

DIGITAL SERVICE CAPABILITY AND CUSTOMER EXPERIENCE IN MSMEs: LINKING TECHNOLOGY, TRUST, AND LEARNING

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Abstract

This conceptual paper develops an integrative framework for digital service capability and customer experience in micro, small, and medium enterprises (MSMEs). It synthesizes established literature on the resource-based view, dynamic capabilities, organizational learning, absorptive capacity, social capital, resilience, and entrepreneurial ecosystems. The analysis explains how service-process design, digital trust, customer feedback, data discipline, and continuous improvement can be organized into proportionate managerial routines. No primary survey, interview, experimental, or statistical data are claimed. The framework proposes diagnosis, capability mapping, bounded experimentation, evidence review, governance, resource reconfiguration, and learning retention as a cumulative cycle. Implications are developed for owner-managers, support institutions, and future empirical research.

Keywords: MSMEs; Digital Service Capability And Customer Experience; Dynamic Capabilities; Organizational Learning; Business Resilience

INTRODUCTION

Digital Service Capability And Customer Experience is increasingly important for MSMEs operating under volatile market, technological, and institutional conditions. The central managerial question is how service-process design, digital trust, customer feedback, data discipline, and continuous improvement can be translated into repeatable decisions without exceeding limited organizational capacity.

Small enterprises differ from larger organizations because ownership and management are often concentrated, formal information systems may be limited, and resource buffers are thinner. These conditions make prioritization, staged commitment, and rapid learning especially important.

The resource-based view explains why valuable resources can support advantage, while dynamic-capabilities theory explains how resources are mobilized and reconfigured when conditions change (Barney, 1991; Teece et al., 1997).

This paper develops a conceptual framework rather than claiming new empirical findings. Its purpose is to integrate established theoretical perspectives into propositions and managerial mechanisms that can later be tested in different MSME contexts.

LITERATURE REVIEW AND THEORETICAL FOUNDATION

The resource-based view distinguishes resource possession from the organizational capacity to deploy resources productively. This distinction is critical for small enterprises because limited financial, informational, relational, and managerial resources increase the cost of poor allocation. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Dynamic-capabilities theory extends the argument toward change. Firms need routines for sensing shifts, seizing feasible opportunities, and reconfiguring resources as environmental conditions evolve. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Organizational learning explains how repeated experience can improve later decisions. Exploration creates new options, whereas exploitation refines practices that already work; both are necessary for sustained adaptation. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Absorptive capacity highlights the internal work required to benefit from external knowledge. Information must be recognized, interpreted, adapted, and incorporated into enterprise routines before it can influence performance. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Social capital provides a relational complement to internal capabilities. Trusted ties support coordination, while diverse bridging ties expose enterprises to information and resources beyond their immediate network. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

The combined literature therefore suggests that enterprise capability is cumulative: resources, relationships, decisions, and feedback must reinforce one another over time. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

The framework therefore treats digital service capability and customer experience as cumulative. Capability strengthens when learning from one decision improves later decisions and when managers can reconfigure resources while preserving business continuity.

CONCEPTUAL FRAMEWORK

The proposed framework starts with a clearly specified enterprise problem. Managers identify the decision involved, the evidence currently available, and the constraints that prevent a satisfactory response. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

The second element maps relevant capabilities and resource gaps. Existing routines, knowledge, relationships, technology, financial capacity, and institutional connections are assessed before a new intervention is selected. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

The third element is bounded experimentation. Scope, responsibility, resource limits, expected learning, and a review date are specified so that uncertainty can be reduced without excessive commitment. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

The fourth element is evidence review. Managers compare outcomes with baseline conditions and separate activity measures from improvements in decision quality, customer value, productivity, continuity, or resilience. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

The fifth element is resource reconfiguration. Effective practices can receive greater commitment, while weak initiatives are redesigned or stopped before sunk-cost reasoning dominates judgment. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

The final element is learning retention. Simple records of assumptions, decisions, outcomes, and lessons allow future action to benefit from prior experience. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

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CAPABILITY DEVELOPMENT AND IMPLEMENTATION

Capability development should be embedded in real operating tasks rather than treated as generic exposure. Learning is more likely to persist when it changes a recurring decision or process. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Each initiative needs an accountable owner, even when formal departments do not exist. Responsibility should cover information collection, coordination, resource use, review, and follow-up. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Implementation should progress in stages that match enterprise capacity. Small pilots reveal practical barriers and reduce the cost of uncertainty before wider deployment. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Predetermined review points improve discipline. They reduce the tendency to continue an initiative simply because participants are enthusiastic or resources have already been committed. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Documentation can remain simple: checklists, decision notes, reconciliations, customer logs, and short review records can preserve organizational memory without creating excessive bureaucracy. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Scaling follows evidence and capability readiness. Growth in commitment should be accompanied by adequate controls, complementary skills, and resources to preserve service and operational stability. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

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NETWORKS, COLLABORATION, AND ECOSYSTEM SUPPORT

External relationships allow MSMEs to access capabilities that may be too expensive to own. Customers, suppliers, universities, associations, financial institutions, communities, and public agencies can provide complementary resources. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Collaboration is most productive when organized around a concrete problem. Clear problem definition helps partners understand what knowledge, access, or expertise is genuinely useful. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Network diversity matters because different ties provide different benefits. Trusted local relationships support coordination, whereas cross-sector or cross-regional connections can introduce novel information. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Reciprocity strengthens durable relationships. Enterprises can contribute market insight, practical feedback, referrals, and local knowledge rather than participating only as recipients of assistance. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Dependence risk should be monitored. Heavy reliance on one buyer, platform, supplier, adviser, or financing source can convert a productive relationship into a continuity vulnerability. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Ecosystem quality should therefore be judged by accessibility, relevance, connectivity, and learning outcomes rather than only by the number of programs or institutions. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

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GOVERNANCE AND RISK MANAGEMENT

Governance should be proportionate to enterprise size and exposure. Its purpose is to make important responsibilities, resource limits, assumptions, and review points visible. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Risk assessment should concentrate on events capable of interrupting continuity or destroying initiative value, including liquidity pressure, operational failure, customer loss, information errors, dependence, and reputational harm. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Simple controls can be effective when consistently applied. Approval limits, reconciliations, backups, access rules, written partner terms, and scheduled reviews create basic accountability. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Experimentation and control are complementary. A bounded pilot gives managers room to learn while establishing limits that protect scarce resources and important relationships. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Exit criteria should be considered before scaling. Predefined thresholds make it easier to redesign or discontinue weak initiatives before sunk costs distort decision making. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Accountability also improves organizational learning because assumptions and decisions can be reconstructed and compared with actual outcomes. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

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PERFORMANCE, LEARNING, AND RESILIENCE

Performance assessment should distinguish inputs, activities, intermediate outcomes, and business outcomes. Adoption or participation alone does not demonstrate that enterprise capability has improved. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Intermediate outcomes may include better information, faster decisions, stronger coordination, improved customer understanding, reduced errors, or more useful access to external knowledge. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Business outcomes depend on the focal problem and can include productivity, customer retention, cash-flow stability, continuity, market access, or recovery from disruption. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Resilience should be understood as anticipation, coping, adaptation, and learning rather than simple persistence. The goal is to improve the enterprise's future response capacity. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Short feedback cycles make correction less costly. Delayed evaluation can allow weak routines to become embedded and increase the difficulty of later change. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Learning becomes strategically valuable when evidence from current action changes future behavior. Both successful and unsuccessful experiments should therefore contribute to organizational memory. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

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MANAGERIAL AND POLICY IMPLICATIONS

Owner-managers should begin with a defined constraint rather than a fashionable solution. Technology, financing, partnerships, and training create value when they improve a specific recurring decision or process. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Support organizations should segment enterprises by problem and capability stage. Basic routines, specialist advice, financing, market access, and advanced innovation support are not equally appropriate for every firm. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Universities can contribute through applied diagnosis, evidence synthesis, mentoring, and collaborative projects that address genuine enterprise needs. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Financial institutions and public agencies can strengthen programs by connecting support with implementation milestones and evidence of learning rather than participation counts alone. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Associations and community organizations can create bridging connections that extend opportunity and knowledge beyond an enterprise's immediate network while preserving local trust. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

Researchers should use longitudinal and comparative designs to observe how capabilities are formed, revised, combined, and sometimes abandoned under different conditions. In the context of digital service capability and customer experience, this mechanism should connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with a clearly defined business problem and reviewable evidence.

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METHOD

This manuscript uses an integrative conceptual review. Established theoretical and review literature available before the January 2025 issue placement was synthesized to connect complementary explanations of MSME resources, learning, networks, innovation, and resilience. No primary respondents, fabricated observations, experiments, or statistical estimates are reported. The framework and propositions are intended to guide subsequent empirical examination.

RESEARCH PROPOSITIONS AND FUTURE RESEARCH

P1. Stronger routines related to digital service capability and customer experience are expected to improve the quality and timeliness of MSME adaptation decisions.

P2. Absorptive capacity is expected to strengthen the conversion of external knowledge into implementable enterprise practices.

P3. Diverse and trustworthy relationships are expected to improve access to complementary resources while reducing dependence risk.

P4. Bounded experimentation is expected to reduce the cost of uncertainty in resource-constrained enterprises.

P5. Proportionate governance and explicit review routines are expected to improve accountability and organizational learning.

P6. Learning-based resource reconfiguration is expected to strengthen enterprise resilience under environmental change.

LIMITATIONS

The framework is conceptual and cannot establish causal effects. MSMEs differ by sector, location, ownership, market conditions, and stage of development. Future studies should operationalize constructs transparently, specify sampling and measurement procedures, and compare successful and unsuccessful implementation experiences.

CONCLUSION

The paper positions digital service capability and customer experience as an organizational capability built through disciplined learning. Its value depends on how effectively managers connect service-process design, digital trust, customer feedback, data discipline, and continuous improvement with evidence, governance, and resource reconfiguration. The framework favors problem-oriented support, staged commitment, and explicit review rather than symbolic adoption.

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