

CO-CREATING OPERATIONAL SERVICE EXCELLENCE IN SMES: INTEGRATING ACADEMIC INSIGHTS AND SHARIA BANKING PRACTICES THROUGH SERVICE-DOMINANT LOGIC

Denny Rakhmad Widi Ashari¹, Gautama Sastra Waskita², Nurani³, Ahmad Rifa'i⁴,
Muhammad Syahrul Hidayat⁵

Fakultas Agama Islam, Universitas Nahdlatul Ulama Blitar^{1,4}

Fakultas Ekonomi, Universitas Tulungagung^{2,3}

Fakultas Ekonomi dan Bisnis, Universitas Islam Darul Ulum Lamongan⁵

drwashari@uniblitlar.ac.id¹, sastrawaskita@unita.ac.id², nurani@unita.ac.id³,

ahmadrifai@unublitar.ac.id⁴, syahrulhidayat@unisda.ac.id⁵

Abstract

Small and medium-sized enterprises (SMEs) face increasing pressure to enhance service quality within market uncertainty, limited resources, and rapid digital transformation. However, many SMEs struggle to develop sustainable service excellence due to fragmented capabilities and the absence of structured cross-sector collaboration. This study aims to investigate how co-creation between SMEs, academic institutions, and the banking industry can jointly drive service excellence by adopting the principles of Service-Dominant Logic (SDL).

A qualitative exploratory design was employed, using in-depth interviews, expert discussions, and document analysis to examine the interplay of knowledge exchange, resource integration, and collaborative service innovation across the three stakeholder groups. The findings reveal that service excellence emerges through co-created value rather than isolated organizational initiatives. Academic institutions contribute theoretical frameworks and analytical tools, while the banking sector provides financial expertise, risk management practices, and customer service models. SMEs, in turn, integrate these resources to build adaptive capabilities, elevate customer experience, and strengthen operational resilience.

The study demonstrates that triadic collaboration enables SMEs to transition toward customer-centric service models, leverage digital technologies, and develop more robust financial and managerial competencies. These insights extend the SDL framework by highlighting the role of multi-actor ecosystems in shaping service innovation within resource-constrained contexts.

The implications underscore the need for structured co-creation platforms, capacity-building initiatives, and long-term partnerships to scale SME service excellence. The study further recommends exploring broader ecosystem actors and mixed-method approaches to deepen theoretical and managerial understanding of co-creation-driven service transformation.

Keywords: Service Excellence; Co-Creation; Small and Medium Enterprises (SMEs); Service-Dominant Logic (SDL); Industry–Academia Collaboration.

INTRODUCTION

Small and Medium Enterprises (SMEs) play a critical role in driving economic growth, employment creation, and regional development, particularly in emerging economies such as Indonesia. In regions like Tulungagung, SMEs not only contribute to local value chains but also function as the backbone of community-based entrepreneurship. Despite their significant

contribution, many SMEs continue to face challenges in developing competitive capabilities, especially in the area of service excellence, which has become an increasingly important differentiator in today's customer-driven markets. As consumer expectations evolve and competition intensifies, SMEs must shift from transactional service practices toward more relational and value-driven approaches that emphasize superior customer experience and continuous service improvement ¹.

Empirical studies have consistently shown that SMEs often encounter limitations in service design, service standardization, and customer engagement due to constrained managerial knowledge and lack of exposure to advanced service management practices ². These limitations are particularly evident when compared to highly regulated and service-intensive industries such as banking and hospitality, where service excellence is institutionalized through structured training, performance metrics, and customer-centric culture. This discrepancy indicates an opportunity for knowledge transfer and competency development through cross-sector collaboration. Leveraging expertise from both academia and industry practitioners may enable SMEs to access structured learning, benchmarking, and applied service models that enhance their service capabilities.

The emergence of Service-Dominant Logic (SDL) provides a robust theoretical foundation to advance such collaborative efforts. SDL posits that service is the fundamental basis of exchange and that value is co-created through interactions among actors within a service ecosystem. Under this logic, SMEs are not merely providers of products but participants in a dynamic value co-creation process involving customers, institutional actors, and partners. This paradigm aligns strongly with the need to build service excellence capacity through collaborative training programs involving academics who bring conceptual frameworks and analytical tools and banking industry professionals who contribute applied service expertise and customer-facing best practices.

Co-creation as a strategic mechanism has been recognized as a powerful approach to enhancing service quality, organizational learning, and innovation, particularly within resource-constrained firms such as SMEs ³. Through intentional collaboration, SMEs can adopt high-service standards, refine service encounters, and embed value-based service practices that strengthen their competitiveness. Integrating academic insights with industry experience therefore represents a highly relevant and potentially impactful model for service capability development.

Given the strategic importance of SMEs in regional economies like Tulungagung and the persistent challenges they face in achieving service excellence, there is a growing need for research

¹ Olufunke Anne Alabi et al., 'Omni-Channel Customer Experience Framework: Enhancing Service Delivery in SMEs', *World Journal of Advanced Research and Reviews* 24, no. 2 (November 2024): 655–70, <https://doi.org/10.30574/wjarr.2024.24.2.3335>; Eni Widhajati, Gautama Sastra Waskita, and Desi Rahmawati, 'A Public-Driven Marketplace for Sustainable Micro-Entrepreneurship: Exploring Value Co-Creation in Tulungagung's Car-Free Day Business Ecosystem', *Proceedings International Seminar Tulungagung University* 7 (December 2025): 1174–84, <https://doi.org/10.36563/pxrmnn50>.

² Dwayne D. Gremler et al., 'Understanding and Managing Customer Relational Benefits in Services: A Meta-Analysis', *Journal of the Academy of Marketing Science* 48, no. 3 (May 2020): 565–83, <https://doi.org/10.1007/s11747-019-00701-6>; Gautama Sastra Waskita, 'Strategi Implementasi Customer Relationship Management Yang Efektif', in *Manajemen Hubungan Pelanggan (Customer Relationship Management)* (Sada Kurnia Pustaka, 2025), 1:57–85.

³ Anmar Kamalaldin et al., 'Transforming Provider-Customer Relationships in Digital Servitization: A Relational View on Digitalization', *Industrial Marketing Management* 89 (August 2020): 306–25, <https://doi.org/10.1016/j.indmarman.2020.02.004>.

that empirically examines how cross-sector collaboration can facilitate value co-creation and service improvement. While prior studies have explored SDL applications in various industries, limited attention has been given to its implementation within SME capacity-building programs, particularly those involving joint contributions from academia and the banking industry. This research seeks to fill that gap by exploring how co-created service excellence can be developed through integrated academic–industry interventions grounded in SDL principles.

Despite their vital contribution to regional economic development, Small and Medium Enterprises (SMEs) continue to face substantial challenges in delivering high-quality service and creating superior customer experiences. Many SMEs operate with limited resources, minimal formal training, and insufficient understanding of modern service management principles, particularly those grounded in value-based and relational service perspectives. Prior studies show that SMEs often rely on transactional approaches to service delivery, overlooking the importance of interaction quality, customer engagement, and value co-creation processes that are fundamental to achieving service excellence ⁴. A pronounced *service capability gap* also persists between SMEs and highly institutionalized service sectors such as banking and hospitality. In the banking industry exemplified by institutions like Bank Muamalat Indonesia, service excellence is supported by systematic training, standardized procedures, and a well-established customer-centric culture. By contrast, SMEs in regions such as Tulungagung rarely have access to such structured knowledge, resulting in inconsistent service performance and limited competitiveness in increasingly demanding markets. This disparity aligns with the findings of Alnakhli (2021), who argue that insufficient service capabilities hinder SMEs' competitive advantage and weaken their ability to build long-term customer relationships ⁵.

Furthermore, the mechanism for knowledge transfer and collaborative learning between academia and industry practitioners remains underutilized. Existing literature emphasizes that cross-sector collaboration plays a crucial role in enhancing service capabilities through shared learning, best-practice dissemination, and the adoption of contemporary service concepts such as Service-Dominant Logic (SDL) ⁶. Yet, in the specific context of Tulungagung, such integrative initiatives rarely materialize into structured, theory-driven capacity-building programs for SMEs. This raises critical questions about how value co-creation can be facilitated and how collaborative interventions can systematically improve SMEs' service excellence. Therefore, the central problem this study seeks to address is how the integration of academic insights and professional banking service practices can foster co-created service excellence within SMEs, and how SDL principles can guide the development of sustainable service capabilities in a local economic ecosystem such as Tulungagung.

The primary objective of this study is to investigate how collaborative value co-creation between academia and the banking industry can enhance service excellence within Small and Medium Enterprises (SMEs) in Tulungagung. By integrating conceptual insights from academic scholarship with the applied service practices of a leading banking institution, this research aims

⁴ Diego Augusto De Jesus Pacheco et al., 'Overcoming Barriers towards Sustainable Product-Service Systems in Small and Medium-Sized Enterprises: State of the Art and a Novel Decision Matrix', *Journal of Cleaner Production* 222 (June 2019): 903–21, <https://doi.org/10.1016/j.jclepro.2019.01.152>.

⁵ Hayam Alnakhli, Aniefre Eddie Inyang, and Omar S. Itani, 'The Role of Salespeople in Value Co-Creation and Its Impact on Sales Performance', *Journal of Business-to-Business Marketing* 28, no. 4 (2021): 347–67; Gautama Sastra Waskita and Denny Rakhmad Widi Ashari, 'Building Competitive Advantage through Management Information Systems: A Managerial Perspective in the Digital Era', *ESPAS - Journal of Economics and Banking* 1, no. 1 (2024): 1–5.

⁶ Stephen L. Vargo and Robert F. Lusch, 'Service-Dominant Logic 2025', *International Journal of Research in Marketing* 34, no. 1 (2017): 46–67.

to generate a deeper understanding of how cross-sector collaboration can strengthen service capabilities in resource-constrained business environments. More specifically, the study seeks to:

1. Examine the mechanisms through which academic knowledge and banking industry practices interact to facilitate value co-creation in the context of SME service development. This includes identifying the roles, resources, and competencies each actor contributes to the co-creation process, consistent with the Service-Dominant Logic (SDL) perspective that views value as collaboratively produced rather than embedded in products or services ⁷.
2. Identify the service capability gaps experienced by SMEs and explore how collaborative interventions can address these gaps through structured capacity-building efforts. The study aims to understand how SMEs can adopt service excellence principles commonly practiced in highly institutionalized service sectors such as banking, where customer-centricity, service consistency, and relational engagement are deeply embedded in organizational culture.
3. Develop a conceptual framework that explains how co-created service excellence emerges within SMEs through the integration of academic insights and industry best practices. This framework is expected to capture the dynamic processes, learning interactions, and resource integrations that contribute to the enhancement of SME service quality.
4. Assess the implications of applying SDL principles in SME capacity-building programs and evaluate how these principles can guide sustainable service improvement within local entrepreneurial ecosystems.

Through these objectives, the study aims to provide both theoretical contributions: by extending SDL into the SME context and practical implications for designing collaborative service excellence programs that are replicable across regions and industries.

Existing literature on service excellence highlights the increasing relevance of customer experience, relational engagement, and service system integration as key determinants of competitive advantage across various industries ⁸. Within the framework of Service-Dominant Logic (SDL), researchers argue that value is co-created through multidirectional interactions among actors in a service ecosystem rather than being unilaterally delivered by firms ⁹. Numerous studies have explored SDL applications in sectors such as retail, hospitality, and financial services, demonstrating the importance of resource integration and collaborative processes in enhancing service performance ¹⁰. Meanwhile, extensive research on SME development has documented persistent limitations in managerial capability, service design, and customer relationship management due to resource constraints and limited exposure to best practices ¹¹.

However, despite the rich theoretical foundation in SDL and the growing emphasis on service excellence in service-intensive industries, several critical gaps remain. First, the application of SDL in the SME context especially in developing countries remains underexplored. Existing studies tend to focus on large service firms, overlooking small

⁷ Vargo and Lusch.

⁸ Gremler et al., 'Understanding and Managing Customer Relational Benefits in Services'; Anantharathan Parasuraman, Leonard L. Berry, and Valarie A. Zeithaml, 'Perceived Service Quality as a Customer-based Performance Measure: An Empirical Examination of Organizational Barriers Using an Extended Service Quality Model', *Human Resource Management* 30, no. 3 (1991): 335–64.

⁹ Vargo and Lusch, 'Service-Dominant Logic 2025'.

¹⁰ Kumar Rakesh Ranjan and Stuart Read, 'Value Co-Creation: Concept and Measurement', *Journal of the Academy of Marketing Science* 44, no. 3 (2016): 290–315.

¹¹ Denny Rakhmad Widi Ashari et al., 'Sharia-Based Human Capital Development: A Literature Review on Character Building For Islamic Banking Competitiveness', *Jurnal At-Tamwil: Kajian Ekonomi Syariah* 7, no. 2 (2025): 218–31.

enterprises that operate in resource-poor environments and face unique barriers in adopting value co-creation practices. Second, while cross-sector collaboration is recognized as a promising mechanism for knowledge transfer, empirical research examining structured collaboration between academia and industry (particularly the banking sector) to strengthen SME service excellence remains limited. The literature offers conceptual discussions on co-created service innovation but rarely investigates how such collaboration unfolds in practice or how it addresses concrete service capability gaps within SMEs ¹².

Third, prior studies on SME training and capacity-building programs often lack grounding in robust theoretical frameworks, resulting in fragmented or narrowly focused interventions that fail to produce sustainable improvements ¹³. There is a need for empirically informed, SDL-based frameworks that explain how value co-creation processes can be institutionalized within SME development initiatives, especially in localized contexts such as Tulungagung. Given these gaps, this research contributes to the literature by:

- (1) Extending SDL application to SME capacity-building through an empirical examination of academic–industry collaboration;
- (2) Providing a new conceptual framework that captures how co-created service excellence emerges through resource integration, learning interactions, and cross-sector knowledge transfer; and
- (3) Offering practical insights to design replicable, scalable models for enhancing service capabilities among SMEs in regional economies.

This study offers a distinctive scholarly contribution by advancing a deeper understanding of how Service-Dominant Logic (SDL) can be operationalized within the context of SME service capability development through a structured collaboration between academia and the banking industry. While SDL has been extensively theorized in service research, most studies examine its application in large, resource-rich service organizations, leaving a significant gap in how SDL principles function within small enterprises that operate under resource scarcity and limited formal service systems. By focusing on SMEs in Tulungagung, this research introduces a novel contextual lens that has received minimal attention in contemporary literature.

The first novelty lies in the study’s integrative approach, which systematically combines academic insights with industry best practices specifically from the banking sector known for its mature service culture and highly standardized service excellence frameworks. Few studies have explored how such cross-sector synergy can be leveraged to build SME service capabilities, and even fewer have grounded the intervention within the conceptual logic of SDL. This positions the study as an important contribution to both service science and SME development literature. The second novelty is the introduction of a co-created service excellence framework that captures how resource integration, knowledge sharing, and learning interactions between academics, banking practitioners, and SME owners jointly shape service improvement outcomes. While previous literature acknowledges the importance of value co-creation ¹⁴, empirical models that explicate this process within SME training interventions remain scarce. The framework proposed in this study fills this theoretical void and provides a replicable model for future research.

¹² Melissa Archpru Akaka and Stephen L. Vargo, ‘Technology as an Operant Resource in Service (Eco) Systems’, *Information Systems and E-Business Management* 12, no. 3 (2014): 367–84.

¹³ Gautama Sastra Waskita et al., ‘Integrating Sustainable Development Goals into Coffee Shop Operations: Insights from Kedai Kosim, Indonesia’, *SINDA: Comprehensive Journal of Islamic Social Studies* 4, no. 3 (2024): 243–52.

¹⁴ Ranjan and Read, ‘Value Co-Creation: Concept and Measurement’; Vargo and Lusch, ‘Service-Dominant Logic 2025’.

The third novelty pertains to the study's methodological contribution. By employing a context-specific, collaborative capacity-building design, the research demonstrates how SDL can be translated into actionable strategies for strengthening service excellence among SMEs in a localized economy. This challenges the prevailing assumption that SDL is more applicable to large firms and extends its applicability to grassroots-level enterprises. Collectively, these contributions justify the significance of the study, positioning it as a meaningful advancement at the intersection of service science, SME capability development, and cross-sector collaboration.

RESEARCH METHODS

This study adopts a qualitative interpretive research design to explore how SMEs in Tulungagung co-create service excellence through the integration of academic insights and industry practices within the lens of Service-Dominant Logic (SDL). A qualitative approach is appropriate for revealing the complex, socially constructed nature of service interactions, actor engagement, and resource integration processes, which cannot be fully captured using positivist or quantitative methods¹⁵. Through this design, the research aims to provide a nuanced understanding of how SMEs develop, negotiate, and enact service excellence in their day-to-day operations.

The research follows a multiple case study strategy, which allows in-depth investigation of diverse SMEs across different service categories. This approach is widely recommended in SDL and service ecosystems research because it enables the identification of context-specific mechanisms through cross-case patterns and theoretical replication¹⁶. The research was carried out in three overarching phases: exploratory engagement, data collection, and interpretive analysis. In the exploratory phase, initial observations and conversations with SME owners provided insight into key service challenges, customer expectations, and operational constraints. These early interactions helped refine research questions and frame the context for formal data collection.

Data collection relied on semi-structured, in-depth interviews with SME owners, frontline employees, customers, and ecosystem partners such as community groups and cooperative institutions. This method is consistent with the multi-actor orientation of SDL, which views service as a co-created phenomenon shaped by interactions between interconnected actors¹⁷. Interviews were complemented by both participant and non-participant observations conducted within the natural settings of the SMEs, enabling the researcher to capture real-time service encounters, employee practices, customer responses, and digital touchpoints. Observational insights enriched the interview data by revealing tacit behaviors and situational dynamics that participants might not explicitly articulate.

To enhance the depth and credibility of the dataset, the research incorporated document and artifact analysis, including internal SOPs, operational manuals, customer feedback logs, social media content, and online marketplace interactions. Such triangulation across data types strengthens the validity of qualitative inquiry by providing multiple lenses for interpreting the phenomenon (Tracy, 2010). The literature review, which anchors the theoretical foundation of

¹⁵ Anna Lundqvist et al., 'The Impact of Storytelling on the Consumer Brand Experience: The Case of a Firm-Originated Story', *Journal of Brand Management* 20, no. 4 (2013): 283–97; Adrian Payne and Pennie Frow, 'Customer Relationship Management: Strategy and Implementation', in *The Marketing Book* (Routledge, 2016), 439–66.

¹⁶ Suvi Nenonen and Kaj Storbacka, 'Actors, Actor Engagement and Value Creation', *Journal of Creating Value* 4, no. 2 (2018): 196–98; Vargo and Lusch, 'Service-Dominant Logic 2025'.

¹⁷ Akaka and Vargo, 'Technology as an Operant Resource in Service (Eco) Systems'.

the study, drew on recent publications related to SDL, value co-creation, service ecosystems, digital service provision, and SME innovation. The review served not only as conceptual grounding but also as a comparative frame during the analytic process.

Data analysis employed thematic analysis using Braun and Clarke's (2021) reflexive framework. The analysis progressed through iterative cycles of familiarization, coding, theme development, and interpretive synthesis. An abductive reasoning strategy guided the analytic process, enabling the researcher to move fluidly between empirical insights and theoretical constructs¹⁸. This approach is particularly suitable for studies aiming to advance theoretical understanding while remaining grounded in lived experiences of actors.

To ensure trustworthiness and methodological rigor, several quality assurance strategies were employed: triangulation across methods and sources, member checking with key participants to validate interpretations, maintenance of an audit trail documenting analytic decisions, and provision of thick descriptions to support transferability (Lincoln & Guba, 1985). The integration of rigorous qualitative procedures, multi-actor data sources, and SDL-informed interpretive analysis positions this study to contribute high-quality insights to the literature on service excellence, SME service innovation, and value co-creation.

RESULTS AND DISCUSSION

The qualitative analysis revealed a structured and evolving process of value co-creation among academics, Bank Muamalat Indonesia as the banking industry partner, and SMEs in Tulungagung. The interaction of these actors generated several interconnected themes that collectively explain how service excellence is shaped within a resource-constrained SME context through the lens of Service-Dominant Logic (SDL).

First, the findings indicate that resource integration served as the foundational mechanism enabling SMEs to improve their service performance. Bank Muamalat Indonesia contributed institutional and operational resources including knowledge of service standards, digital banking tools, payment systems, and practical service protocols while academics translated theoretical concepts of SDL and service excellence into accessible learning formats. SMEs, in turn, offered contextual and experiential knowledge about local customer behavior and operational practices. This reciprocal integration demonstrates the SDL principle that value emerges from the interplay of diverse operant resources rather than from any single actor.

Second, the collaboration fostered a co-learning dynamic in which all actors actively engaged in mutual knowledge building. Academic facilitators provided conceptual frameworks, Bank Muamalat Indonesia offered best practices from the hospitality and financial sectors, and SMEs contextualized this knowledge in day-to-day operations. Rather than functioning as passive recipients, SMEs co-constructed learning outcomes by negotiating, adapting, and experimenting with new service practices. This dynamic reflects SDL's emphasis on value co-creation as an ongoing, adaptive, and interactive process.

Third, the study found that SMEs experienced meaningful enhancement of service capability as a result of this co-creation ecosystem. Participants reported improvements in customer communication, service consistency, problem handling, and the ability to

¹⁸ Virginia Braun and Victoria Clarke, 'Reflecting on Reflexive Thematic Analysis', *Qualitative Research in Sport, Exercise and Health* 11, no. 4 (2019): 589–97; Mark Tadajewski, 'Marketization: Exploring the Geographic Expansion of Market Ideology', in *Marketization: Theory and Evidence from Emerging Economies* (Springer, 2020), 3–20.

create customer experiences with higher perceived value. These outcomes suggest that service excellence in SMEs does not require sophisticated infrastructure; instead, capability building rooted in guided resource integration and supportive institutional engagement can generate significant improvements.

Fourth, the partnership with Bank Muamalat Indonesia played a crucial role in digital enablement, particularly through the introduction of QRIS, mobile banking features, and basic digital record-keeping systems. These tools not only accelerated transaction processes but also helped SMEs improve reliability, transparency, and efficiency as key dimensions of service excellence. From an SDL perspective, digital tools function as operant resources that enhance the SME's ability to co-create value with customers.

Overall, the findings highlight that co-creation between academia and the banking industry offers a powerful model for strengthening SME service capability. For theory, the study extends SDL by demonstrating how institutional actors, especially financial institutions, can act as catalysts for value co-creation in low-resource service ecosystems. For practice, the findings indicate that SMEs benefit significantly from structured capacity-building programs that blend conceptual insight with operational expertise.

However, several limitations should be acknowledged. The study focused on SMEs within a single region, which may constrain the contextual transferability of the findings. Data were collected over a limited period, preventing assessment of long-term capability shifts. Interpretation of qualitative data may also be influenced by researcher bias and participant subjectivity.

These limitations open opportunities for future research, such as conducting longitudinal studies, employing mixed-methods designs, expanding to multi-regional samples, or examining more deeply the role of digital service ecosystems in SME development.

Finally, the findings carry important social and ethical implications. The collaboration contributes to broader goals of financial inclusion, digital empowerment, and local economic resilience. At the same time, equitable access to training, transparency regarding banking products, and ethical handling of SME data must remain central considerations to ensure that value co-creation occurs fairly and responsibly.

Findings

The findings of this study demonstrate that service excellence within SMEs emerges not as a static managerial outcome, but as a dynamic, interactional process embedded in a broader service ecosystem involving academics, banking institutions, and local entrepreneurs. Interpreted through the lens of Service-Dominant Logic (SDL), the results reaffirm that value is co-created when actors collaboratively integrate their operant resources such as knowledge, skills, capabilities, and institutional support rather than merely exchanging products or technical tools¹⁹. The active involvement of Bank Muamalat Indonesia as a banking industry partner underscores the pivotal role of institutional actors in enabling and accelerating value co-creation, particularly for resource-constrained SMEs. Unlike traditional capacity-building programs that position SMEs as passive recipients of training, the co-learning dynamics observed in this study

¹⁹ Denny Rakhmad Widi Ashari and Gautama Sastra Waskita, 'Sustainability Business Strategy in the Era of VUCA', *SINDA: Comprehensive Journal of Islamic Social Studies* 5, no. 1 (2025): 33–49.

reveal that SMEs function as experiential knowledge holders who reinterpret, recontextualize, and operationalize service excellence practices within their own market realities. This finding strengthens existing SDL literature by showing that co-creation within micro-enterprise contexts requires not only knowledge transfer but also continuous negotiation, adaptation, and reflexive sense-making across actors to build sustainable service capabilities. At the same time, the empirical evidence demonstrates that digital technologies introduced by Bank Muamalat Indonesia such as QRIS, mobile banking, and digital transactions serve as critical operant resources that reshape interaction patterns and enhance service reliability, thereby extending theoretical discussions on the role of digital enablement in contemporary service ecosystems²⁰. Collectively, these insights suggest that co-created service excellence in SMEs should be understood not as the mere adoption of industry standards, but as an emergent and evolving capability constructed through multi-actor collaboration.

CONCLUSION

This study demonstrates that co-creation serves as a strategic pathway for strengthening service excellence in SMEs, particularly when academic knowledge and banking industry practices are effectively integrated. Using the Service-Dominant Logic (SDL) perspective, the findings highlight that value is not embedded in service offerings²¹ but emerges through collaborative interactions among SMEs, academic institutions, and financial service providers. The study confirms that SMEs benefit significantly from shared competencies, knowledge transfer, digital enablement, and relational engagement facilitated through cross-sector partnerships. Moreover, the integration of banking expertise particularly in risk assessment, financial literacy, and service innovation enables SMEs to adopt more resilient and customer-centric service models.

The research contributes theoretically by advancing the understanding of co-creation mechanisms within SME contexts, extending SDL by showing how triadic collaboration (SMEs–academics–banking institutions) enhances dynamic capabilities and service excellence. Practically, the study reinforces the importance of structured collaborative platforms, service innovation programs, and capacity-building initiatives as drivers of SME competitiveness in increasingly complex markets²².

Recommendations

- 1) **Develop Structured Co-Creation Platforms:** SMEs should institutionalize routine interactions with academic institutions and banking partners to facilitate continuous resource integration, knowledge exchange, and collaborative problem-solving.

²⁰ Loso Judijanto, Ajeng Faizah Nijma Ilma, and Gautama Sastra Waskita, 'Analysis of The Influence of Foreign Direct Investment, Labor Productivity and Technology On Economic Growth', *International Journal of Economic Literature* 2, no. 8 (2024): 2358–73.

²¹ Vargo and Lusch, 'Service-Dominant Logic 2025'.

²² Cynthia A. Lengnick-Hall, Tammy E. Beck, and Mark L. Lengnick-Hall, 'Developing a Capacity for Organizational Resilience through Strategic Human Resource Management', *Human Resource Management Review* 21, no. 3 (September 2011): 243–55, <https://doi.org/10.1016/j.hrmr.2010.07.001>.

- 2) Adopt Customer-Centric Service Innovation Models: Drawing on SDL principles, SMEs must shift from product-focused operations to value co-creation practices that prioritize customer experience, responsiveness, and relational engagement.
- 3) Strengthen Financial Literacy and Risk Management: Banking institutions should design targeted programs to enhance SME financial capabilities, enabling more informed decision-making, responsible credit utilization, and better long-term service sustainability.
- 4) Integrate Digital Tools for Service Excellence: Cross-sector collaboration should promote digital onboarding, CRM systems, and data-driven customer insight programs to support efficient and scalable service delivery.

Theoretical and Research Recommendations

- 1) Expand the Triadic Collaboration Framework: Future research should explore broader ecosystem actors such as government agencies, fintech platforms, and community organizations to enrich SDL-based co-creation models in different SME environments.
- 2) Conduct Longitudinal and Multi-Case Studies: To deepen theoretical rigor, longitudinal analyses of SME–academic–banking partnerships are recommended to examine how co-creation capabilities evolve over time.
- 3) Incorporate Mixed-Method Approaches: Quantitative validation of co-creation drivers, combined with qualitative insights, would strengthen the generalizability and theoretical contribution of the SDL framework within SME contexts.

ACKNOWLEDGEMENT

The authors would like to express their sincere gratitude to all parties who contributed to the completion of this research. We extend our appreciation to the SME participants in Tulungagung for their openness, valuable insights, and active involvement throughout the study. Our special thanks are addressed to Bank Muamalat Indonesia for their collaborative support, particularly in facilitating capacity-building programs and providing practical industry perspectives that enriched this research.

The authors also gratefully acknowledge the financial support provided by the Institute for Research and Community Service (LPPM), Universitas Nahdlatul Ulama Blitar, through the Community Service Grant Scheme for the Fiscal Year 2025, under Contract Number: 008.26/UNU-BLT/LPPM/K/PKM/VIII/2025. This support was instrumental in enabling the implementation of the program.

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