
Entrepreneurial Orientation, Product Innovation, and Differentiation Strategies as Predictors of Business Performance of Micro Coffee and Milk Tea Shops in the National Capital Region (NCR)

Maricon R. Biron

Polytechnic University of the Philippines – Sta. Mesa Campus
Manila, Philippines
mariconbiron88@gmail.com

Abstract

This study explored the impact of entrepreneurial orientation, product innovation, and differentiation strategies on the business performance of social microentrepreneurs in the National Capital Region. A causal-predictive research design with 510 respondents, convenience sample method, and partial least structural equation modeling (PLS-SEM) was used to measure the direct and indirect (mediating) effects of the structural model. The results reveal that Entrepreneurial Orientation has a positive direct effect on the business performance of Micro Coffee and Milk Tea Shops in the National Capital Region (NCR). Product innovation and differentiation strategies were identified as significant mediators of the Entrepreneurial orientation. This study only examined the National Capital Region (NCR) particularly in Manila, Taguig, Quezon City, Muntinlupa, Las Pinas, and Paranaque City. This study will benefit microentrepreneurs' micro-coffee and milk tea shops that identify their top choice for a qualified product and significantly influence local employment creation, economic resilience, and sustainability through entrepreneurial orientation, product innovation, and differentiation strategies.

Keywords: *entrepreneurial orientation, product innovation, differentiation strategies, micro entrepreneurs, and business performance*

INTRODUCTION

Coffee is a partner of every Filipino performing everyday tasks in life. Coffee shops are used as meeting places and centers for social interactions (Suarez et al., 2017). It was then how micro-coffee entrepreneurs established their businesses in the National Capital Region (NCR) to offer better health coffee products that provide better help to the body. Today's age sees the coffee sector as a bright one, and many business owners are investing in it (Recamadas, 2018). However, since 2011, milk tea, a well-known beverage, has become increasingly popular (Ong et al., 2021). Numerous businesses have attempted to enter the milk tea industry since it became popular (Bastasa et al., 2022). To customize their drinks, companies in the milk tea sector should prioritize their customers' interests and choices (Ong et al., 2021).

Micro coffee and milk tea shops must continuously pursue a differentiation strategy to be leaders in their specific market industry. Instead of employing real profit management to attain financial objectives, management should consider the sustainability of firm performance (Widuri & Sutanto, 2019). Product innovation is anticipated to affect consumers' desire to make purchases (Sinaga et al., 2021). One strategy for winning a competition through product innovation is to prepare new items in the face of competition from competitors (Kuncoro & Suriani, 2018). Entrepreneurial orientation must be embraced by SME management early in the lifecycle (Ho-Taek et al., 2021). Entrepreneurial Orientation (EO) is positioned as a strategic resource to promote and nurture because there are no benefits to organizational

performance without a sufficient level of EO (Chavez et al., 2017). AlTaweel and Al-Hawary (2021) state that strategic agility and organizational performance improve when innovation capability acts as a mediator. By focusing on innovation as the company's driving force and the production of high-quality products, companies can gain advantages through differentiation strategies (Semuel et al., 2017).

This study explores the link between entrepreneurial orientation and business performance, focusing on product innovation and differentiation strategies as mediators to bridge the knowledge gap. The existing literature frequently overlooks the underlying mechanisms that support this connection, instead concentrating largely on the relationship between entrepreneurship and business performance. Filling this knowledge gap requires a more thorough investigation of the various mediating variables that link the effects of entrepreneurial orientation on business performance. Research on the mediating role of product innovation and differentiation strategies is lacking in this context. Therefore, this study aimed to identify the entrepreneurial orientation approach, product innovation, and differentiation strategies of micro coffee and milk tea entrepreneurs in the National Capital Region (NCR) as determinants of company performance.

The proposed research framework, based on the objectives and hypotheses of the study, is shown in Figure 1. It examines how product innovation and differentiation strategies act as moderating variables that could amplify the impact of entrepreneurial orientation as an independent variable on a firm's performance. Product innovation and differentiation strategies would highlight the link between an entrepreneurial orientation and business performance as a mediating impact.

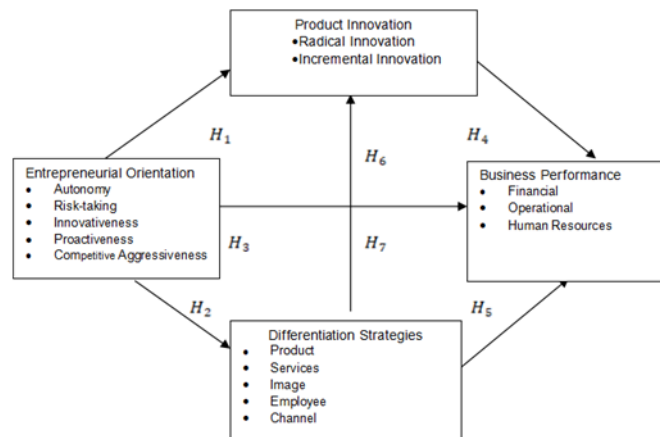


Figure 1. Research Framework

Literature Review

Entrepreneurial Orientation and Product Innovation

Coffee and milk tea shop entrepreneurs wanted innovative coffee and milk tea products and excellent customer service through entrepreneurial orientation. According to Nugroho et al. (2020), businesses embrace an entrepreneurial strategy perspective, sometimes referred to as entrepreneurial orientation. According to Hoque et al. (2018), innovative exploration fosters novelty, creative processes, and the emergence of original ideas through experimentation. Entrepreneurial orientation improves product innovation by fostering a learning orientation (Chen & Zhang, 2021). Proactiveness is the capacity of a business to devote resources to the introduction of new goods and services before rivals (Hernández-

Perlines et al., 2019). Only proactive organizations benefit from the first-mover advantage; hence, innovativeness may play a beneficial role in business (Haider, 2017).

The risk-taking aspect of EO is to position the firm toward absorbing uncertainty rather than having a paralyzing dread of it (Hoque et al., 2018). Due to their creativity, risk-taking skills, and reputation for being proactive, businesses that are oriented toward entrepreneurship have the possibility of success (Haider, 2017). SMEs use entrepreneurial orientation (EO) as a competitive strategy against cultural values and a key function of after-market control to improve innovation goods (Kristinae et al., 2019). Additionally, it has been shown that family involvement in business management has a moderating effect on these relationships, with family firms having higher levels of family involvement in business management and a reduction in the impact of entrepreneurial orientation on these three types of innovation (Fredyna et al., 2019).

H1. Entrepreneurial orientation has a significant effect on product innovation.

Entrepreneurial Orientation and Differentiation Strategies

Micro-coffee and milk tea shop owners and entrepreneurs have used differentiation strategies for coffee products and features with the best quality for their customers. The capacity to choose the best business plan, particularly the differentiation strategy, is positively and significantly influenced by high entrepreneurial orientation (Hutahayan, 2019). According to Zehir et al. (2015), a company's uniqueness in the market is tied to its distinctive or diverse products and services. Differentiation strategy has a positive direct influence on competitive advantage (Tintara & Respati, 2020). Differentiation strategies, such as marketing and innovation differentiation, are effective in the context of entrepreneurial orientation (Chen et al., 2017).

Escolta and neighboring neighborhoods in Metro Manila experienced a renaissance in the middle of the 2000s thanks to bazaars, street parties, fashionable coffee shops, and art and cultural events (Guazon, 2022). Companies are positioned in a competitive environment with countless new market entrants across industries, including the coffee shop industry (Jang & Lee, 2019). In addition to maintaining efficiency, a strategy for business owners operating in marketplaces with perfect competition is to exit the market through differences (Rahardjo et al., 2019). According to Hossain and Azmi (2020), entrepreneurial orientation (EO) factors (innovativeness, risk-taking, and proactiveness) are crucial tools for differentiation strategies. One of the tactics that may be used to gain a competitive advantage is a differentiation strategy that involves making effective offers to target customers (Birru et al., 2022). The type of coffee picked, type of grain, and other factors that affect the quality of the coffee are used to create a differentiation strategy (Neacsu, 2018). Coffee quality characteristics, product origin, and social and environmental concerns were all factors in the differentiation strategy (Lourenzani et al., 2020).

H2. Entrepreneurial orientation has a significant effect on differentiation strategy.

Entrepreneurial Orientation and Business Performance

The implementation of ecologically sustainable business for small coffee shops in the Philippines was not as organized, controlled, and efficient compared to large businesses due to limited investment. Entrepreneurial orientation has supported micro coffee and milk tea entrepreneurs in the Philippines to overcome the fundamental restrictions regularly connected through their business performance. The Philippine economy is currently challenged by new demands that will increase the need for innovation in order for businesses to remain competitive in the global market (Quimba, 2017).

Demand growth and competitive intensity have been identified as environmental contingencies that moderate the relationship between EO and performance (Gupta & Batra, 2016). The majority of MSMEs, however, were discovered to be adaptable and creative when it comes to their coping mechanisms; the most typical ones involved the use of online platforms and the customization or creation of new products (Andal et al., 2021). In line with the initial conceptualizations of EO as a firm-level attribute, innovativeness and proactiveness were deliberated strategies within enterprises rather than characteristics that an entrepreneur either possesses or does not (Putniņš & Sauka, 2019b). An organization's readiness to seek and seize new opportunities and take ownership of bringing about change was characterized as having an entrepreneurial orientation (Zehir et al., 2015). Entrepreneurial orientation was described as organizational readiness to (Lurtz & Kreutzer, 2017). In companies with higher degrees of gender diversity on the board and lower levels of family involvement, the relationship between entrepreneurial orientation and success is stronger (Arzubiaga et al., 2017). In theory, "entrepreneurial orientation" refers to the norms and procedures that form the basis of entrepreneurial choices and actions (Hamdana et al., 2021).

According to Roxas et al. (2016), the performance of 197 small enterprises in the Philippines demonstrated how an entrepreneurial strategic perspective empowers them to adopt a more proactive posture toward environmental sustainability measures. Businesses developed a more proactive approach to environmental sustainability practices because of an entrepreneurial strategic orientation, which improved company performance (Roxas et al., 2016).

H3. Entrepreneurial orientation has a significant effect on business performance.

Product Innovation and Business Performance

According to Fahriyah et al. (2021), to reach the goals and strengthen the abilities of MSME managers, training for such managers needs to be conducted more intensely and at a higher quality. Organizational performance is positively impacted by products, processes, and organizational innovation (Suhag et al., 2017). Product innovation and process improvement are significantly moderated by an organizational data-driven culture, which ultimately increases business value through improved overall organizational performance (Chaudhuri et al., 2021). Product innovation improves company performance in transition economies and is complemented by the strong impact of certain control variables, including firm size, total labor cost, and capital (Ramadani et al., 2019). Product innovation boosts an organization's relevant performance metrics by generating ongoing profits (Tsai et al., 2020). Because the planning and control of a firm's processes do not ensure an exceptional process that results in product innovation, the company is unable to provide product innovation (Tarigan, 2018). The relationship between organizational climate for innovation and organizational performance is mediated by innovative work behavior (Shanker et al., 2017).

According to Lofqvist (2017), small businesses combine various bootstrapping techniques when developing new products. According to Murmura et al. (2021), a case study of a top multinational company in the eyewear and ophthalmic lenses sector was analyzed from an organic view of the eyewear sector, which took into account both market and quality aspects and evaluated the role of Industry 4.0 in process and product innovation for managing consumer health. According to Hu and Hughes (2020), "radical innovation" is the marketing of a completely original idea that is brand-new to markets. Managers typically assume that meanings are predetermined and that they cannot be innovated but must instead be understood; however, if meaning is placed at the center of service development, it can lead to a radical

innovation that can broaden the industry's perspective and reveal new methods of capturing customer value (Pinto et al., 2017).

Radical innovation entails the creation of a fresh idea, necessitating unconventional thinking, yet the likelihood of success can be impossible to predict, frequently leading to hostility to such ideas (Hazzah et al., 2019). Radical innovations have resulted in increased market uptake risks and vast knowledge depth, time, money, and commitment requirements, but they have contributed significantly more to environmental sustainability (Martin-Rios et al., 2018). For small and medium businesses, incremental innovation methods are not time-consuming, uncertain, or expensive (Proenca & Jiménez-Sáez, 2020). Incremental innovation is the most preferred change adopted by firms (Utami et al., 2017). The crucial tasks of creating new goods, extending the lifespan of current ones, streamlining current procedures to increase efficiency, and identifying new consumer segments to spur revenue development were made possible by incremental innovation (O'Reilly & Binns, 2019). Focusing on minor, incremental innovations in operations or in the goods or services they provide to travelers helps businesses increase productivity (Sedyowidodo & Basbeth, 2020). Managers are customer-focused, because incremental innovation is frequently undertaken as a short-term response to circumstances (Séraphin & Butcher, 2018).

H4. Product innovation has a significant effect on business performance.

Differentiation Strategies and Business Performance

According to PSA (2021), employment and assets are the two criteria used to define MSMEs: micro firms have fewer than 10 employees, small enterprises have between 10 and 99 employees, and medium enterprises have between 100 and 199 employees. The need to have a differentiation strategy that benefits from different Micro Small Medium Enterprises operating in the NCR with new normal that would result as predictors of business performance. Companies have created a more advantageous incentive program or a tie-in sales campaign designed for time-conscious customers by highlighting time-saving benefits as successful differentiation strategies (Shieh et al., 2019). Innovation influences the differentiation strategy in advance, which has an impact on the company's performance either directly or indirectly (Semuel et al., 2017).

A modest coffee shop needs marketing differences to last for more than five years (Turner & Endres, 2017). The differentiation approach emphasizes that great performance requires some degree of differentiation (Linton & Kask, 2017). According to an examination of a case study and owners' interviews, they worked to implement a differentiation strategy by offering premium coffee brewed with premium and expensive components (Tran, 2020). Comparing the pursuit of a differentiation strategy with two other Porter's generic strategies that also have a beneficial effect (low-cost or focus strategy), the pursuit of a differentiation strategy resulted in improved company performance (Islami et al., 2020). When a company creates, produces, and advertises a comparable product more successfully than its rivals, it effectively implements a low-cost leadership strategy (Gakuya & Mbugua, 2018).

Micro-coffee and milk tea entrepreneurs demonstrated products, services, images, employees, and channels as part of their differentiation strategies, with the most affordable and best quality to be competitive. In contrast to Porter's idea of cost leadership (i.e., the moderator for margin and profitability), the facilitator and mediator roles generate more investment-oriented value for company value capture (Chammassian & Sabatier, 2020). Companies that implement cost leadership and whose managers have a high external locus of control have high performance (Runtu & Ellitan, 2021).

Organizations that pursue a cost leadership strategy are oriented toward operating their value chain activities effectively, which enables them to lower manufacturing costs and increase their market share (Islami & Latkovikj, 2021b).

Product differentiation is the process through which a business creates and promotes a product that differs from its rivals are offering (Tintara & Respati, 2020). To maintain their survival and growth, businesses consider appropriate price competition and product differentiation strategies in light of customers' growing propensity to purchase green products (He & Deng, 2020). Kenyan mobile phone providers use Porter's competitive tactics to maintain their competitive edge and improve their performance (David, 2019). When a company offers a unique or greater value to the client through product quality, features, or after-sale assistance, differentiation strategy implementation becomes successful (Gakuya & Mbugua, 2018). Additionally, product differentiation has emerged as the most important factor influencing customer purchasing decisions in a limited manner (Gandhy & Hairuddin, 2018).

H5. Differentiation strategy has a significant effect on business performance.

Mediating Role of Product Innovation Between Entrepreneurial Orientation and Business Performance

Improvements in entrepreneurial orientation at the company level are acknowledged as an effective development approach to achieve innovation performance, which is in accordance with the significance of innovation in gaining competitive advantage for businesses (Al-Shami et al., 2022). Innovativeness and learning orientation were two factors that partially mediate the link between EO and organizational performance (Soares & Perin, 2019). In accordance with Korpysa (2019), it was advised to further develop the existing theory of entrepreneurial orientation in connection to start-ups, considered young innovative businesses. Operating a business requires both entrepreneurial orientation and financial literacy, since these two characteristics are believed to help MSMEs secure finance and improve their performance (Hamdana et al., 2021). Through the mediation of learning orientation, entrepreneurial orientation has direct and indirect impacts on Innovation Performance (IP) (Shaher & Ali, 2020b). Innovativeness is essential for organizational success, and since managers must foster entrepreneurship as a significant orientation, entrepreneurs' creativity and innovativeness are considered important drivers of entrepreneurial orientation (Al Mamun et al., 2017).

Increased organizational performance is positively correlated with innovation (Alarifi et al., 2019). Different combinations of EO dimensions and types of cooperation partners explain product/service innovation in digital and nondigital contexts (Kollmann et al., 2021). Proactiveness appeared to be a prerequisite for innovativeness, which in turn proved to be a precondition for taking risks or outsourcing risk when examining the function and aspects of EO played in the development of the new enterprise (Lurtz & Kreutzer, 2016). Enterprise orientation and company performance are mediated by firm innovation (Kittikunchotiwut, 2020). Risk-taking is the propensity to engage in high-risk activities with high potential rewards, as well as audacious actions in unsettling situations (Lomberg et al., 2017). Risk-taking is the extent to which a company makes significant and risky decisions by entering the market first and demonstrating initiative (Haider, 2017). According to Lomberg et al. (2017), decision-makers in businesses understand how to distinguish between important and necessary risk-taking as part of innovation because risks that are not in line with proactiveness and innovation may have a negative impact on performance.

According to Linton and Kask (2017), innovation is characterized by a significant emphasis on R&D, being a leader in technology, offering new items, and altering current product or service lines. It was confirmed that a company is innovative or dedicated and that it engages in aggressive positioning in relation to its rivals (Haider, 2017). According to Khan et al. (2020), innovation strongly influences the relationship between organizational culture, entrepreneurial orientation, and firm performance. Proactiveness is positively related to performance via its positive effect on risk-taking levels of risk taking (Putniņš & Sauka, 2019b). A substantial mediator between entrepreneurial competence and business success has also been found to be proactive entrepreneurial orientation (Ibidunni et al., 2018).

H6. Product innovation has a mediating effect on the relationship between entrepreneurial orientation and business performance.

Mediating Role of Differentiation Strategies Between Entrepreneurial Orientation and Business Performance

The business performance of micro-coffee and milk-tea entrepreneurs based on product innovation has a wavy relationship with entrepreneurial orientation. The assumption behind taking risks was that businesses became better positioned to spend resources in markets and industries without knowing how these investments would pan out. This promotes the production of innovative ideas and boosts long-term profitability (Alarifi et al., 2019). High performance is correlated with a differentiation strategy, innovativeness, and proactiveness; this remedy fits the ideal category of originalizers (Linton & Kask, 2017). One comprehensive method that offers solutions was entrepreneurial orientation (EO) (Nugroho et al., 2020). Entrepreneurial Orientation considers business performance, entrepreneurs, differentiation strategies, and economic aspects. Therefore, these EO (innovativeness, risk-taking, and proactiveness) factors were crucial tools for differentiation strategy that sustained business over the long term (Hossain & Azmi, 2020). Learning orientation and differentiation strategy both significantly mediate the variables that improve business performance when driven by firm entrepreneurial orientation (Chen et al., 2017).

Another element was the support needed for entrepreneurial attitudes and business strategies (low-cost and differentiation strategy) (Murni, 2017). The significance of an entrepreneurial mind-set-supported differentiation strategy in enhancing marketing performance (Heng & Afifah, 2020). Therefore, it was anticipated that the proactive character of a differentiation strategy would increase's the impact on company performance (Galbreath et al., 2020). Market development mediates the impact of differentiation on performance, and differentiation strategy further mediates the impact of EO (Budiaty et al., 2021). The capacity to choose the best business plan, particularly the differentiation strategy, is positively and significantly influenced by high entrepreneurial orientation (Hutahayan, 2019).

H7. Differentiation strategy has a mediating effect on the relationship between entrepreneurial orientation and business performance.

METHOD

Participants of the Study

The researcher used a convenience sampling method to select the respondents. Participants in this study will be entrepreneurs in 202,011 (20.2%) coffee business establishments in the National Capital Region (NCR) (Philippine Statistics Authority, 2021). Essentially, the questionnaire was generated through Google Forms and distributed via social media platforms (online) starting from the second week of April

2023. Responses were accepted until the fourth week of the same month. Of a total of 510, all were completed and answered by the respondents, resulting in a response rate of 100%.

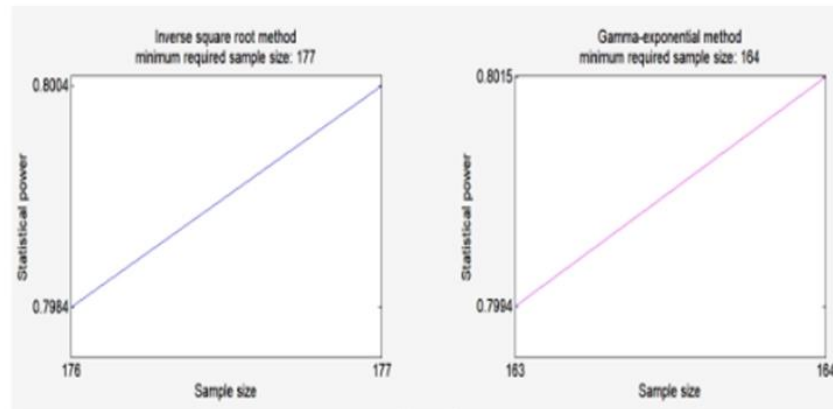


Figure 2. Sample Size Estimation

The inverse square root and gamma exponential methods were used to calculate the sample size (Kock & Hadaya, 2018). As shown in Figure 2, the minimum sample size must be between 164 (gamma-exponential approach) and 177 (inverse square root method), as determined by WarpPLS 7.0, for a minimum absolute significant path coefficient (p -value less than 0.05) of 0.187, 0.05, the significance threshold and 0.80 as the power level, respectively (Kock, 2020). Consequently, the sample size of 50 was adequate to support the expected correlations. Table 1 presents the demographic profile of respondents who were microentrepreneurs from the National Capital Region (NCR). The majority of the respondents were college students who belonged to the 20–25 age brackets. Additionally, 57.45 percent of the respondents were male, mostly in a single civil status (92.55%). Most of the respondents operate for one to five years, with one to three employees. Finally, 42.95 of the respondents operated a coffee shop.

Research Instrument

Self-constructed survey questionnaires, validated by Marketing and Research Experts, were used to collect ideas and the significance of the study. The questionnaire was divided into two parts. Part 1 asked for information about the respondents' companies, including their capitalization, ownership structure, number of years in operation, industry, and employee count. Part 2 asks about their perceptions of their entrepreneurial orientation, product innovation, and differentiation strategy. The rating scale, often known as the five-point Likert scale, consists of the following responses: 5 = Strongly Agree, 4 = agree, 3 = neutrality, 2 = disagree, and 1 = Strongly Disagree. The validity and reliability of the constructs were measured, as shown in Tables 2, 3, and 4. Informed consent, data confidentiality, avoiding conflicts of interest, and accurately presenting the results of micro-coffee and milk tea store owners in the National Capital Region are all ethical considerations.

Table 1. Respondent's Demographic Results

Demographics	Frequency	Percent
Age		
20-25	438	85.88
26-30	39	7.65
31-35	17	3.33
36-40	6	1.18
41 - above	10	1.96
Sex		
Male	293	57.45
Female	202	39.61
Member of LGBT Community	15	2.94
Civil Status		
Single	472	92.55
Married	31	6.08
Legally Separated	3	0.59
Widow/Widower	4	0.78
Education		
Postgraduate	84	16.47
College	260	50.98
High school	166	32.55
Capitalization		
1,000,000 below	339	66.47
1,000,001 – PHP 1,500,000	80	15.69
1,500,001 – PHP 2,000,000	42	8.24
2,000,001 – PHP 2,500,000	25	4.90
2,500,001 – PHP 3,000,000	24	4.71
Organization Ownership		
Sole Proprietor	251	49.22
Partnership	259	50.78
Number of Years in Operation		
1 -5	371	72.75
6-10	82	16.08
11-15	24	4.71
16-20	17	3.33
21 and above	16	3.14
Number of Employees		
1-3	303	59.41
4-6	172	33.73
7-9	35	6.86
Shop Type		
Coffee shop	219	42.95
Milk tea shop	139	27.25
Coffee and Milk tea shop	152	29.80

Data Analysis

This study employed a quantitative research design. This study measured the direct and indirect (mediating) impacts of the structural model using causal-predictive research design and partial-least structural equation modeling (PLS-SEM). (Wold, 1982; Sarstedt et al., 2021; Purwanto & Sudargini, 2021) which assesses the reliability and validity of the study, as well as the mediating effects of product innovation and differentiation strategies on the relationship between entrepreneurial orientation and the business performance of microentrepreneurs. Kock (2020) claimed that these cutting-edge factor-based techniques were implemented by WarpPLS, a top PLS-SEM software product. In the context of structural equation modeling using partial least squares (PLS-SEM), a full latent growth analysis was thought of as a thorough examination of moderating effects where the moderating variable is "latent" and not "disrupting" the model in any way (Kock, 2020).

RESULTS

This study utilized partial least squares structural equation modeling (PLS-SEM) to measure the hypothesized relationships. In PLS-SEM, the first phase is the assessment of the measurement model and the second part is the evaluation of the structural model (Lacap, 2019; Lacap, 2020; Lacap & Sicat, 2022).

Evaluation of Measurement Model

The assessment of the measurement model involves gauging the reliability and validity of lower- and higher-order constructs. For lower-order reflective constructs, reliability was measured using composite reliability (CR). Moreover, convergent and discriminant validity were gauged. Based on the results in Table 2, the values of CR must be at least 0.70 to measuring the reliability of the lower-order reflective constructs (Kock, 2014).

Table 2. Reliability Measures and Convergent Validity of the Lower-Order Reflective Constructs

Lower-order reflective construct	Item	Factor loading	Average variance extracted	Cronbach's alpha	Composite reliability
Autonomy	AU1	0.945	0.893	0.940	0.962
	AU2	0.940			
	AU3	0.949			
Competitive Aggressiveness	CA1	0.939	0.871	0.926	0.953
	CA2	0.930			
	CA3	0.931			
Innovativeness	IN1	0.920	0.864	0.922	0.950
	IN2	0.942			
	IN3	0.927			
Proactiveness	PR1	0.934	0.876	0.930	0.955
	PR2	0.932			
	PR3	0.942			
Risk-taking			0.706	0.783	0.876

	RT1	0.675			
	RT2	0.913			
	RT3	0.909			
Radical Innovation			0.861	0.919	0.949
	RI1	0.925			
	RI2	0.934			
	RI3	0.924			
Incremental Innovation			0.867	0.924	0.952
	IC1	0.935			
	IC2	0.925			
	IC3	0.934			
Product Differentiation			0.879	0.931	0.956
	PD1	0.942			
	PD2	0.931			
	PD3	0.941			
Services Differentiation			0.689	0.763	0.867
	SD1	0.638			
	SD2	0.916			
	SD3	0.907			
Employee Differentiation			0.888	0.937	0.960
	ED1	0.938			
	ED2	0.948			
	ED3	0.942			
Image Differentiation			0.880	0.932	0.957
	ID1	0.939			
	ID2	0.944			
	ID3	0.931			
Channel Differentiation			0.858	0.917	0.947
	CD1	0.927			
	CD2	0.933			
	CD3	0.918			
Financial			0.865	0.961	0.970
	FI1	0.925			
	FI2	0.931			
	FI3	0.933			
	FI4	0.925			
	FI5	0.935			
Human resources			0.866	0.961	0.970
	HR1	0.923			
	HR2	0.937			
	HR3	0.933			
	HR4	0.921			
	HR5	0.940			
Operational			0.848	0.955	0.965
	OP1	0.874			
	OP2	0.927			
	OP3	0.939			

OP4 0.938
 OP5 0.926

Note: All item loadings are significant ($p < 0.001$).

The discriminant validity of the lower-order reflective constructs was measured using the heterotrait-monotrait ratio of correlation (HTMT). Gold et al. (2001) argued that an HTMT ratio threshold of 0.90 must be attained to claim that discriminant validity exists in the model. Based on the results in Table 3, all lower-order reflective constructs (AU, CA, IN, PR, RT, RI, IC, PD, SD, ED, CD, FI, HR, and OP) reflect HTMT ratios of less than 0.90; thus, discriminant validity was achieved.

Table 3. Discriminant Validity Using HTMT Ratios

	AU	CA	IN	PR	RT	RI	IC	PD	SD	ED	ID	CD	FI	HR	OP
AU															
CA	0.878														
IN	0.899	0.828													
PR	0.883	0.800	0.840												
RT	0.889	0.889	0.893	0.816											
RI	0.830	0.826	0.835	0.817	0.858										
IC	0.809	0.842	0.850	0.834	0.865	0.896									
PD	0.846	0.829	0.832	0.847	0.853	0.869	0.863								
SD	0.798	0.804	0.825	0.819	0.841	0.837	0.838	0.822							
ED	0.763	0.738	0.774	0.769	0.768	0.814	0.830	0.886	0.835						
ID	0.763	0.756	0.774	0.774	0.814	0.823	0.834	0.883	0.882	0.873					
CD	0.772	0.767	0.791	0.772	0.783	0.798	0.803	0.873	0.870	0.854	0.879				
FI	0.797	0.810	0.800	0.801	0.833	0.810	0.821	0.891	0.857	0.801	0.847	0.881			
HR	0.783	0.754	0.787	0.786	0.799	0.790	0.799	0.846	0.820	0.806	0.852	0.868	0.805		
OP	0.790	0.785	0.788	0.785	0.819	0.811	0.821	0.866	0.867	0.807	0.826	0.885	0.913	0.816	

Note: AU: *Autonomy*; CA: *Competitive Aggressiveness*; IN: *innovativeness*; PR: *Proactiveness*; RT: *Risk-taking*; RI: *Radical Innovation*; IC: *Incremental Innovation*; PD: *Product Differentiation*; SD: *service differentiation*; ED: *Employee Differentiation*; ID: *Image Differentiation*; CD: *Channel Differentiation*; FI: *Financial*; HR: *Human Resources*; OP: *operational*

Since entrepreneurial orientation, product innovation, differentiation strategies, and business performance were treated as higher-order formative constructs, hierarchical component model (HCM) analysis using a disjoint two-stage approach was performed (Agarwal & Karahanna, 2000; Becker et al., 2012, Lacap & Sicat, 2022). To assess the validity of the higher-order PLS path modeling approach, indicator weights must be significant ($p < 0.05$), the variance inflation factor (VIF) must be at most 3.30, weight-loading signs (WLS) must be positive, and indicator effect sizes (ES) must be at least 0.02 (Amora, 2023; Kock, 2014). Based on the results in Table 4, all indicator weights are significant, VIFs are less than 3.30, WLS is positive, and ES is greater than 0.02. Hence, entrepreneurial orientation, product innovation, differentiation strategies, and business performance as higher-order formative constructs passed all the measurement evaluation requirements.

Table 4. Hierarchical Component Model (HCM) Analysis

Higher-order formative construct	Indicator weight	p	VIF	WLS	ES
Entrepreneurial Orientation					
AU	0.216	<0.001	4.365	1	0.199
RT	0.209	<0.001	3.330	1	0.186
IN	0.220	<0.001	4.843	1	0.207
PR	0.220	<0.001	4.430	1	0.206
CA	0.217	<0.001	4.768	1	0.202
Product Innovation					
RI	0.523	<0.001	3.142	1	0.500
IC	0.523	<0.001	3.142	1	0.500
Business Performance					
FI	0.348	<0.001	4.298	1	0.332
OP	0.349	<0.001	4.604	1	0.334
HR	0.348	<0.001	4.401	1	0.333
Differentiation Strategies					
PD	0.221	<0.001	4.666	1	0.205
SD	0.214	<0.001	3.591	1	0.192
ID	0.219	<0.001	4.324	1	0.202
ED	0.221	<0.001	4.636	1	0.205
CD	0.216	<0.001	3.803	1	0.196

Note: AU: Autonomy; CA: Competitive Aggressiveness; IN innovativeness; PR: Proactiveness; RT: Risk-taking; RI: Radical Innovation; IC: Incremental Innovation; PD: Product Differentiation; SD: service differentiation; ED: Employee Differentiation; ID: Image Differentiation; CD: Channel Differentiation; FI: Financial; HR: Human Resources; OP: operational

Evaluation of the Structural Model

The evaluation of the structural model includes the assessment of path coefficients, p-values, standard error, and effect sizes (Lacap & Sicut, 2022). Figure 3 and Table 5 present the results of the evaluation of the structural model.

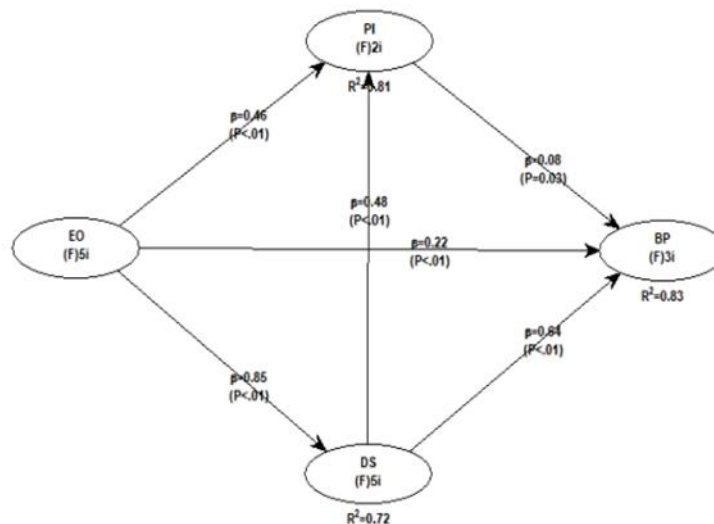


Figure 2. The Structural Model

The results reveal that entrepreneurial orientation has a significant and positive effect on product innovation ($\beta = 0.456, p < 0.001, f2 = 0.396$), differentiation strategies ($\beta = 0.851, p < 0.001, f2 = 0.724$), and business performance ($\beta = 0.217, p < 0.001, f2 = 0.182$), with sizes ranging from medium to large. Thus, H1, H2, and H3 were supported. Analysis of the data further shows that product innovation has a significant and positive effect on business performance ($\beta = 0.082, p = 0.031, f2 = 0.068$) with a small effect size. Therefore, H4 is supported.

Moreover, differentiation strategies are found to have a significant and positive influence on business performance ($\beta = 0.644, p < 0.001, f2 = 0.580$) and product innovation ($\beta = 0.480, p < 0.001, f2 = 0.418$) with large effect sizes. Hence, both H5a and H5b are supported. The mediation analysis results indicate that product innovation has no mediating effect on the link between entrepreneurial orientation and business performance ($\beta = 0.037, p = 0.116$). On the other hand, differentiation strategies were found to have a positive mediating effect on the relationship between entrepreneurial orientation and business performance ($\beta = 0.548, p < 0.001, f2 = 0.459$), with a large indirect effect. Thus, H6 was unsupported, while H7 was supported.

DISCUSSION

In the current study, the National Capital Region's (NCR) micro coffee and milk tea shops are analyzed for their business performance in relation to their entrepreneurial approach. Additionally, it investigates the connection between entrepreneurial orientation and business performance, as well as the indirect effects of product innovation and differentiation methods.

The results showed that entrepreneurial orientation was found to significantly and positively influence product innovation and differentiation strategies. The findings indicate that this resource commitment is essential for turning creative concepts into real products and boosting competitive edge in the marketplace. Depending on their unique entrepreneurial circumstances, a differentiation strategy seems to be required for small retail enterprises to follow, either by itself or in conjunction with cost leadership. As a strategic stance that includes taking risks, being proactive, and being inventive, an organization is said to have an entrepreneurial orientation (Joseph & Joshua, 2023). Furthermore, the idea that companies with high entrepreneurial orientation prioritize innovation and devote resources to R&D projects further sheds light on the relationship between EO and product innovation (Lu et al., 2023). Increases in the breadth of regional development under rising levels of international channel management capabilities are related to increases in the levels of product innovation intensity, risk-taking, competitive aggression, and autonomy (Boso et al., 2016). Businesses that pursue both EO and differentiation strategies should encourage management to more readily support these ostensibly complementary strategies to produce greater results (Galbreath et al., 2020).

Table 5. Direct and Mediating Effects

Hypothesis	Path coefficient	p-value	Standard error	Effect size	Decision
Direct effects					
H1. EO → PI	0.456	<0.001	0.042	0.396	Supported
H2. EO → DS	0.851	<0.001	0.040	0.724	Supported
H3. EO → BP	0.217	<0.001	0.043	0.182	Supported
H4. PI → BP	0.082	0.031	0.044	0.068	Supported
H5a. DS → BP	0.644	<0.001	0.041	0.580	Supported
H5b. DS → PI	0.480	<0.001	0.042	0.418	Supported
Mediating effects					
H6. EO → PI → BP	0.037	0.116	0.031	0.031	Unsupported
H7. EO → DS → BP	0.548	<0.001	0.029	0.459	Supported

Note: EO - entrepreneurial orientation; PI - product innovation; DS - differentiation strategies; BP - business performance. Effect size evaluation (Cohen, 1988): 0.02, small; 0.15, medium; 0.35, large.

Moreover, entrepreneurial orientation, product innovation, and differentiation strategies were found to have significant effects as predictors of the business performance of micro coffee and milk tea shops in the National Capital Region (NCR). The findings suggest that, by emphasizing EO dimensions, these businesses can enhance their performance and sustainability in a competitive landscape. Businesses that embrace product innovation not only better satisfy customer wants but also put themselves in a position to maintain a competitive edge in their particular markets. The reduced competition in the specific market niche that the company serves can be the result of a well-executed differentiation strategy.

Based on their ability to use innovation to react swiftly to market shifts, companies with high EO tend to perform better than their competitors (Cui et al., 2017). As they can react to consumer needs and market trends more quickly, companies that invest in product innovation typically see increases in market share, sales, and profitability (Cheng & Krumwiede, 2018). This is in line with the conclusions of Anning-Dorson (2017), who highlights the positive correlation between innovative products and overall business performance by showing that innovative products strengthen brand reputation.

Product innovation had no discernible impact on business performance, and entrepreneurial orientation also had an impact on the importance of this factor when it was run through PLS-SEM in connection to business performance. These findings indicate that the impact of product innovation, for instance, could be overshadowed by elements such as market demand, competitive challenges, or leadership quality. Even though innovation is practiced, a rational explanation of the root causes relates to the impact of the COVID-19 pandemic, which has decreased customer interest and spending power, and affects corporate sales (Ardhi et al., 2021). Family run businesses weaken the link between entrepreneurship and product innovation is weakened by family-run businesses (Fredyna et al., 2019).

Finally, differentiation strategies had a distinct impact on business performance; entrepreneurial orientation had the same impact on the importance of this factor when it was run through PLS-SEM in connection to business performance. The findings indicate that a sufficiently lean canvas with a differentiation strategy focus is required to sustain a competitive entrepreneurial orientation and outstanding business performance. According to Roxas et al. (2016), firms can adopt a more proactive posture toward environmental sustainability policies because of their entrepreneurial strategic orientation, which improves firm performance. Employee behavior has been shown to improve business

performance through differentiation strategies, demonstrating the necessity of including human factors to inspire employees to perform better (Yuliansyah et al., 2017).

Conclusion

Product innovation and differentiation strategies are affected by entrepreneurial orientation. The findings imply that business model innovations were found to help new product development succeed by integrating their entrepreneurial approaches into their innovation processes. Entrepreneurial orientation can be demonstrated through radical product innovation, which can be successfully applied by micro-coffee and milk tea shop entrepreneurs. This orientation has significant implications for risk management, resource allocation, market engagement, employee empowerment, collaboration, and performance metrics.

Business Performance was found to be relevant for strategies to differentiate and consequential entrepreneurial orientation and product innovation. The findings imply that micro coffee and milk tea shop entrepreneurs' competence in delivering distinctive goods and services in a timely manner will improve business performance. Differentiation strategies can boost business performance by enabling coffee and milk tea shops to charge higher prices for unique services, leading to higher profit margins and customer loyalty.

Product innovation plays a minor role in mediating the link between entrepreneurial orientation and business performance. According to these findings, firms might want to consider concentrating on innovation in general rather than just product innovation. To improve business performance, this may entail investigating process, service, and business model innovation. The coffee and milk tea industry's unique characteristics necessitate organizations to focus on performance-enhancing areas such as internal procedures, customer service, and strategic alliances. Successful differentiation strategies enhance entrepreneurial orientation, leading to superior business performance.

The utilization of the research framework in the current study proves that theoretical underpinning can elucidate how entrepreneurial orientation predicts the business performance of micro coffee and milk tea shops in the National Capital Region (NCR), with product innovation and differentiation strategies as their mediating factors. On a more practical level, this study demonstrates that entrepreneurial orientation, such as autonomy, risk-taking, innovation, proactiveness, and competitive aggressiveness, can motivate and contribute value to micro-coffee and milk tea business owners in the National Capital Region. This orientation can help to establish differentiation strategies, leading to better business performance.

It is then recommended that micro coffee and milk tea shop entrepreneurs should support experimentation, risk-taking, and agile techniques to promote product innovation and differentiation strategies within their organizations. Micro-coffee and milk tea shops should provide training courses, prizes, and workshops to promote entrepreneurial culture. The relationship between entrepreneurial orientation and business performance of Micro coffee and milk tea shops can be more effectively mediated by research on product innovation and other elements including operational effectiveness, marketing tactics, and customer relationship management. Micro coffee and milk tea shops should prioritize creating distinctive value propositions, investing in research and development, using technology to provide personalized experiences, fostering a creative workplace culture, incorporating customer feedback into product development, building a strong brand identity, focusing on niche markets, forming partnerships, putting performance measurement systems in place, and offering training programs in order to improve differentiation strategies.

As with all research, the current study has limitations in terms of scope and coverage that may be expanded to other cities, municipalities, regions, and provinces of the country since the study is only focused on the National Capital Region. The study focuses on product innovation, differentiation strategies, and entrepreneurial orientation as external variables, suggesting a need for a more complex model considering both internal and external aspects. Future researchers may decide to expand the entrepreneurial orientation model by incorporating additional mediating variables like financial technology and digital marketing.

REFERENCES

- Agarwal, R., & Karahanna, E. (2000). Time flies when you're having fun: Cognitive absorption and beliefs about information technology usage. *MIS Quarterly*, 24(4), 665–694.
- Al Mamun, A., Kumar, N., Ibrahim, M. D., & Bin Yusoff, M. N. H. (2017). Validating the measurement of entrepreneurial orientation. *Economics and Sociology*, 10(4), 51–66. <https://doi.org/10.14254/2071-789X.2017/10-4/5>
- Al-Shami, S. A., Alsuwaidi, A. K. M. S., & Akmal, S. (2022). The effect of entrepreneurial orientation on innovation performance in the airport industry through learning orientation and strategic alignment. *Cogent Business & Management*, 9(1). <https://doi.org/10.1080/23311975.2022.2095887>
- AlTaweel, I. R., & Al-Hawary, S. I. (2021). The mediating role of innovation capability on the relationship between strategic agility and organizational performance. *Sustainability*, 13(14), 7564.
- Alarifi, G., Robson, P., & Kromidha, E. (2019). The manifestation of entrepreneurial orientation in the social entrepreneurship context. *Journal of Social Entrepreneurship*, 10(3), 307–327. <https://doi.org/10.1080/19420676.2018.1541015>
- Amora, J. T. (2023). On the validity assessment of formative measurement models in PLS-SEM. *Data Analysis Perspectives Journal*, 4(2), 1–7.
- Andal, E. G., Bello, A. L., & Catelo, M. A. (2021). Coping strategies of selected MSMEs in Laguna one year after COVID-19. *The Philippine Review of Economics*, 58(1 & 2), 241–263. <https://doi.org/10.37907/10erp1202jd>
- Ardhi, M. K., Mulyo, J. H., & Irham. (2021). How does entrepreneurial orientation affect the business performance of coffee shop MSMEs in Indonesia? *E3S Web of Conferences*, 306, 03011. <https://doi.org/10.1051/e3sconf/202130603011>
- Anning-Dorson, T. (2017). Customer involvement capability and service firm performance: The mediating role of innovation. *Journal of Business Research*, 86, 269–280. <https://doi.org/10.1016/j.jbusres.2017.07.015>
- Arzubiaga, U., Iturralde, T., Maseda, A., & Kotlar, J. (2017). Entrepreneurial orientation and firm performance in family SMEs: The moderating effects of family, women, and strategic

involvement in the board of directors. *International Entrepreneurship and Management Journal*, 14(1), 217–244. <https://doi.org/10.1007/s11365-017-0473-4>

- Bastasa, K. D. S., Maravilla, V. S., Espellita, S. R., Jr, Calzada, R. D., & Alqueza, J. M. (2022). The popularity of milk tea amidst COVID-19 pandemic: Perspectives of selected entrepreneurs in Minglanilla, Cebu Philippines. *Journal of Economics and Business*, 5(3). <https://doi.org/10.31014/aior.1992.05.03.431>
- Becker, J. M., Klein, K., & Wetzels, M. (2012). Hierarchical latent variable models in PLS-SEM: Guidelines for using reflective-formative type models. *Long Range Planning*, 45(5–6), 359–394.
- Birru, A. C., Sudarmiatin, S., & Hermawan, A. (2022). Competitive strategies in the lodging service sector: Five Porter analyses and case study SWOT analysis. *Journal of Business and Management Review*, 3(1), 1–17. <https://doi.org/10.47153/jbmr31.2732022>
- Boso, N., Oghazi, P., & Hultman, M. (2016). International entrepreneurial orientation and regional expansion. *Entrepreneurship and Regional Development*, 29(1–2), 4–26. <https://doi.org/10.1080/08985626.2016.1255430>
- Budiati, Y., Untoro, W., Wahyudi, L., & Harsono, M. (2021). The mediating effect of strategy on entrepreneurial orientation and performance. *Journal of Research in Marketing and Entrepreneurship*, 24(1), 1–22. <https://doi.org/10.1108/jrme-05-2020-0048>
- Chammassian, R. G., & Sabatier, V. (2020). The role of costs in business model design for early-stage technology startups. *Technological Forecasting and Social Change*, 157, 120090. <https://doi.org/10.1016/j.techfore.2020.120090>
- Chaudhuri, R., Chatterjee, S., Vrontis, D., & Thrassou, A. (2021). Adoption of robust business analytics for product innovation and organizational performance: The mediating role of organizational data-driven culture. *Annals of Operations Research*. <https://doi.org/10.1007/s10479-021-04407-3>
- Chavez, R., Yu, W., Jacobs, M. A., & Feng, M. (2017). Manufacturing capability and organizational performance: The role of entrepreneurial orientation. *International Journal of Production Economics*, 184, 33–46. <https://doi.org/10.1016/j.ijpe.2016.10.028>
- Chen, C., Huang, H., & Wey, S. (2017). The mediating roles of differentiation strategy and learning orientation in the relationship between entrepreneurial orientation and firm performance. *交大管理學報*, 37(1), 1–40. <https://ir.nctu.edu.tw:443/bitstream/11536/137153/1/1028-7310-370101.pdf>
- Chen, H., & Zhang, S. (2021). Multiple strategic orientations and strategic flexibility in product innovation. *European Research on Management and Business Economics*, 27(1), 100136. <https://doi.org/10.1016/j.iedeen.2020.100136>

- Cheng, C. C., & Krumwiede, D. (2018). Enhancing the performance of supplier involvement in new product development: The enabling roles of social media and firm capabilities. *Supply Chain Management: An International Journal*, 23(3), 171–187. <https://doi.org/10.1108/scm-07-2017-0230>
- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences* (2nd ed.). Lawrence Erlbaum Associates.
- Cui, L., Fan, D., Guo, F., & Fan, Y. (2017). Explicating the relationship of entrepreneurial orientation and firm performance: Underlying mechanisms in the context of an emerging market. *Industrial Marketing Management*, 71, 27–40. <https://doi.org/10.1016/j.indmarman.2017.11.003>
- David, A. M. (2019). Porter's competitive strategies influence on performance of mobile telecommunication companies in Kenya. *International Journal of Scientific Research and Management*, 7(2), EM05. <https://doi.org/10.18535/ijprm/v7i2.em05>
- Fahriyah, A., Chairani, R., Sudinta, H., & Irwansyah, I. (2021). Empowering micro small medium enterprises human resources through training: A case study of MSME in Cianjur, West Java-Indonesia. *Technium Social Sciences Journal*, 26(1), 636–645. <https://techniumscience.com/index.php/socialsciences/article/view/5343>
- Fredyna, T., Palomo, D. R., & Diéguez-Soto, J. (2019). Entrepreneurial orientation and product innovation: The moderating role of family involvement in management. *European Journal of Family Business*, 9(2), 128–145. <https://doi.org/10.24310/ejfbefb.v9i2.5392>
- Gakuya, R. W., & Mbugua, D. (2018). Effects of cost leadership strategy on customer loyalty among pharmaceutical companies in Nairobi County, Kenya. *European Journal of Social Sciences Studies*, 3(12), 1–18. <https://doi.org/10.46827/ejsss.v0i0.353>
- Galbreath, J., Lucianetti, L., Thomas, B. W., & Tisch, D. (2020). Entrepreneurial orientation and firm performance in Italian firms. *International Journal of Entrepreneurial Behavior & Research*, 26(4), 629–646. <https://doi.org/10.1108/ijeb-07-2019-0457>
- Gandhy, A., & Hairuddin, J. A. (2018). Analysis of promotion and product differentiation of Jukajo on consumer purchase decision. *Binus Business Review: Management, Accounting and Hospitality Management*, 9(1), 9–16. <https://doi.org/10.21512/bbr.v9i1.3901>
- Gold, A. H., Malhotra, A., & Segars, A. H. (2001). Knowledge management: An organizational capabilities perspective. *Journal of Management Information Systems*, 18(1), 185–214. <https://doi.org/10.1080/07421222.2001.11045669>
- Guazon, T. M. (2022). Being-in-common and food relief networks in Metro Manila, the Philippines. In H. B. Shin, M. McKenzie, & D. Y. Oh (Eds.), *COVID-19 in Southeast Asia: Insights for a post-pandemic world* (pp. 257–271). LSE Press. <https://doi.org/10.31389/lsepress.cov.w>
- Gupta, V. K., & Batra, S. (2016). Entrepreneurial orientation and firm performance in Indian SMEs: Universal and contingency perspectives. *International Small Business Journal*, 34(5), 660–682. <https://doi.org/10.1177/0266242615577708>

- Haider, S. H. (2017). Entrepreneurial orientation and business performance of manufacturing sector small and medium scale enterprises of Punjab Pakistan. *European Business & Management*, 3(2), 21–30. <https://doi.org/10.11648/j.ebm.20170302.12>
- Hamdana, H., Pratikto, H., & Sopiah, S. (2021). A conceptual framework of entrepreneurial orientation, financial literacy, and MSMEs performance: The role of access to finance. *Devotion: Journal of Research and Community Service*, 3(2), 67–82. <https://doi.org/10.36418/dev.v3i2.96>
- Hazzah, L., Chandra, S., & Dolrenry, S. (2019). Leaping forward. In *Leaping forward: The need for innovation in wildlife conservation* (Chapter 20). Cambridge University Press. <https://doi.org/10.1017/9781108235730.020>
- He, D., & Deng, X. (2020). Price competition and product differentiation based on the subjective and social effect of consumers' environmental awareness. *International Journal of Environmental Research and Public Health*, 17(3), 716. <https://doi.org/10.3390/ijerph17030716>
- Heng, L., & Afifah, N. (2020). Entrepreneurial orientation for enhancement of marketing performance. *International Review of Management and Marketing*, 10(3), 46–53. <https://doi.org/10.32479/irmm.9670>
- Ho-Taek, Y., Amenuvor, F. E., & Boateng, H. (2021). The impact of entrepreneurial orientation on new product creativity, competitive advantage and new product performance in SMEs: The moderating role of corporate life cycle. *Sustainability*, 13(6), 3586. <https://doi.org/10.3390/su13063586>
- Hoque, A. S. M. M., Siddiqui, B. A., Awang, Z., & Baharu, S. M. A. T. (2018). Exploratory factor analysis of entrepreneurial orientation in the context of Bangladesh small and medium enterprises (SMEs). *European Journal of Management*. <https://doi.org/10.46827/ejmms.v0i0.384>
- Hossain, K., & Azmi, I. A. G. (2020). Linking entrepreneurial orientation dimensions with multidimensional differentiation strategy. *Management Science Letters*, 10(8), 1881–1886. <https://doi.org/10.5267/j.msl.2019.12.031>
- Hu, Q., & Hughes, M. (2020). Radical innovation in family firms: A systematic analysis and research agenda. *International Journal of Entrepreneurial Behavior & Research*, 26(6), 1199–1234. <https://doi.org/10.1108/ijebr-11-2019-0658>
- Hutahayan, B. (2019). Factors affecting the performance of Indonesian special food SMEs in entrepreneurial orientation in East Java. *Asia Pacific Journal of Innovation and Entrepreneurship*, 13(2), 231–246. <https://doi.org/10.1108/apjie-09-2018-0053>
- Ibidunni, A., Atolagbe, T., Obi, J., Olokundun, M., Oke, O., Amaihian, A., & Obaoye, D. (2018). Moderating effect of entrepreneurial orientation on entrepreneurial competencies and performance of agrobased SMEs. *International Journal of Entrepreneurship*, 22(1), 1–9. <https://eprints.lmu.edu.ng/id/eprint/2819>

- Islami, X., & Latkovikj, M. T. (2021). There is time to be integrated: The relationship between SCM practices and organizational performance – The moderated role of competitive strategy. *Cogent Business & Management*, 9(1), 2010305. <https://doi.org/10.1080/23311975.2021.2010305>
- Islami, X., Mustafa, N., & Topuzovska Latkovikj, M. (2020). Linking Porter's generic strategies to firm performance. *Future Business Journal*, 6(1), 1–15. <https://doi.org/10.1186/s43093-020-00011-3>
- Jang, H., & Lee, S. (2019). Applying effective sensory marketing to sustainable coffee shop business management. *Sustainability*, 11(22), 6430. <https://doi.org/10.3390/su11226430>
- Joseph, N. D. D. D., & Joshua, N. D. C. E. (2023). Entrepreneurial orientation and the performance of small and medium enterprises (SMEs) in Nigeria. *International Journal of Innovative Research and Development*, 12(8). <https://doi.org/10.24940/ijird/2023/v12/i8/aug23001>
- Khan, R. U., Salamzadeh, Y., Kawamorita, H., & Rethi, G. (2020). Entrepreneurial orientation and small and medium-sized enterprises' performance: Does 'access to finance' moderate the relation in emerging economies? *Vision: The Journal of Business Perspective*, 25(1), 88–102. <https://doi.org/10.1177/0972262920954604>
- Kittikunchotiwut, P. (2020). The roles of organizational learning capability and firm innovation in the relationship between entrepreneurial orientation and firm performance. *The Journal of Asian Finance, Economics and Business*, 7(10), 651–661. <https://doi.org/10.13106/jafeb.2020.vol7.no10.651>
- Kock, N. (2014). Advanced mediating effects tests, multi-group analyses, and measurement model assessments in PLS-based SEM. *International Journal of e-Collaboration*, 10(3), 1–13. <https://doi.org/10.4018/ijec.2014010101>
- Kock, N. (2020). Full latent growth and its use in PLS-SEM: Testing moderating relationships. *Data Analysis Perspectives Journal*, 1(1), 1–5. <https://www.scriptwarp.com>
- Kock, N., & Hadaya, P. (2018). Minimum sample size estimation in PLS-SEM: The inverse square root and gamma-exponential methods. *Information Systems Journal*, 28(1), 227–261. <https://doi.org/10.1111/isj.12131>
- Kollmann, T., Stöckmann, C., Niemand, T., Hensellek, S., & De Cruppe, K. (2021). A configurational approach to entrepreneurial orientation and cooperation explaining product/service innovation in digital vs. non-digital startups. *Journal of Business Research*, 125, 508–519. <https://doi.org/10.1016/j.jbusres.2019.09.041>
- Korpysa, J. (2019). Entrepreneurial orientation of startups: Research results. *Przedsiębiorczość Międzynarodowa*, 5(2), 37–51. <https://doi.org/10.15678/ier.2019.0502.03>
- Kristinae, V., Sambung, R., & Sahay, M. (2019). The role of entrepreneurial orientation in product innovation in emerging markets on the local products. *Oradea Journal of Business and Economics*, 4(2), 35–44. <https://doi.org/10.47535/1991ojbe076>

- Kuncoro, W., & Suriani, W. (2018). Achieving sustainable competitive advantage through product innovation and market driving. *Asia Pacific Management Review*, 23(3), 186–192. <https://doi.org/10.1016/j.apmr.2017.07.006>
- Lacap, J. P. G. (2019). The mediating effect of employee engagement on the relationship of transformational leadership and intention to quit: Evidence from local colleges in Pampanga, Philippines. *Asia-Pacific Social Science Review*, 19(1), 33–48.
- Lacap, J. P. G. (2020). The interrelationships of economic experiential value, emotions, satisfaction, loyalty, and intention to recommend: Evidence from attendees of Angeles City's Sisig Fiesta. *Asia-Pacific Social Science Review*, 20(1), 78–90.
- Lacap, J. P., & Sicat, A. T. (2022). Effects of experiential quality on experiential loyalty: Evidence from Starbucks coffee chains in Pampanga, Philippines. *Asia-Pacific Social Science Review*, 22(2), 14–36.
- Linton, G., & Kask, J. (2017). Configurations of entrepreneurial orientation and competitive strategy for high performance. *Journal of Business Research*, 70, 168–176.
- Löfqvist, L. (2017). Product innovation in small companies: Managing resource scarcity through financial bootstrapping. *International Journal of Innovation Management*, 21(2), 1750020. <https://doi.org/10.1142/s1363919617500207>
- Lomberg, C., Urbig, D., Stöckmann, C., Marino, L., & Dickson, P. H. (2017). Entrepreneurial orientation: The dimensions' shared effects in explaining firm performance. *Entrepreneurship Theory and Practice*, 41(6), 973–998. <https://doi.org/10.1111/etap.12237>
- Lourenzani, A. E. B. S., Watanabe, K., Pigatto, G. A. S., & De Godoi Pereira, M. E. (2020). What fills your cup of coffee? The potential of geographical indication for family farmers' market access. In *Elsevier eBooks* (pp. 149–165). <https://doi.org/10.1016/b978-0-12-814721-4.00014-7>
- Lu, C., Qi, Y., & Hao, S. (2023). Enhancing innovation performance of SMEs through open innovation and absorptive capacity: The moderating effect of business model. *Technology Analysis & Strategic Management*, 1–17. <https://doi.org/10.1080/09537325.2023.2177827>
- Lurtz, K., & Kreutzer, K. (2016). Entrepreneurial orientation and social venture creation in nonprofit organizations. *Nonprofit and Voluntary Sector Quarterly*, 46(1), 92–115. <https://doi.org/10.1177/0899764016654221>
- Martin-Rios, C., Demen-Meier, C., Gössling, S., & Cornuz, C. (2018). Food waste management innovations in the foodservice industry. *Waste Management*, 79, 196–206. <https://doi.org/10.1016/j.wasman.2018.07.033>
- Murni, T. (2017). The effect of entrepreneurial orientation to low-cost strategy, differentiation strategy, sustainable innovation and performance of small and medium enterprises (Studies at Batik Small and Medium Enterprises in East Java Province, Indonesia). *European Journal of Business and Management*, 9(20), 8–16. <https://www.iiste.org/Journals/index.php/EJBM/article/download/37805/38888>

- Murmura, F., Bravi, L., & Santos, G. (2021). Sustainable process and product innovation in the eyewear sector: The role of Industry 4.0 enabling technologies. *Sustainability*, 13(1), 365. <https://doi.org/10.3390/su13010365>
- Neacsu, A. (2018). Quality management on the coffee market. *Bulletin of the Transilvania University of Brasov. Economic Sciences. Series V*, 11(1), 109–118. https://webbut.unitbv.ro/index.php/Series_V/article/download/2516/1962
- Nugroho, A., Hendrawidjaja, J. B., & Soetjipto, B. W. (2020). LMX, POS, and task environment as antecedents of entrepreneurial orientation in family business. *International Journal of Learning and Change*, 12(4), 395. <https://doi.org/10.1504/ijlc.2020.110892>
- O'Reilly, C. T., & Binns, A. J. M. (2019). The three stages of disruptive innovation: Idea generation, incubation, and scaling. *California Management Review*, 61(3), 49–71. <https://doi.org/10.1177/0008125619841878>
- Ong, A. K. S., Prasetyo, Y. T., Libiran, M. A. D. C., Lontoc, Y. M. A., Lunaria, J. A. V., Manalo, A. M., Miraja, B. A., Young, M. N., Chuenyindee, T., Persada, S. F., & Redi, A. A. N. P. (2021). Consumer preference analysis on attributes of milk tea: A conjoint analysis approach. *Foods*, 10(6), 1382. <https://doi.org/10.3390/foods10061382>
- Perlines, F. H., Cisneros, M. A. I., Soriano, D. R., & Mogorrón-Guerrero, H. (2019). Innovativeness as a determinant of entrepreneurial orientation: Analysis of the hotel sector. *Ekonomiska Istraživanja – Economic Research*, 33(1), 2305–2321. <https://doi.org/10.1080/1331677x.2019.1696696>
- Philippine Statistics Authority. (2021). *2021 MSME statistics*. <https://www.dti.gov.ph/resources/msme-statistics/>
- Pinto, G. L., Dell'Era, C., Verganti, R., & Bellini, E. (2017). Innovation strategies in retail services: Solutions, experiences and meanings. *European Journal of Innovation Management*, 20(2), 190–209. <https://doi.org/10.1108/ejim-06-2015-0049>
- Proenca, J. C., & Jiménez-Sáez, F. (2020). Diseño de servicios para la gestión de innovación incremental en PYMES. *Universidad y Empresa*, 22(39). <https://doi.org/10.12804/revistas.urosario.edu.co/empresa/a.7480>
- Purwanto, A., & Sudargini, Y. (2021). Partial least squares structural equation modeling (PLS-SEM) analysis for social and management research: A literature review. *Journal of Industrial Engineering & Management Research*, 2(4), 114–123. <https://doi.org/10.7777/jiemar.v2i2>
- Putniņš, T. J., & Sauka, A. (2019). Why does entrepreneurial orientation affect company performance? *Strategic Entrepreneurship Journal*, 14(4), 711–735. <https://doi.org/10.1002/sej.1325>
- Quimba, F. M. A. (2017). *Innovation activity of firms in the Philippines*. <http://hdl.handle.net/10419/211004>
- Rahardjo, B., Hasbullah, R., & Taqi, F. M. (2019). Coffee shop business model analysis. *Integrated Journal of Business and Economics*, 3(2), 140. <https://doi.org/10.33019/ijbe.v3i2.153>

- Ramadani, V., Hisrich, R. D., Abazi-Alili, H., Dana, L., Panthi, L., & Abazi-Bexheti, L. (2019). Product innovation and firm performance in transition economies: A multi-stage estimation approach. *Technological Forecasting and Social Change*, 140, 271–280. <https://doi.org/10.1016/j.techfore.2018.12.010>
- Recamadas, H. (2018). A path analysis of customer loyalty of homegrown coffee shops in Davao region. *Journal of Administrative and Business Studies*, 4(4). <https://doi.org/10.20474/jabs-4.4.1>
- Roxas, B., Ashill, N. J., & Chadee, D. (2016). Effects of entrepreneurial and environmental sustainability orientations on firm performance: A study of small businesses in the Philippines. *Journal of Small Business Management*, 55, 163–178. <https://doi.org/10.1111/jsbm.12259>
- Runtu, J., & Ellitan, L. (2021). The role of strategic capabilities and differentiation strategy in improving organizational performance. *International Journal of Trend in Scientific Research and Development*, 6(1), 1170–1174. <http://www.ijtsrd.com/papers/ijtsrd47982.pdf>
- Sarstedt, M., Ringle, C. M., & Hair, J. F. (2021). Partial least squares structural equation modeling. In *Springer eBooks* (pp. 1–47). https://doi.org/10.1007/978-3-319-05542-8_15-2
- Sedyowidodo, U., & Basbeth, F. (2020). Predicting performance through business strategy: The mediating role of innovation's type in small hotel. *Universitas Bakrie*. <https://repository.bakrie.ac.id/3826/1/Urip%20Article%20Repository.pdf>
- Semuel, H., Siagian, H., & Octavia, S. (2017). The effect of leadership and innovation on differentiation strategy and company performance. *Procedia - Social and Behavioral Sciences*, 237, 1152–1159.
- Seraphin, H., & Butcher, J. (2018). Tourism management in the Caribbean. *Caribbean Quarterly*, 64(2), 254–283. <https://doi.org/10.1080/00086495.2018.1480316>
- Shaher, A. T. Q., & Ali, K. M. (2020). The effect of entrepreneurial orientation on innovation performance: The mediation role of learning orientation on Kuwait SMEs. *Management Science Letters*, 3811–3820. <https://doi.org/10.5267/j.msl.2020.7.030>
- Shanker, R., Bhanugopan, R., Van Der Heijden, B., & Farrell, M. (2017). Organizational climate for innovation and organizational performance: The mediating effect of innovative work behavior. *Journal of Vocational Behavior*, 100, 67–77. <https://doi.org/10.1016/j.jvb.2017.02.004>
- Shieh, C., Xu, Y., & Ling, I. (2019). How location-based advertising elicits in-store purchase. *Journal of Services Marketing*, 33(4), 380–395. <https://doi.org/10.1108/jsm-03-2018-0083>
- Sinaga, S., Gaol, J. L., & Ichsan, R. N. (2021). The effect of product innovation on consumer interest in the purchase of bottled tea products at PT. Sinar SOSRO Medan. *Budapest International Research and Critics Institute Journal (BIRCI-Journal)*, 4(1), 1361–1367. <https://doi.org/10.33258/birci.v4i1.1762>

- Soares, M. D. C., & Perin, M. G. (2019). Entrepreneurial orientation and firm performance: An updated meta-analysis. *RAUSP Management Journal*, 55(2), 143–159. <https://doi.org/10.1108/rausp-01-2019-0014>
- Suarez, A., Lacay, J., Villanueva, V., Velasquez, R., Reyes, D., Serrano, V., & Borbon, J. (2017). Impacts of coffee shop business to tourism industry in three cities of Batangas, Philippines. *Journal of Tourism and Hospitality Research*, 14(1).
- Suhag, A. K., Solangi, S. R., Larik, R. S. A., Lakho, M. K., & Tagar, A. H. (2017). Relationship of innovation with organizational performance. *International Journal of Research - Granthaalayah*, 5(2), 292–306. <https://doi.org/10.29121/granthaalayah.v5.i2.2017.1741>
- Tarigan, Z. J. H. (2018). The impact of organization commitment to process and product innovation in improving operational performance. *International Journal of Business and Society*. <http://repository.petra.ac.id/18072/>
- Tintara, I., & Respati, N. (2020). The effect of product differentiation, service differentiation, and image differentiation on competitive advantage. *American Journal of Humanities and Social Sciences Research (AJHSSR)*, 4, 316–321. <http://www.ajhssr.com/>
- Tran, K. (2020). Porevol coffee shop: Case study research in management strategy for a university students' start-up business. *Journal of Advanced Management Science*. <https://doi.org/10.18178/joams.8.4.126-134>
- Tsai, M. H., Chang, J. H., Lin, Y. S., & Cheng, K. C. (2020). The impact of product innovation on performance: The influence of uncertainty and managerial accounting information systems. *Munich Personal RePEc Archive*. <https://mpra.ub.uni-muenchen.de/id/eprint/102898>
- Turner, S., & Endres, A. (2017). Strategies for enhancing small business owners' success rates. *International Journal of Applied Management and Technology*, 16(1). <https://doi.org/10.5590/ijamt.2017.16.1.03>
- Utami, T. L. W., Indarti, N., Sitalaksmi, S., & Makodian, N. (2017). The effect of knowledge sources on innovation capabilities among restaurants and café businesses in Indonesia. *Journal of Indonesian Economy and Business*, 31(1), 33. <https://doi.org/10.22146/jieb.16503>
- Widuri, R., & Sutanto, J. E. (2019). Differentiation strategy and market competition as determinants of earnings management. In *International Conference on Tourism, Economics, Accounting, Management, and Social Science*. <https://doi.org/10.2991/teams-18.2019.30>
- Wold, H. O. (1982). Soft modeling: The basic design and some extensions. In K. G. J. *Amsterdam: North-Holland*.
- Yuliansyah, Y., Gurd, B., & Mohamed, N. (2017). The significance of business strategy in improving organizational performance. *Humanomics*, 33(1), 56–74. <https://doi.org/10.1108/h-06-2016-0049>

Zehir, C., Can, E., & Karaboğa, T. (2015). Linking entrepreneurial orientation to firm performance: The role of differentiation strategy and innovation performance. *Procedia - Social and Behavioral Sciences*, 210, 358–367. <https://doi.org/10.1016/j.sbspro.2015.11.381>