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## Article

# Business network power as a process for enhancing firm performance: A perspective of RAToC

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## MANAGEMENT | RESEARCH ARTICLE

# Business network power as a process for enhancing firm performance: A perspective of RAToC

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**Abstract:** This study aims to bridge the gap in inconsistent findings on the use of social media technology to enhance firm performance through business network power and market entry speed. The original premise of this study is the formulation of business network power, derived from the resource advantage theory of competition, through social media as a primary process that impacts a firm's performance. Data were collected from a sample of 236 owner—managers of small-to-medium craft subsector enterprises in the creative industry in Bali, Indonesia. The results indicate that social media can be a primary trigger for leveraging business network power and strengthening market entry speed and performance. This study has several theoretical and managerial implications.



Nilna Muna

### ABOUT THE AUTHOR

Nilna Muna is a lecturer and researcher at Universitas Pendidikan Nasional in Denpasar, Bali, Indonesia, who has expertise in marketing, strategic management, and entrepreneurship. Her extensive experience and academic background provide valuable insights into real-world challenges and opportunities being faced by small businesses and entrepreneurs, making her a valuable asset to this field. Her research focuses on understanding the factors that contribute to the success and failure of small businesses and identifying effective strategies to address them. She has published academic papers and presented her work at conferences and workshops. Her recent paper on the impact of digital marketing on small business growth is part of a broader research program to identify the most effective marketing strategies for small businesses in the digital age. Currently, Miss Muna is conducting research on the impact of a customer-centric strategy, innovation value, and business performance on the creative industry.

### PUBLIC INTEREST STATEMENT

Social media is an essential marketing tool for an online company. It allows consumers and employees to connect and exchange ideas without spending money on sales training. Consequently, this can facilitate inexpensive channels of contact and participation from customers, boosting both satisfaction and loyalty. By cultivating a following online, even the smallest businesses may raise their profile in their target market and find new customers through social media. Additionally, businesses may use social media to connect with other companies, influencers, and potential partners, which can result in the development of new prospects and partnerships that ultimately boost the organization's performance. Overall, small companies may advertise themselves, increase brand recognition, and communicate with consumers and partners using social media at little cost and with high efficiency.

**Subjects: Small Business Management; Internet / Digital Marketing / e-Marketing; Marketing Communications; Relationship Marketing; Strategic Management**

**Keywords: Social media use; business network power; market-entry speed; firm performance; strategic resources**

### 1. Research Background

Social media has evolved from a simple communication and sharing platform into an essential digital marketing tool that has reached millions of people worldwide (Ortiz-Ospina, 2019). According to Tuten (2018), this provides powerful benefits that strengthen business communication, customer interaction, and networking. Over time, social media has metamorphosed from friendly community circles to powerful digital marketing tools that use Facebook, Twitter, and Instagram. Literature reviews indicate that research on social media adoption has attracted the interest of academics and practitioners in marketing science to explore favorable business strategies (Fischer & Reuber, 2011; Hanna et al., 2011; Hollebeek et al., 2014; Sheth, 2020). According to this study, firms that strategically include social media in their marketing strategies stimulate effectual customer cognition, improve the quality of customer interactions, and increase sales performance. Because social media is a many-to-many rather than a one-to-one medium, it is an effective method to help businesses grow and improve (Puriwat & Tripopsakul, 2021). Small- and medium-sized enterprises (SMEs) can sell, advertise, and market products and services for less money using social media features (e.g., sharing, tagging, messaging, notifying, and commenting). Connecting a business to a social media platform such as Facebook is as simple as creating a page. SMEs use these media for advertising because it is more affordable and easier to use (Siamagka et al., 2015). The only costs are fees to access the Internet and those for composing an advertisement before posting (Puriwat & Tripopsakul, 2021). Many SMEs use social media to advertise in multiple locations (Sedalo et al., 2022) on platforms that support competitive strategies (Ali Abbasi et al., 2022; Tiwasing, 2021). Furthermore, Qalati et al. (2022) stated that social media marketing is a vital tool to increase the efficiency of SME operations.

Social media allows businesses to connect with prospective clients (Park et al., 2021). Buying online offers consumer benefits over conventional offline shopping and is changing customer buying behavior. It has become the premier platform for showcasing and evaluating available products. Social media allows customers to access and buy products or services anytime and anywhere. Additionally, online consumers develop social ties with brands (Bond, 2021). Firms are expected to recognize customers' needs, demographics, and preferences to obtain a competitive advantage. The growing presence of social networking sites allows users to purchase products online easily. Electronic word-of-mouth is one of the most influential forms of communication and is used extensively on social media websites (C. Chen & Gao, 2019). Furthermore, consumers rely on opinions and input from others to improve brand awareness. This communication style establishes credibility and trustworthiness to evaluate brand value and minimizes potential misinformation (Park et al., 2021). In this era of social media proliferation, a firm's visibility is essential and integral to its online marketing strategy (Sedalo et al., 2022). Social media are recognized as an effective tool for promoting and enhancing marketing performance (Paniagua & Sapena, 2014; Trainor, 2013). Additionally, Duffett (2017) and Mason et al. (2021) considered these platforms to be powerful influencers for making purchasing decisions because consumers receive immediate, real-time input.

Other advantages of social networks for business include a cost-efficient and effective promotional tool that offers scalability, which can be a stepping stone for firms to more easily reach their target market and achieve success (Chuang, 2020; Indrupati & Henari, 2012) and to gather customer feedback (Wicaksono et al., 2021). According to Foltean et al. (2018), the role of social media in developing customer, supplier, and potential partner relations is the most

crucial part of business marketing strategies. Therefore, adopting and deploying these platforms as strategic resources makes a positive impact and improves a firm's ability to enhance its brand value (Bento et al., 2018), leverage innovation (Patroni et al., 2020), accelerate market-entry speed (Baum et al., 2019; Watson, 2018), communicate value (Pourkhani et al., 2019), increase sales growth (Singh & Shinha, ; Tajvidi & Karami, 2017), build knowledge and new product development (Garcia-Morales et al., 2018), and develop effective customer relationships (Chuang, 2020; Foltean et al., 2018).

Garg et al. (2020) found that conducting research on social media technology and its effect on performance was challenging. However, most studies confirm its role in enhancing business performance (Tarsakoo & Charoensukmongkol, 2019). For example, Ainin et al. (2015) demonstrated the noteworthy impact of social media on a firm's success. Tajvidi and Karami (2017) determined that social media is a leading strategic marketing choice for achieving business growth goals. Social media is recognized as one of the tools that have an impact on competitive business outcomes (Cao et al., 2018). Shawky et al. (2019) outlined the use of these platforms for effective distribution channel operations and promotion to enhance business performance. Conversely, Ahmad et al. (2019) and Foltean et al. (2018) asserted that social media is irrelevant and does not directly affect firm performance. Given these contradictory findings, this study attempts to explain the effects of social media on firm performance.

The resource advantage theory of competition (RAToC), proposed by Hunt and Madhavaram (2006) and Hunt and Morgan (1995), is a foremost marketing framework. Chuang (2020) and Indrupati and Henari (2012) recognized the value of using social media as a strategic resource to support businesses and improve business performance. Therefore, the decision to focus on leveraging business network power as the determining process for improving marketing performance was inspired by the core concept of RAToC for several reasons. First, the RAToC outlines a superior approach for building and cultivating resources and configuring an effective business strategy (Hunt & Wooliscroft, 2012). Second, competitive dynamics serve as a disequilibrium-provoking strategy through business networking, thereby adapting social networks as strategic resources. These two premises led to the adoption of these platforms as business networks to enhance firm performance. This study bridges this gap by constructing a model that includes the concepts of social media technology use, business network power, innovation capability, market entry speed, and firm performance. SMEs often lack the resources and knowledge to accommodate rapidly changing environments. However, social media can easily and efficiently help SMEs acquire knowledge and skills to remain competitive through networking and more quickly reach the market and customers. According to Cenamor et al. (2019), a digital platform, such as social media, is an efficient and effective technique to strengthen the business network and speed up its scope of reach.

Indonesia was selected as the location for the empirical testing of the conceptual model with SMEs for several reasons. The first reason is the significant level of competition in the industry and high customer demand for diverse product selections. This forces jewelry craft accessory providers to constantly innovate and produce higher-quality products than their competitors. They carry this out by acquiring financial support, knowledge, or networking skills to remain competitive through social media. Many studies have shown that SMEs benefit tremendously from networking (Ioanid et al., 2018). The second reason is the strategic role played by social media as a growth engine for developing-country economies (Heng et al., 2020), such as Indonesia, which has approximately 64,194 million units, according to data from the Ministry of Cooperation (Kemenkopukm, 2020). The third reason is that SMEs in the creative sector, such as those producing handmade jewelry, are rapidly expanding as part of the burgeoning handmade creative industry, showcasing the country's unique artistic legacy.

## 2. Literature review and theoretical framework

### 2.1. Business network power from the perspective of RAToC

Business networks act as strategic resources for the growth and sustainability of large firms and SMEs (Ferdinand & Killa, 2018; Hiong et al., 2020). Based on the results of some exploratory research, several factors are considered attributes of relational resources to strengthen a business network and increase competitiveness (Zhou et al., 2015). These factors include relational capability (Schroeder et al., 2019), knowledge sharing and collaboration (C. Wang & Hu, 2020), and information exchange (Gupta et al., 2019). Relational resources include business network capabilities in which a firm exists and relies on its survival to obtain the resources required to generate a competitive advantage (Hunt & Madhavaram, 2006). According to Hunt and Morgan (1995), relational resources enable owners to meet their customers' demands more effectively than that of their potential competitors. Businesses become more efficient and successful by acquiring a competitive advantage when shifting to digital technology (Sivarajah et al., 2020).

Business network power is proposed as a focal point for relationships with the ability to offer value to enable operations and improve performance (H. Zhang et al., 2019; J. Zhang & Du, 2019). The network is a strategic resource for achieving competitive advantage because these collaboration hubs deliver the necessary power to enhance business processes. Therefore, to ensure an effective and efficient outcome, the network power is reflected through collaboration (Castells, 2011; Xie et al., 2016) and the success of securing an effective Pareto network asset (Ferdinand & Killa, 2018). Power is created from cooperative interactions between members that generate value-oriented engagement and constructive exchange of knowledge. This occurs many times when reviewing the overall business process, assessing the quality of collaboration (Handoyo et al., 2021; Wulandari et al., 2018) or from an added value developmental interaction (Sulistiyani & Ferdinand, 2018). According to Ferdinand and Killa (2018), the power from a Pareto network asset comes from big-impact members and includes a comprehensive network as an engine for growth and performance. Regarding the core philosophy of the RAToC (Hunt & Morgan, 1995), a firm's strategic resources are the comparative superiority of competitiveness (Tarsakoo & Charoensukmongkol, 2019) as a high-impact business network with a hub of power that enhances processes and performance. Kwayu et al. (2017) noted that an opportunity exists to gain a competitive advantage by forming a social media-driven business network. Therefore, business network power is a firm's capacity to construct a high-impact process enhanced by social media technology and innovation, which contributes to market entry speed and firm performance.

### 2.2. Social media use and business network power

The regular and consistent use of a digital platform demonstrates a firm's awareness of searching for and utilizing resources, offering numerous advantages. For instance, firms engage social media users in collaborative interactions with stakeholders, including conversations, knowledge sharing, feedback (Yang et al., 2019), content sharing, and building and improving customer relationships (Chuang, 2020; Foltean et al., 2018; Parveen et al., 2015). It is also a cost-efficient means of reaching a broad audience and promptly resolving problems (Sheth, 2020). From a technological perspective, marketing enables businesses to interact more effectively by gathering and using acquired data to enhance their responses (Camilleri, 2018; Roy et al., 2017; Trainor, 2013).

A well-managed social media presence contributes to stronger customer relationships, which has a positive impact on customer satisfaction, trust, commitment, and loyalty, and enhances firm performance (Sedalo et al., 2022). Digital marketing techniques also increase customer engagement (Roy et al., 2017). The fundamental goal is to encourage customer input or communication by clicking links, posting comments, or sharing content with other digital users (Hanna et al., 2011; Rabbanee et al., 2020). The quality of these interactions improves when firms diligently make the effort to interact with customers who gain more knowledge and feel valued.



Social media allow SMEs to develop network power and improve their performance capabilities (Laage-Hellman et al., 2018). According Forkmann et al. (2018), it creates a network for businesses to gain a competitive advantage through the development of networks to achieve a specific business objective, leading to the following hypothesis:

**H<sub>1</sub>:** Social media technology use has a positive effect on business network power.

### **2.3. Business network power and firm performance**

According to Naudé et al. (2014), the network contributes significantly to the firm's success. They become more productive by utilizing networks to seek new business opportunities and exploit potential markets (Lowe et al., 2012). Business networks are developed based on mutually beneficial partnerships, making them powerful instruments for managing business processes (Håkansson & Ford, 2002). It is logical to acknowledge the role of a network in empowering collaboration in strategic alliances and during temporary or short-term cooperation, when exploring and exploiting potential opportunities for market growth. Business networking research improves effectiveness and customer engagement by building brand awareness for every product or service offered in the market. Setiawan and Hanfan (2017) note that building a network generates power to leverage performance.

According to Forkmann et al. (2018), a business network establishes, maintains, and transmits customer information to relevant stakeholders and creates relationships. Improved networking aims to develop and create a strong communication environment that enables firms to benefit from the relational elements of growth (Schroeder et al., 2019). Utilizing business networking power is the key to obtaining and enhancing business process efficiency and performance. Therefore, the power of collaboration and network assets, realized through well-developed social media content, leads firms to improve their performance. This leads to the following hypothesis:

**H<sub>2</sub>:** Business network power has a positive effect on firm performance.

### **2.4. Business network power, market-entry speed, and firm performance**

The firm's success in building a network empowers it to compete in and enter new markets (Elg et al., 2008; K. -J. Wang & Lestari, 2013) launched new products more quickly (Calantone et al., 2014). Several studies explain that market-entry speed is an important factor in bringing a new product to the market before its competitors (Akgün & Lynn, 2002; J. Chen et al., 2005; J. Zhang & Wu, 2013). Similarly, Kessler and Chakrabarti (1999) observed that a clear understanding of the time required to design and develop a new product reduced the time required for an initial launch.

SMEs can rely on their networks' ability to enter the market quickly despite the expected obstacles. According to Zachary et al. (2014), strong networking with multiple stakeholders (e.g., wholesalers, customers, partners, employers, government, and even incumbent competitors) may provide better information and opportunity to stimulate entry into the market. Additionally, networks contribute to successful market entry by discovering new prospects (Naudé et al., 2014; Schoonjans et al., 2011). Miller et al. (2010) and Acosta et al. (Ioanid et al., 2018) report that collaboration and networking are powerful marketing methods for reaching the marketplace faster. This leads to the following hypothesis:

**H<sub>3</sub>:** Business network power has a positive effect on market-entry speed.

It is logical to expect a carry-over effect when a firm builds network power to boost competitiveness or increase its speed of covering the market. Therefore, implementing a time-based strategy such as market entry speed is a competitive advantage in a fast-paced technology and consumer

environment (J. Chen et al., 2005; Kim, 2018). Market entry speed provides value to customers faster and earlier than competitors. These benefits result from an efficient and effective network that fosters innovation to enhance product quality and attract stronger customer interest (Roger et al., 2018). Furthermore, when a firm engages in a dynamically competitive market, entry speed is crucial to accentuate consumer value as a measure of product success (Hofer & Baba, 2018). Leveraged by the power of innovation and networking, market-entry speed is recognized as having a positive impact on the marketing process to enhance performance (Caegario et al., 2015), leading to the formulation of the following hypothesis:

**H<sub>4</sub>:** Market-entry speed has a positive effect on firm performance.

The incorporation of business network power as a variable in research on the relationship between social media use and firm performance helps resolve inconsistencies in previous research findings. Business network strength is one of the steps taken to improve firm performance for several reasons. Social media are communication tools that improve business performance through networking (Laage-Hellman et al., 2018). Second, it has the potential to accelerate product value through co-creation and the use of other collaboration tools (Gligor et al., 2019; S.-C. Chen & Lin, 2019; Venciūtė, 2018) by empowering a firm's marketing capabilities as part of network power (Venciūtė, 2018). Third, as synergy develops from activities between participating firms and network members, the resulting ideas engender power that leverages performance (Setiawan & Hanfan, 2017). This leads to the following hypothesis:

**H<sub>5</sub>:** Business network power mediates the influence of social media use on marketing performance.

### **2.5. Innovation capability, business network power, and market-entry speed**

According to Sudolska and Łapińska (2020) and Makate et al. (2019), innovation drives growth for small, medium, and large businesses. Consequently, a firm that fosters sustainable innovation demonstrates the ability to consistently introduce novel products that can attract others to the network and leverage faster entry into the market. Previous research (Terziovski, 2010) suggests that innovation capability is an organization's ability and skill to foster a business strategy, as evidenced by the availability of new products and services.

Innovation develops from learning, understanding, and the ability to skillfully exploit knowledge, leading to business growth (Cohen & Levinthal, 1990; Laban & Deya, 2019). Therefore, developing innovative products that meet consumer preferences increases the eagerness of external stakeholders to join a network that accelerates its influence of a business network. Sharing information and exchanging explicit knowledge and skills also empowers the network informational hub to leverage a firm's market reach (De Silva et al., 2018). YuSheng and Ibrahim (2020) determined that innovation capability can be identified by generating new product ideas and introducing them as market pioneers. Therefore, firms should be creative when developing operational methods (Odoom & Mensah, 2019).

Pioneering firms can use innovative products and services as leverage for efficient market-entry speed (Saunila et al., 2014). The greater the ability to innovate, the quicker the new value is delivered. Parida et al. (2012) reported that value exchange and consumption trigger the ease of market entry (Bayus, 1997; Calantone et al., 2010; Kerin et al., 1992). The logic behind this phenomenon is that new market entrants tend to gain sustainable competitive advantages and performance (Varadarajan et al., 2007). Launching new products before a competitor is recognized as vital for successful businesses (Langerak et al., 2004; Rodríguez-Pinto et al., 2012) and positions them as an expert provider in the marketplace (Slater et al., 2010). This leads to the following hypotheses:



H<sub>6</sub>: Innovation capability has a positive effect on business network power.

H<sub>7</sub>: Innovation capability has a positive effect on market-entry speed.

### 3. Research methods

#### 3.1. Data collection and sampling

Information was gathered from owners and managers of craft-producing SMEs in Bali, a hub of Indonesia's creative sector. This study used a convenience sample method, and 250 SMEs participated. Respondents' participation was voluntary, and the answers were intended to reflect the market scenario. Furthermore, the production and sale of original handcrafted jewelry accessories—which are manufactured, packaged, and labeled as cultural heritage—represent most of the reported activities. Offline and online questionnaires were used to interview owners, managers, and owners—managers. A total of 236 respondents provided sufficient information to support this study.

#### 3.2. Measurement of variables

Several research constructs were referenced to form the measurement items, the first of which is that social media technology is based on the adaption of Foltean et al. (2018). These involve sharing content, creating conversations and social relationships, and managing communities. The second one is the construction of a business network power, which is a newly developed scale based on a two-dimensional method. The first dimension is network collaboration as adapted from several scholars, such as Benoit et al. (2017) and Xie et al. (2016), who identified the value of seeking cost and benefit-sharing, information, knowledge, and skill exchange. The second dimension is the Pareto network asset developed by adopting research from Ferdinand and Killa (2018), who describe trusted, committed, and loyal members. Multiple questions were used to establish construct validity and reliability. All assessments were made using perceptual scales, where responses were rated on a 10-point Likert scale. Table 1 summarizes the entire suite of metrics available for assessing the key constructs.

### 4. Data analysis and results

#### 4.1. Common method bias

Podsakoff et al. (2003) suggested the use of Harman's single-factor test, which requires loading all measures into an exploratory factor analysis assuming that a common method variance can be inferred from the appearance of either a single or general factor for most of the covariance among measures (Jordan & Troth, 2020). Furthermore, a factor analysis was performed on each model's metrics using SPSS version 23. Because the total explained variation of a single component was 41.964% lower than 50%, the data suggest that common procedure bias is not a significant issue.

The following approach was applied to validate the two-dimensional construct as a new scale of research. First, the correlations of these constructs were determined, and the calculation yielded a result demonstrating a positive significance. Second, the multidimensional scale and latent variables should be interpreted in the theoretical context to determine the dimensions and demonstrate construct validity (Kyriazos & Stalikas, 2018) and to calculate the reliability of each dimension.

#### 4.2. Validity and reliability analysis

Structural equation modeling (SEM) and AMOS software version 23 were used to investigate the hypotheses based on several considerations. First, SEM is superior in answering several equations simultaneously compared to traditional regression analysis, such as the package provided by SPSS (Nachtigall et al., 2003). Second, a simultaneous procedure can determine the extent of the mediating effect (Tabachnick & Fidell, 2012). Table 1 presents the validity and reliability of the analytical methods.

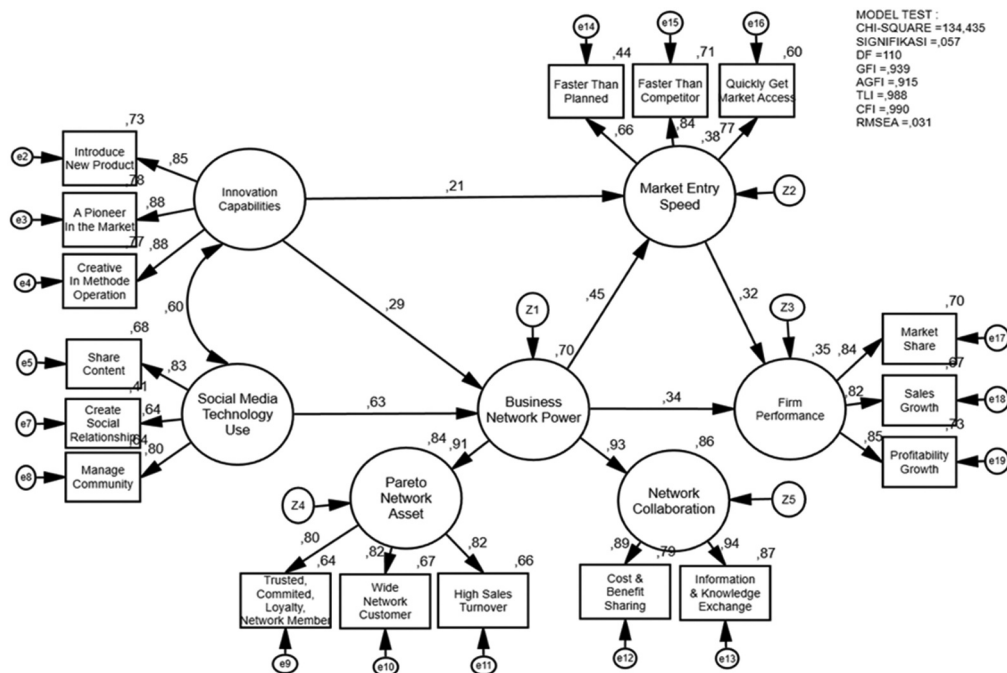
Table 1. Validity and Reliability Analysis					
DATA ELEMENTS: VARIABLE & INDICATOR	REFERENCE SOURCE	LAMBDA VALUE (Std. Loading)	Critical Ratio ≥1.96	CV-AVE ≥0.50	CRI ≥0.70
<b>Social Media Technology Use (SMU)</b>	<i>(Foltean et al., 2018)</i>			0,556	0,788
Share Content		0,811	9,611		
Create Social Relationship		0,628	9,611		
Manage Community		0,785	9,425		
<b>Pareto Network Asset (PNA)</b>	<i>(Ferdinand &amp; Killa, 2018)</i>			0,658	0,853
Trusted, Committed, Loyalty, Network member		0,800	13,612		
Wide Network Customer		0,819	13,490		
High Sales Turnover		0,815	13,490		
<b>Network Collaboration (NC)</b>	Newly developed, adapted from Benoit et al. (2017), Hankammer and Kleer (2017), Castells (2011), Xie et al. (2016)			0,830	0,907
Cost & Benefit Sharing		0,888	20,071		
Information & Knowledge Exchange		0,934	20,071		
<b>Innovation Capability (IC)</b>	<i>(Odoom et al., 2017)</i>			0,761	0,905
Introduce New Products		0,858	17,393		
A Pioneer in the Market		0,884	17,108		
Creative in Operation Method		0,875	17,108		
<b>Market-Entry Speed (MES)</b>	Adapted from Hofer and Baba (2018), Flor and Moritzen (2020), Rodriguez-Pinto et al. (2011), Calantone et al. (2010)			0,578	0,803
Faster than Planned		0,658	9,771		
Faster than Competitor		0,841	9,771		
Rapid Market Access		0,770	11,275		

(Continued)

**Table1. (Continued)**

<b>DATA ELEMENTS: VARIABLE &amp; INDICATOR</b>	<b>REFERENCE SOURCE</b>	<b>LAMBDA VALUE (Std. Loading)</b>	<b>Critical Ratio ≥1.96</b>	<b>CV-AVE ≥0.50</b>	<b>CRI ≥0.70</b>
<b>Firm Performance</b>	<i>(Foltean et al., 2018)</i>				
Market Share Growth		0,839	13,964	0,875	0,701
Sales Growth		0,820	13,964		
Profitability Growth		0,852	14,470		
CV = Convergent Validity					
CRI = Construct Reliability Index					

**Figure 1. Analysis of the Structural Equation Model.**



Based on the CFA findings, construct validity was evaluated using the average variance extracted (AVE) at a minimum of  $\geq 0.50$ . Based on a critical ratio of 1.96, all loading factors exceeded the minimum parameter estimates of  $\geq 0.50$  (Arbuckle, 2016; Tabachnick & Fidell, 2012). Meanwhile, the measurement of instrument validity by convergence validity AVE led to good results for each construct: 0.556, 0.659, 0.830, 0.761, 0.761, 0.578, and 0.875 for social media technology, Pareto network assets, network collaboration, innovation capability, market entry speed, and firm performance, respectively. The construct reliability index (CRI) is used to measure the reliability of social media technology, Pareto network assets, network collaboration, innovation capability, market entry speed, and firm performance at 0.788, 0.853, 0.907, 0.905, 0.803, and 0.701, respectively. Additionally, the indices were above the cutoff values for validity ( $\geq 0.50$ ) and reliability ( $\geq 0.70$ ) (Arbuckle, 2016; Tabachnick & Fidell, 2012).

A comprehensive SEM analysis was conducted to verify the hypotheses and evaluate how well the model fitted the data (Figure 1 and Table 2). The proposed model was well supported with good GFI, CFI, TLI, and RMSEAA values of 0.939, 0.990, 0.988, and 0.031, respectively. The research hypotheses are supported by a critical ratio  $\geq 1.96$  and a significant level under 0.05.

#### 4.3. Mediating Effect

Another procedure was conducted to evaluate the proposed mediation hypothesis, with business network power capable of influencing social media technology on firm performance. This process was conducted using Baron and Kenny's (1986) method by running four tests to evaluate the mediating effects of social media technology, business network power, and firm performance. The first stage of the process was checking the regression connection between the independent and dependent variables. In this case, social media technology impacts firm performance, with a significant standardized regression weight of 0.401, using a critical ratio of 4.634. Consequently, the first stage serves as a benchmark for determining the existence of mediation. The second stage was to verify the influence of the independent variable to determine the impact of social media technology on business network power, leading to a significant standardized regression weight of 0.606, with a critical ratio of 7.800. The third stage examines the influence of the mediating and dependent variables. Business network power resulted in a significant

**Table 2. Hypothesis Testing Criteria**

Hypothesis	Estimates	Std. Estimate	Std. Error	Critical Ratio	P	Conclusion
H1:SMU → BNP	0,627	0,484	0,074	6,550	****	Accepted
H2:BNP → FP	0,342	0,456	0,119	3,840	****	Accepted
H3:BNP → MES	0,454	0,517	0,114	4,539	0,002	Accepted
H4:MES → FP	0,318	0,373	0,106	3,510	****	Accepted
H5:SMU → BNP → FP	The impact of the mediation is such that it adheres to the technique developed by Baron and Kenny number four; when the mediation is inserted, social media technology's use regression weight to firm performance decreases and is insignificant.					
P1: Independent Variable (IDV) → Dependent Variable (DPV)	0,401	0,401	0,081	4,634	****	Supported
P2: Independent Variable (IDV) → Mediation Variable (MV)	0,797	0,606	0,078	7,800	****	Supported
P3:MV → DPV	0,701	0,559	0,106	6,612	****	Supported
P4: Independent → Dependent	-0,054	-0,056	0,150	-0,373	0,709	Not supported
H6:IC → BNP	0,293	0,241	0,059	4,063	****	Accepted
H7:IC → MES	0,214	0,200	0,088	2,274	0,023	Accepted
The Goodness of Fit Test						
Chi-square for DF=111 at a significance level of 5%						
Significance						
GFI	Cut-off Value					
AGFI	135,5					
CFI	≥0.05					
TLI	≥0.90					
RAMSEA	≥0.90					
	≥0.90					
	≥0.90					
	≥0.90					
	≥0.90					
	0,03-0,06					
	output					
	134,43					
	0,057					
	0,939					
	0,915					
	0,990					
	0,988					
	0,031					
	fit					
	fit					
	fit					
	fit					
	fit					
	fit					

standardized regression weight and critical ratio of 0.559 and 6.612, respectively. The last stage analyzed the influence of the independent variable on the dependent variable after inserting a mediator, leading to a decreased magnitude of the standardized regression weight from 0.401 to 0.056, which was insignificant with a critical ratio of 0.373. Table 2 presents the full mediation effects.

## 5. Discussion and Direction for Further Research

### 5.1. Discussion and Research Contribution

This study built a conceptual model to answer the research questions about the use of social media technologies, which have the potential to significantly improve firm performance by leveraging the power of business networks. Acceptance of the presented hypotheses has several implications for the management of social media technology to improve corporate performance. First, strengthening the resource advantage (R-A) theory based on research (Varadarajan, 2020) recognizes digital technology as a relational resource to generate customer information. This driver is an effective tool for strengthening business network power and ties as a strategic leverage to enhance firm performance (Möller et al., 2020; Tajeddini et al., 2020).

As discussed in the core concept of R-A theory (Hunt, 2013), social media technology is used as an initial step to enhance capabilities in a business network by provoking disequilibrium to empower the business network. Communicating, collecting, and circulating customer and competitor information throughout an organization is a marketing practice. As part of a relationship, investment to build, maintain, and develop a business network within a firm or organization is an input or driver that enhances firm performance (Buttle & Maklan, 2019). Additionally, social media use is recognized as an informative strategic input for improving performance through several capabilities and business practices. These include in-network collaboration, platform development, customer interactions, network assets, and knowledge management (Chuang, 2020; Georgescu & Popescu, 2015; Pratono, 2018; Z. Wang & Kim, 2017). Integrating a firm's social media platforms and aligning them with its strategy and priorities are necessary in a dynamic and challenging business environment.

These results contribute to the current understanding of the use of social media technologies. Customers willingly embrace technologies that offer better access to information, making it easier for them to compare goods and services offered by multiple enterprises. Technology is essential for businesses to maintain their presence in today's highly competitive markets. To reduce the likelihood of falling behind other forward-thinking firms, organizations must ensure that their actions align with the procedures followed by other businesses. Another result (Figure 1) is the positive effect of social media technology use on business network power. This result is consistent with and highlights the important role of social media technology in enhancing networking and building customer relationships (Chuang, 2020; Pratono, 2018; Sheth, 2020). Furthermore, increasing the power of a firm's business network by cultivating and sustaining relationships with important stakeholders improves performance by providing access to beneficial resources and opportunities. This may result in increased sales and income, enhanced competitiveness, and a stronger resistance to market change. A powerful business network may also contribute to improved decision-making skills within a firm, which is an additional benefit of having a strong business network.

The power of business networks must grow by providing various customer contact points for engagement, resulting in advantages for the firm and consumer. The use of social media technology has a beneficial impact on business network power, highlighting a firm's critical importance. Additionally, businesses should archive the most useful information and incorporate this learning to maximize their effectiveness. The degree to which a firm uses social media as a marketing technique has a direct and considerable impact on the strength of its business networks. Therefore, the conclusions of this study validate the results of previous research and confirm the relevance of social media technologies in establishing, strengthening, and sustaining the business network power of firms. The potential for this power evolves over time to deepen connections by empowering business networks.



Social media technology, as one of a firm's strategic marketing tools, creates ways to increase its business network power as a deliberate asset that enhances the product, which aligns with the R-A theory (Hunt, 1997). Empowering a business network can be a strategic approach to building, strengthening, and sustaining relationships. This is consistent with the study of Cao et al. (2018), which empowers social technology using active interaction (Fischer & Reuber, 2011) and communication among SME owners to build, strengthen, and maintain relationships (Hanna et al., 2011). Therefore, the owners' ability to help SMEs by interacting with and communicating with customers helps them understand market trends and the changing business environment.

### 5.2. Managerial Implications

Acceptance of the hypotheses has several managerial implications, particularly for SMEs struggling to achieve better performance in a competitive market. Therefore, developing a specific capability for interaction and communication is more effective based on an appropriate technology capable of empowering social media engagement. It is important to guarantee business networking capabilities, especially in communicating, sharing, building, strengthening, and maintaining business networks. Therefore, firms must interact with and communicate within the network by empowering Pareto network assets to support the relationship's durability and power.

### 5.3. Limitations and Future Research

This study has some limitations. First, the respondents were only SMEs in the jewelry accessory industry. Therefore, future studies must replicate the research framework, where the model independently examines additional types of SMEs to determine whether this concept model can be generalized. Second, the strength of the business network capabilities through social media technology directly affects firm performance. Therefore, future analyses should include SMEs in sectors other than jewelry accessories. As conceptual model research encompasses only one industry, future research samples should be diversified. Considering the sample size, future research should include more respondents from various sectors to enhance the generalization of the outcome.

#### Author Contributions

This research was conducted with equal contribution from each author. Nilna Muna was responsible for the original draft of the paper, as well as all data processing and analysis techniques. Ni Nyoman Kerti Yasa completed the manuscript's final touches and directed the online article submission. Ni Wayan Ekawati and Made Artha Wibawa were responsible for the research results, including the findings and implications, whereas Nyoman Sri Subawa contributed to the revision of the manuscript based on comments received from the reviewers.

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