables such as NVA, service climate, and company performance. Microfinance institutions are selected to confirm the suitability of the model in business practices for two reasons. First, microfinance institutions have the characteristic of personal closeness and informal approaches to customers

(Wellalage & Fernandez, 2019). Second, it tends to involve communities in marketing networks (Armstrong et al., 2018) and there is significant untapped potential in organizational development (Arbolino et al., 2018).

## 2. Literature review

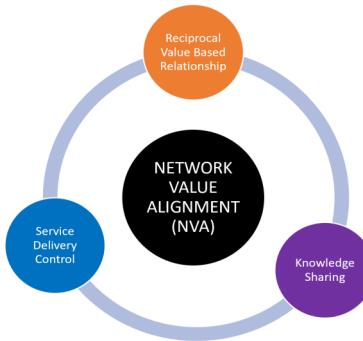
### 2.1. Network Value Alignment (NVA)

The research on the distribution of NVA is based on the perspective of service-dominant logic (SDL) theory (Vargo & Lusch, 2017). In this context, distributors are expected to receive value in exchange (Eggert et al., 2018) to distribute services to customers. This network value consists of elements developed and rooted in the perspective of SDL theory, consisting of three elements, namely equity, engagement, and utility values (Vargo & Lusch, 2015). First, equity value indicates equal bargaining positions, with each party being on equal footing. Second, engagement value represents the degree of participation and contribution to the network. Third, utility value shows the benefits to be gained and the trade-off between costs and sacrifices. These three network values drive the development of distribution networks. A distribution network will operate effectively when these network values proliferate and are skillfully managed to generate value in return. However, building a distribution network can potentially face issues of opportunistic behavior and perceptual differences (Li et al., 2023). This results in unmet network values, leading to conflicts and failures in the distribution network. Therefore, NVA is needed as a strategy to address potential issues affecting the development of distribution networks.

As one of the important principles in SDL theory, value co-creation has three relevance to the developing concept of NVA. First, value co-creation serves as a means to achieve the goals of network members (Loureiroa et al., 2019). Second, it can occur when there is an awareness of providing convenience and benefits between parties (Zhang & Du, 2019). Third, the adjustment and management of network interactions are necessary to achieve a harmonious equilibrium of interests among all parties within the distribution network (Luo et al., 2009; Wang et al., 2014). Therefore, the concept of NVA is crucial in building value co-creation to drive performance improvement.

The importance of NVA in supporting performance aligns with the conception of SDL that emphasizes reciprocal exchange in the process of interaction (Vargo & Lusch, 2017). Therefore, this research proposed three arguments for developing a process to manage business networks in fostering sustainable networking. In building business networks, the benefits to be received are considered by the party. Meanwhile, the driving force to engage in networking is the potential value received (Loureiroa et al., 2019). Customers will be willing to join marketing networks to gain benefits. Business networks can also function well when there is harmonious interaction with customers. There may be differing interests among parties in

building a network. Therefore, harmonization and balancing of interests are key to the success of network co-creation (Erhardt et al., 2019). Efforts to align network values will cultivate a positive perception and trust that impacts the willingness to market products to consumers and facilitates the process of building relationships and business networks (Hitt et al., 2001). Continuously aligning network values to drive harmonious interactions is referred to as NVA (Sahi et al., 2020; Vătămănescu et al., 2017).



**Figure 1.** Network Value Alignment (NVA)

Several key points are proposed to explain NVA and demonstrated in the Figure 1. The first one is the reciprocal value-based relationship. A strong NVA is established in relationships where each party experiences mutual benefits. Interpersonal relations within a network can exhibit variations depending on factors such as motivation, closeness, and a shared sense of belonging (Kang & Na, 2018). Reciprocal relationships foster closeness and willingness to contribute to the company (Zhang & Du, 2019). Aligning the contributions of each party to provide and receive value for others is crucial in creating a sustainable network. Customers are more likely to engage in networking when positioned as value creators and recipients (Zhang & Du, 2019). Therefore, the reciprocal value becomes an essential attractor in building a valuable network. Networking relationships that emphasize reciprocal value should be developed in collaboration with customers.

The second point proposed is knowledge sharing, which is the process of exchanging ideas, creations, data, and knowledge through discussions to generate new ideas and knowledge (Bari et al., 2020). Sharing and aligning this knowledge is an important step in building organizational network capabilities (Bari et al., 2019). Sharing knowledge is beneficial in helping to align perceptions, gaining a new understanding of the products and services required, gathering competitor information, and reducing potential conflicts. This can result in new experiences that contribute to creativity and synergy, accelerate innovation, and share service standards (Singh et al., 2020). The benefits obtained primarily include improving product and service development processes (Lin et al., 2019). Another advantage is the synergy between parties that can enhance creativity and drive innovation speed (Arsawan et al., 2020).

The third point proposed is service delivery control and involving customers in a distribution network has the

potential to create risks (Zaborek & Mazur, 2019). These risks arise when there is a significant shift in control over the distribution process of products and services (Jap & Ganesan, 2000). As participants in the distribution network, customers can dominate service delivery and possess extensive knowledge about the desired characteristics of services (Luo et al., 2019). Therefore, it is necessary to align authorities for the company to retain sufficient control over the process of delivering products and services.

## 2.2. Service orientation and Network Value Alignment (NVA)

Service orientation is an organizational mindset that directs policies, procedures, and implementation of work systems to support service-oriented behavior, enabling the creation and delivery of excellent service (Homburg et al., 2002; Lytle & Timmerman, 2006; Yan et al., 2020). This variable has four key drivers, first, customer treatment involves managing needs and addressing complaints (Briggs et al., 2020). Second, the service delivery system and technology refer to operational mechanisms used to provide services to customers (Briggs et al., 2020). This is enhanced through the development of service systems and technologies. Third, service leadership signifies the level of expertise and commitment of leaders in managing services to ensure the offered services are of the highest quality (Robinson Jr & Williamson, 2014). Fourth, service training is the company's effort to enhance employee skills through education and training to meet customer needs and standards (Briggs et al., 2020; Lee et al., 2021; Robinson Jr & Williamson, 2014).

Organizations need to select business strategies focused on synergizing resources to create sustainable shared value. Building a marketing network is an effort to synergize the resources with the power of customers, aiming to optimize distribution and enhance efficiency. Therefore, to strengthen the business network, organizations need to align their resources and activities with network value (Wang et al., 2014), which can enhance the capabilities to achieve performance. Service orientation can also drive network-value alignment (NVA) with several arguments. First, service-oriented organizations will focus more on providing excellent service. Second, the organization places the customer as a very important actor in a series of activities. Third, the willingness to become a distributional agent depends on the perceived value in exchange (Eggert et al., 2018). Fourth, organizations will be allowed to direct activities and work programs in building build oriented toward customer satisfaction (Lee et al., 2021). Therefore, high level of service orientation exert efforts toward balancing network values and supporting the creation of shared value in the distribution network. Based on the analysis, the following hypothesis can be proposed:

*H1: The higher the service orientation, the higher the network value alignment (NVA).*

### 2.3. Network Value Alignment (NVA) and firm performance

As a strategy to drive value distribution, NVA enables companies to integrate the strengths of consumers and other parties into business processes. Based on the SDL theoretical framework, the integration of parties has the potential to significantly contribute to business success (Vargo et al., 2020; Vargo & Lusch, 2017) driven with NVA through several considerations. First, networks that are effectively managed through reciprocal interactions foster a sense of equitable positioning, fair treatment, and protection from harm among all parties involved. Consequently, each party receives corresponding benefits and advantages commensurate with their role in the activities of the distribution network. This encourages awareness among each party to voluntarily play an active role in distribution activities to increase sales (Zhang & Du, 2019). Second, sharing knowledge can increase ideas, and insights about products and services needed by consumers, giving companies the power to design, create, and deliver products with values (Partanen et al., 2020). The delivery has great appeal to customers, increasing marketing performance. Third, companies can ensure the maintenance of product and service quality, in line with established standards, by exercising control over their delivery processes. By implementing quality assurance measures, companies can positively influence customer interest, enhancing marketing performance. Based on some of the considerations, a well-managed NVA has a great opportunity to produce a carrying capacity with the potential to encourage increased performance. Therefore, a hypothesis can be proposed as follows:

*H2: The higher the network value alignment, the higher the performance.*

### 2.4. Network Value Alignment (NVA) and service climate

Service climate refers to the organizational atmosphere oriented towards service culture standards, aiming to encourage service-oriented behavior (Hoang et al., 2018; Morgan et al., 2014). Furthermore, it reflects the establishment of a strong dedication (Nabhan & Munajat, 2023), supportive and continuous work culture in building efforts toward superior service quality orientation. The pursuit occurs among all members of the organization with strong support from leadership (Hoang et al., 2018). This can manifest in the development of service quality knowledge (Jia et al., 2016), as well as providing rewards and punishments for service-oriented behaviors.

NVA enables companies to easily enhance the service climate with several arguments. Firstly, companies with a reciprocal relationship place customers as partners whose needs should be considered (Lee et al., 2019). The equality of relations among parties directs behavior towards being attentive to the interests of both parties and encourages the creation of conducive service steps to meet customer

needs (Morgan et al., 2014). Secondly, those involving customers in sharing knowledge and experiences foster creativity and innovation in their efforts to create superior services (Jia et al., 2016). Thirdly, the ability to control services in the distribution network empowers the company to maintain service quality standards (Luo et al., 2019), through various activities and programs. Therefore, a well-managed NVA drives the improvement of a service climate that is more conducive, supportive, and comprehensive in building excellent service. Based on the above arguments, the following hypothesis can be presented:

*H3: The higher the network value alignment, the better the service climate.*

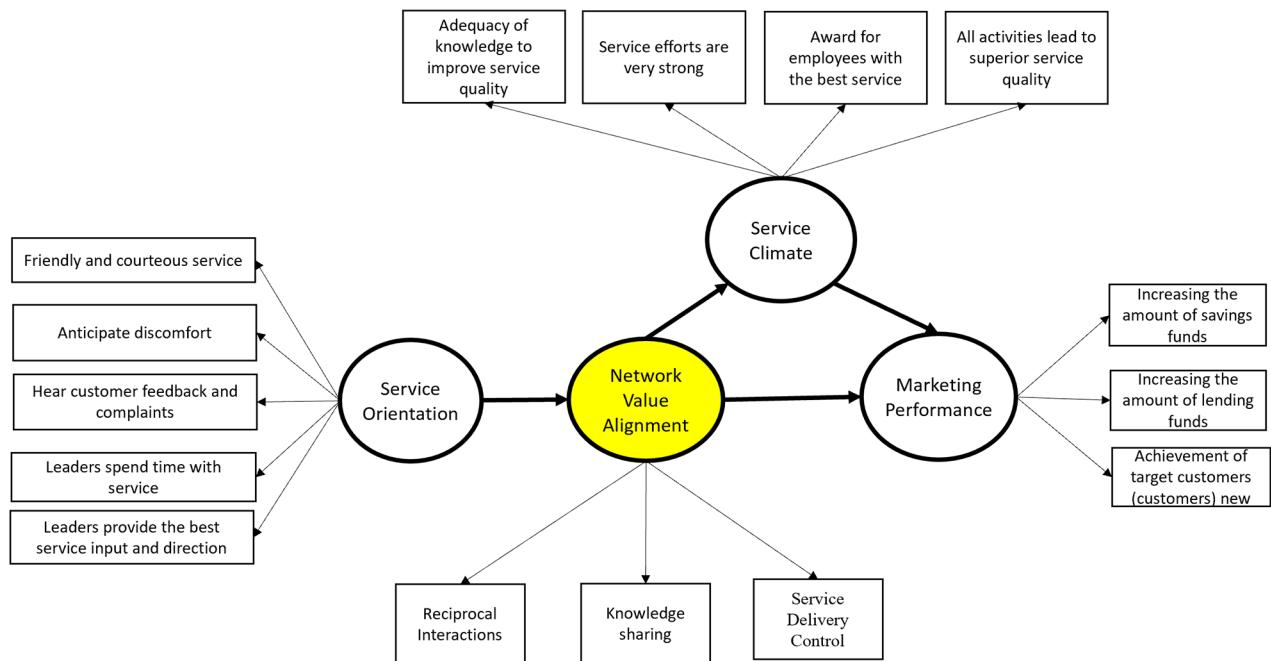
### 2.5. Service climate and marketing performance

Service is a crucial factor in efforts to win competition and achieve company performance based on the perspective of service-dominant logic (SDL) theory (Vargo & Lusch, 2017). The performance is achieved through the formation of organizational awareness and systems-oriented service. Furthermore, the collective nature of sustainable service work systems forms an excellent service climate to ensure the quality and standard of services for customers.

Service climate is a potential resource in driving marketing performance with several considerations. Firstly, delivering excellent customer service requires knowledge and skills (Jia et al., 2016). Mastery of these variables shapes the company's capabilities in delivering value according to customer needs (Preece, 2015). Secondly, strong efforts from all members of the company are needed to achieve excellent service (Açıkgoz & Latham, 2022). The customers require dedicated efforts, and internal drive from all members of the company to commit to building satisfying services is an essential element in enhancing marketing performance. Thirdly, to foster a commitment, the company needs to provide a conducive work environment that supports the achievement of service performance, including rewarding employees who achieve good service outcomes. These awards provide incentives for employees to consciously strive to provide the best service (Ngwa et al., 2019). Fourthly, the comprehensive effort of providing excellent service by all parts of the organization, integrated into all activities and work programs, plays a crucial role in achieving marketing performance. The company can achieve good marketing performance when all activities are directed toward delivering quality services (Tsai & Huang, 2020). Based on these arguments, the creation of an excellent service climate can drive marketing performance.

*H4: The higher the service climate, the better the firm performance*

The proposed series of hypotheses can be presented in a research model as shown in Figure 2. A well-developed service orientation will enhance reciprocal interaction (Jin, 2024), knowledge sharing (Wang et al., 2021) and service



**Figure 2.** Research model

delivery control (Lee et al., 2021; Ponsignon et al., 2024), which in turn has significant potential to boost marketing performance (Nguyen & Prentice, 2022; Sun et al., 2023). Furthermore, a comprehensively developed network value alignment (NVA) has the power to foster a conducive service climate (Li et al., 2024; Ojiako et al., 2024; Twumasi Ankrum et al., 2025), which in turn support performance (Alqhaiwi & Luu, 2024; Wang et al., 2024). Therefore, NVA plays a crucial role in leveraging the influence of service orientation in generating improved marketing performance.

### 3. Methodology

The data was collected from the management of microfinance institutions operating as cooperative savings and loans in Central Java, from October 2022 to January 2023. These microfinance institutions marketed their services by involving different customer groups such as community leaders, educational institution administrators, social and religious organization managers, and business managers who influenced their subordinates. Central Java consists of 35 regencies and cities, based on central statistik agency data, 2023, there were 10,978 microfinance institutions. This study randomly selected 12 regencies and cities as research locations. Meanwhile, the total number of microfinance institution managers in 2022 was 3,704. The sample size was determined based on the number of indicators to be observed, which is a minimum of  $10 \times$  the number of observations (Hair et al., 2019). Therefore, with 15 indicators, the minimum sample size was  $10 \times 15 = 150$  samples. To improve data accuracy, this study determined a larger sample size more than 200 respondents. Data was collected based on the respondents' willingness and was

done voluntarily without coercion and did not violate ethics and regulations for publication. The questionnaire was created using Google Forms and sent to the respondents through their respective WhatsApp numbers, with a total of 315 microfinance institution managers. Out of the 315, only 235 respondents completed and returned the questionnaire, resulting in a response rate of 75%. The sample selection was conducted using nonprobability purposive sampling. This method was selected to obtain respondents suitable for the research objectives (Sekaran & Bougie, 2016), specifically, those familiar with networking activities in microfinance institutions. Data screening was also performed, removing incomplete and outlier responses, resulting in 226 valid responses for further analysis. The demographic characteristics of the respondents are presented in Table 1.

**Table 1.** Research sample

	Characteristics	Respondents	Percentage %
Age	<20	6	2.7%
	21-30	33	14.6%
	31-40	65	28.8%
	41-50	84	37.2%
	>50	38	16.8%
		226	100.0%
Position	Manager	112	49.6%
	Branch head	98	43.4%
	Director	16	7.1%
		226	100.0%
Region	Semarang city	35	15.5%
	Salatiga City	10	4.4%
	Semarang Regency	20	8.8%

End of Table 1

	Characteristics	Respondents	Percentage %
	Temanggung	15	6.6%
	Magelang Regency	16	7.1%
	Magelang City	18	8.0%
	Boyolali	29	12.8%
	Surakarta City	23	10.2%
	Sragen	18	8.0%
	Karangayär	12	5.3%
	Sukoharjo	15	6.6%
	Wonosobo	15	6.6%
		226	100.0%

The measurement variables were adapted from relevant previous research. The adaptation from (Briggs et al.,

2020; Yan et al., 2020) created several indicators for service orientation, such as serving with friendliness and politeness, anticipating customer discomfort, listening to feedback and complaints, leaders dedicating time to accompany service, and providing education and training for all employees to achieve excellent service. The service climate was adapted from (Hoang et al., 2018; Morgan et al., 2014) resulting in several indicators, including sufficient knowledge, strong efforts, recognition of employees, and overall activities directed towards building superior service quality. The concept of NVA involved a newly introduced variable that required measurement. It was effectively achieved by engaging in reciprocal interactions, sharing knowledge, and fostering mutual understanding with partners, while maintaining authority over service provision. Services that were developed in alignment with network values had the

**Table 2.** Measurement of validity and reliability

Variable & Indicator	Scale Item	Reference	Std, Loading	Critical Ratio
Service Orientation: Convergent Validity – AVE = 0.578 Construct Reliability – CRI = 0.872				≥1.96
Friendly and courteous service	Employees are required to serve in a friendly and courteous manner	(Briggs et al., 2020; Yan et al., 2020)	0.806	8.511
Anticipate discomfort	Employees try hard to reduce customer discomfort.		0.673	10.426
Hear customer feedback and complaints.	Employees always listen to customer input and complaints.		0.78	12.472
Leaders spend time with service.	Leaders spend time with employees in serving customers.		0.785	12.576
Leaders provide the best service input and direction	Leaders always provide input and direction to employees to provide the best service.		0.752	11.929
Network Value Alignment: Convergent Validity–AVE = 0.536 Construct Reliability – CR = 0.776				
The relationship between giving and receiving (reciprocal) benefits	In networking, a balanced relationship is maintained between giving and receiving benefits.	(Zaborek & Mazur, 2019; Zaid et al., 2021)	0.675	9.197
Easily submit and receive feedback on improving service quality	In networking, it is easy to convey and receive input on improving service quality.		0.775	9.463
Service delivery control	In networking, service quality standards can be maintained and controlled.		0.775	9.197
Service Climate: Convergent Validity – AVE = 0.549 Construct Reliability – CR = 0.783				
Adequacy of knowledge to improve service quality	Employees have sufficient knowledge to improve service quality	(Hoang et al., 2018; Morgan et al., 2014)	0.644	9.921
Service efforts are very strong.	Efforts to ensure the delivery of superior service are very strong		0.713	8.511
Award for employees with the best service	The company rewards employees for the best service		0.777	8.987
All activities lead to superior service quality	All activities are directed towards superior quality services		0.721	8.581
Marketing Performance: Convergent Validity – AVE = 0.542 Construct Reliability – CR = 0.825				
Increasing the amount of savings funds	Since networking, the amount of savings funds has increased even higher	(Setiawan & Ferdinand, 2021; Ferdinand & Zuhroh, 2021)	0.815	10.802
Increasing the amount of lending funds	Since networking, the amount of lending funds has increased even higher.		0.769	8.692
Achievement of target customers (customers) new	Since networking, new target customers have been achieved		0.625	8.902

potential to create a favorable climate, thereby promoting increased marketing performance. An interactional justice scale used by Zaid et al. (2021) was flexible in responding to diverse interests. The framework was integrated with Yoon (2019) to develop a relationship balance scale for assessing the exchange of benefits. In this context, Awan et al. (2020) used the scale to gather insights for improving service quality, and Luo et al. (2019) applied the concept to control service delivery. Meanwhile, marketing performance was adapted from Setiawan and Ferdinand (2021), Ferdinand and Zuhroh (2021) which used indicators of sales growth and achievement of sales targets, increasing the amount of savings and credit disbursement, as well as achievement of target customers. The scale items presented in Table 1 were measured with an interval starting from a score range of 1 to 10.

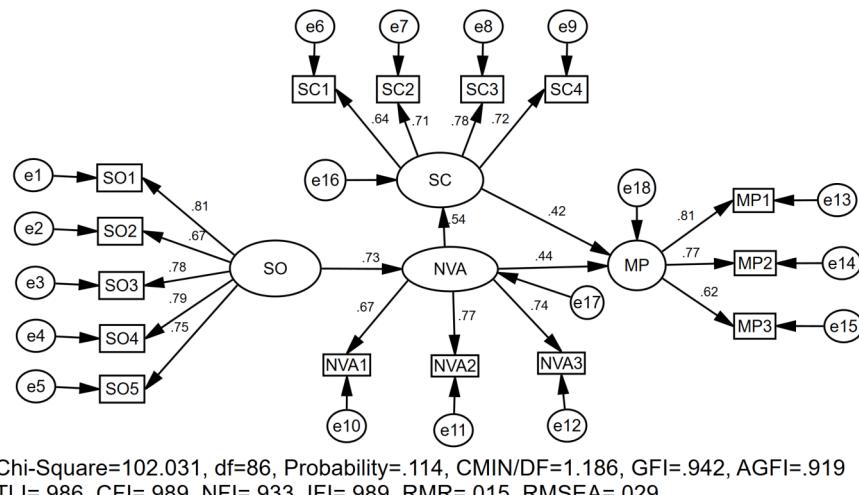
This research used AMOS SEM with several considerations. First, Amos' SEM was capable of testing simultaneous models (Nachtigall et al., 2003) and the role of mediating variables (Tabachnick & Fidell, 2013). The 226 data collected were tested for validity and reliability in the full model as presented in Table 2, followed by the hypothesis testing presented in Table 3.

Table 2 showed that all variables had a positive loading factor with a critical ratio value  $\geq 1.96$ , hence the indicators reported the latent variables correctly. An indicator was considered capable of representing the variable when the critical ratio value was  $\geq 1.96$  (Tabachnick & Fidell, 2013).

Furthermore, the convergent validity of each variable showed a cut-off limit of 0.50-0.70 (Hair et al., 2010), indicating that convergent validity was well accepted. Results of the Average of Variance Extracted (AVE) measurement test from service orientation, Network Value Alignment, Service Climate, and Marketing Performance variables were 0.578, 0.536, 0.549, and 0.542, respectively. All AVE values were above 0.50, and the content of data variation for each indicator contained by each variable was greater than 0.50, hence all indicators were valid for measuring the variable. The latent variables had good reliability, based on construct reliability index ( $\text{CRI} \geq 0.70$ ) (Hair et al., 2010), namely service orientation (0.872), network value alignment (0.776), service climate (0.783) and marketing performance (0.825). Hypotheses testing was conducted after the validity and reliability of the research instrument were met.

#### 4. Research findings

This research was conducted using the AMOS 24 structural equation model (SEM) software to test all hypotheses. Figure 3 shows  $\chi^2 = 102.031$  ( $DF = 86$ ;  $p = 0.114 \geq 0.05$ ), goodness of fit index ( $GFI = 0.942 \geq 0.90$ ), adjusted goodness of fit index ( $AGFI = 0.919 \geq 0.90$ ), tucker-lewis index ( $TLI = 0.986 \geq 0.95$ ), comparative fit index ( $CFI = 0.989 \geq 0.95$ ), root mean square residual ( $RMR = 0.015 \leq 0.05$ ) and the root mean square error of approximation ( $RMSEA = 0.029 \leq 0.05$ ).



**Figure 3.** Results of Structural Equation Model (standardized value)

**Table 3.** Hypothesis testing

	Hypothesis			Std Estimates	Lower	Upper	p-value	Conclusion
H1	Service Orientation	$\rightarrow$	Network Value Alignment	.735	.601	.844	.002	Supported
H2	Network Value Alignment	$\rightarrow$	Marketing Performance	.444	.283	.627	.002	Supported
H3	Network Value Alignment	$\rightarrow$	Service Climate	.536	.361	.690	.002	Supported
H4	Service Climate	$\rightarrow$	Marketing Performance	.417	.224	.574	.002	Supported

$0.029 \leq 0.08$ . The results of this research model have met the criteria of goodness of fit indices.

The data normality test obtained the multivariate assessment of  $13.647 \geq 0.258$ , meaning there was no normal distribution. Therefore, a bootstrap bollen-stin test was carried out (Collier, 2020), with the condition that  $p \geq 0.05$ . The bootstrap bollen-stin test obtained a result of  $0.554 \geq 0.05$ , where the results were accepted, as presented in Table 3.

Based on the hypothesis test, service orientation had a significant positive effect on network value alignment ( $\beta = 0.002$ ,  $p < 0.05$ ). With a 95% degree of confidence, the effect of service orientation was between 0.601 and 0.844. Furthermore, NVA had a significant positive effect on marketing performance ( $\beta = 0.002$ ,  $p < 0.05$ ). With a 95% degree of confidence, the effect was between 0.283 to 0.627. In line with the initial hypothesis, NVA had a significant positive effect on service climate ( $\beta = 0.002$ ,  $p < 0.05$ ). With a 95% degree of confidence, the effect on service climate was between 0.361 and 0.690. Likewise, this variable had a significant positive effect on marketing performance ( $\beta = 0.002$ ,  $p < 0.05$ ). At the 95% confidence level, service climate on marketing performance was between 0.224 and 0.574. It was concluded that all the proposed hypotheses (H1, H2, H3, and H4) were acceptable, as presented in Table 3.

## 5. Discussion

Based on empirical data testing and hypothesis testing, the following findings can be presented. First, service orientation is proven to be able to improve NVA. Companies with the ability to build good service orientation place customers as important actors in organizational activities. Service orientation also directs activities and work programs focused on customer service. The priority on service encourages companies to have sufficient space to be reciprocal in establishing networks, not only prioritizing their interests, being willing to listen to and understand input and information from customers. This is driven by the choice of capability development which prioritizes the importance of service quality. Second, NVA has proven to be able to improve marketing performance and service climate. The effect of this variable on service climate is greater than on marketing performance. The influence of NVA on the service climate offers a fresh perspective, suggesting that organizations capable of aligning their network values possess a heightened capacity to cultivate a service-oriented work environment characterized by exceptional service standards. The increase in NVA fosters a culture where all employees duly acknowledge performance accomplishments rooted in service excellence. Consequently, employees strive to outdo one another in delivering optimal service to customers. Third, it is important to recognize that NVA plays a role in shaping marketing outcomes, even though the impact on marketing performance may not be significant compared to the influence on the service

climate. Organizations delve into the willingness of external entities to actively engage in service distribution, possess the necessary expertise to deliver superior service and exercise control over service quality through this concept. Therefore, sales performance must be increased to achieve services that attract customers. Fourth, the influence of service climate is proven to effectively improve marketing performance. The high quality of service is achieved with the support of a service-focused work atmosphere and culture. It has proven to possess a very good impact on improving marketing performance. Fifth, different from another research, based on the principles of SDL theory, this study successfully proposed a new concept network value alignment (NVA). This finding also successfully answered a major question that arose from the controversy surrounding previous research regarding the influence of service orientation on performance. Therefore, it is understandable that service orientation does not always drive performance, as a key concept is needed to enhance the values of service orientation. Through in-depth analysis and empirical data verification, this study found that building a service orientation requires the development of a strong NVA to support performance improvement.

## 6. Conclusions and implications

This research contributes to further analyses from the perspective of service-dominant logic (SDL) theory. Even though several previous research examine value co-creation, the ability to balance distribution network values has not been investigated. Therefore, this research examines NVA to expand this theoretical analysis. It proves that NVA is an important antecedent variable in improving marketing performance. This research also offers a valuable contribution to the literature on microfinance management and service marketing in developing economies. By introducing a novel variable (NVA) as a mediating concept, it bridges strategic service alignment with network relationships. The findings can improve managerial practices in service-oriented microfinance operations, particularly those relying on community-driven models.

This research clarifies the discussion of service orientation as an antecedent variable of NVA. Several analyses on service orientation on marketing performance have been carried out, but only a few examined the values of distribution networks. Service orientation and marketing performance are examined from the perspective of service-dominant logic (SDL) theory, to explain NVA in producing value-in exchange.

Recent research on the effect of service orientation on performance has been carried out by Lee et al. (2021). According to the result, employee and customer outcomes are used as mediating variables between service orientation and organizational outcomes. Furthermore, Briggs et al. (2020) examined the effect of service orientation on retailers on profitability. In this research, employee satisfaction and customer relationship performance are used as

mediating variables. This complements previous research that service orientation on performance is not only mediated by the output variable but examines in depth its influence on NVA.

The research emphasizes the importance for managers of financial institutions to pay attention to NVA in encouraging increased performance. This alignment of network values can attract a company's service orientation and drive the achievement of sales results.

## 7. Limitations and future research

This research was conducted at microfinance institutions with special characteristics in the form of their closeness to the community who are customers. In the future, it would be interesting to research other companies with more heterogeneous characteristics. This is because broader and more in-depth research is obtained to align the values of this network in managing distribution.

This research tested the hypothesis validated by the results of the structural equation model test on 226 respondents from managers of microfinance institutions in Central Java, Indonesia. Future analyses should be conducted on a broader scope to obtain more in-depth research on the effect of NVA on marketing performance, specifically in financial institutions.

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