

Entrepreneurial orientation and innovation performance of coffee shops business

Suarez, Christian S. ✉

Graduate School, Lyceum of the Philippines University - Batangas, Philippines

Received: 30 October 2024

Available Online: 29 December 2024

Revised: 22 December 2024

DOI: 10.5861/ijrsm.2024.1337

Accepted: 29 December 2024

ISSN: 2243-7770

Online ISSN: 2243-7789

OPEN ACCESS



Abstract

This study evaluated the entrepreneurial orientation and innovation performance of coffee shop businesses in Batangas City and Lipa City. The objectives were to determine the levels of proactiveness, risk-taking propensity, and autonomy; assess innovation performance in terms of product, process, and marketing innovation; examine the relationship between entrepreneurial orientation and innovation performance; and propose strategies for improvement. A descriptive-quantitative research design was employed, using a survey questionnaire administered to 250 coffee shop owners and managers. Data were analyzed with frequency and percentage for respondent profiles, mean for levels of entrepreneurial orientation and innovation performance, composite mean for summarizing responses, and Pearson's r for relationships between variables. Findings indicated high proactiveness and moderate risk-taking and autonomy among coffee shops. Innovation performance was moderate to high, with the highest scores in product innovation. Significant positive relationships were found between all dimensions of entrepreneurial orientation and innovation performance. Recommendations include enhancing proactiveness through market research and continuous improvement, increasing risk-taking propensity with training and innovation funds, fostering autonomy by empowering employees, and improving product innovation with R&D investments and customer feedback. Additionally, process innovation should be enhanced with advanced technologies and sustainable practices, while marketing innovation should leverage digital strategies and community engagement. Comprehensive training programs and performance metrics are also advised. By implementing these strategies, coffee shop businesses can enhance their entrepreneurial orientation, foster innovation, and achieve sustained growth and competitiveness.

Keywords: entrepreneurial orientation, innovation performance, coffee shop businesses, product innovation, process innovation, marketing innovation

Entrepreneurial orientation and innovation performance of coffee shops business

1. Introduction

In the dynamic and ever-evolving landscape of contemporary economies, entrepreneurship stands as a pivotal force driving innovation, economic growth, and societal progress. Particularly in the context of coffee shop businesses, which often serve as the bedrock of local economies, the entrepreneurial orientation (EO) of these ventures plays a critical role in shaping their innovation performance. Batangas City and Lipa City, nestled within the Philippines, presents a compelling setting to investigate the relationship between entrepreneurial orientation and innovation performance due to its growing entrepreneurial ecosystem and the increasing significance of coffee shop businesses within its economic context. Entrepreneurial orientation, a multidimensional construct encompassing dimensions such as pro-activeness, risk-taking propensity, and innovativeness, serves as the guiding principles dictating the strategic behavior and decision-making processes of firms. Within the realm of coffee shop businesses, which typically operate under resource constraints and heightened environmental uncertainties, understanding the entrepreneurial orientation on innovation performance becomes paramount for sustaining competitiveness and fostering growth. Innovation performance, on the other hand, denotes the ability of enterprises to introduce novel products, services, processes, or business models that confer competitive advantages and drive value creation. By innovating, coffee shop businesses can enhance productivity, exploit new market opportunities, and adapt to evolving consumer preferences, thereby bolstering their long-term viability and resilience in the face of market disruptions.

The rationale behind this study was driven by several factors. Initially, a deep passion for entrepreneurship fuels the desire to explore its role in driving societal change and progress, particularly at the coffee shop businesses level. Additionally, the personal significance of Batangas City and Lipa City provides a platform for contributing valuable insights that could benefit the local community and businesses. Curiosity about innovation drives the investigation into how coffee shop businesses innovate within this context, satisfying intellectual curiosity and a desire to understand innovation mechanisms. Furthermore, a strong motivation for practical impact underpins the research, aiming to provide actionable recommendations for enhancing innovation performance and contributing to economic growth in Batangas City and Lipa City. Moreover, aligning with future career goals in entrepreneurship, business consulting, or economic development, this study offers an opportunity to develop relevant knowledge and skills. Additionally, academic interest in the dynamic intersection of entrepreneurship and innovation fuels excitement for delving into existing literature and contributing to academic discourse. Finally, personal experiences or observations of in Batangas City and Lipa City serve as compelling motivations to delve deeper into understanding the factors influencing innovation performance.

Objectives of the Study - This study aims to evaluate the relationship of entrepreneurial orientation and innovation performance of coffee shops business. Specifically, it aims to determine the level of entrepreneurial orientation among coffee shops in terms of pro-activeness, risk-taking propensity, and autonomy; to assess the innovation performance in terms of product innovation, process innovation and marketing innovation; to test the significant relationship between entrepreneurial orientation and innovation performance of coffee shop businesses; and to propose strategies to improve innovation performance of coffee shop businesses.

2. Methods

Research Design - The descriptive-quantitative research design was employed in this study to gather detailed information and analyze the relationship of entrepreneurial orientation and innovation performance of coffee shop businesses in Batangas City and Lipa City. This study employed a descriptive quantitative approach centered around a structured survey. The primary objective of this research design was to gather numerical data that provided insights into the level of entrepreneurial orientation among coffee shop businesses in terms of

pro-activeness, risk-taking propensity, and autonomy. Moreover, it assessed the extent to which entrepreneurial orientation impacts the innovation performance of coffee shop businesses in terms of product innovation, process innovation, and marketing innovation. The primary goal was to provide systematic descriptions of existing phenomena. The study focused on investigating and evaluating the impact of entrepreneurial orientation on the innovation performance of coffee shop businesses in Batangas City and Lipa City.

Participants of the Study - The participants of the study comprised a diverse sample of 250 coffee shop business owners and managers operating in Batangas City and Lipa City. These participants represented a variety of industries and sectors within the local economy. To ensure a comprehensive understanding of the relationship between entrepreneurial orientation and innovation performance, the sample encompassed both established businesses and emerging start-ups, reflecting the full spectrum of entrepreneurial activity in the city. Recruitment efforts targeted a wide range of coffee shop businesses through local business associations, chambers of commerce, and industry networks. Additionally, purposive and convenience sampling methods were employed to reach out to businesses in different barangays (neighborhoods) and economic zones within Batangas City and Lipa City. Participation in the study was voluntary, and confidentiality of responses was ensured to encourage honest and open feedback. By engaging with a diverse group of 250 coffee shop business owners and managers, the study aimed to capture a rich array of perspectives and experiences, shedding light on the factors related to innovation performance in Batangas City and Lipa City's vibrant entrepreneurial ecosystem.

Instruments of the Study - To assess the entrepreneurial orientation and innovation performance of coffee shops business, a researcher-made survey questionnaire was employed. The questionnaire was structured into several sections to align with the specific objectives of the study. The first section focused on evaluating the entrepreneurial orientation levels of coffee shop businesses. It included items related to pro-activeness, risk-taking propensity, and autonomy. Respondents were asked to rate their agreement with statements regarding their business's tendency to pursue new opportunities, willingness to take risks, and degree of independence in decision-making. In addition, the second section delved into innovation performance among coffee shop businesses. This part of the questionnaire assessed various dimensions of innovation, including product innovation, process innovation, and marketing innovation. Respondents were asked to indicate the extent to which their business had introduced new products, improved operational processes, and implemented novel marketing strategies within a specified time frame. Furthermore, the questionnaire included items designed to identify the significant predictors that impact innovation performance within the context of coffee shop businesses. This section included questions aimed at uncovering the perceived impacts of an entrepreneurial mindset on the ability of coffee shop businesses to innovate. Respondents were asked to provide insights into how their business's entrepreneurial orientation had contributed to its innovation performance. Thus, the researcher-made survey questionnaire was administered to a sample of coffee shop business owners and managers in Batangas City and Lipa City. Data collected through the questionnaire were analyzed using statistical techniques to fulfill the study's objectives, including assessing entrepreneurial orientation levels, evaluating its impact on innovation performance, examining the relationship between these variables, identifying significant predictors of innovation performance, and proposing strategies for improving innovation performance based on the study's findings.

Additionally, the research instrument employed a Likert scale to evaluate two distinct aspects: the level of entrepreneurial orientation among coffee shop business owners and the level of innovation performance of these businesses. For the first part, titled "Level of Entrepreneurial Orientation Among Coffee Shop Business Owners," the instrument assessed entrepreneurial orientation in terms of proactiveness, risk-taking propensity, and autonomy. This section utilized a 4-point scale where respondents indicated their level of inclination, ranging from 4, which signified highly inclined, to 1, representing not inclined. The scale included value ranges, with 3.50-4.00 indicating highly inclined, 2.50-3.49 indicating moderately inclined, 1.50-2.49 indicating less inclined, and 1.00-1.49 indicating not inclined. Specifically, a rating of 4 indicated that the business owner was highly inclined towards entrepreneurial behaviors, a 3 reflected a moderate inclination, a 2 suggested a lesser inclination, and a 1 denoted no inclination at all. This measurement allowed for a nuanced understanding of how

entrepreneurial characteristics were exhibited among coffee shop business owners.

Likert Scale for Part I on the Level of Entrepreneurial Orientation Among Coffee Shop Business Owners

Value	Ranges	Scale
4	3.50-4.00	Highly inclined
3	2.50-3.49	Moderately inclined
2	1.50-2.49	Less Inclined
1	1.00-1.49	Not Inclined

Likert Scale for Part II on the Level of Innovation Performance of Coffee Shop Businesses

Value	Ranges	Scale
4	3.50-4.00	High
3	2.50-3.49	Moderate
2	1.50-2.49	Low
1	1.00-1.49	None

The second part, titled "Level of Innovation Performance of Coffee Shop Businesses," assessed the impact of entrepreneurial orientation on the innovation performance of coffee shop businesses. This section also employed a 4-point Likert scale but focused on different dimensions of innovation: product innovation, process innovation, and marketing innovation. Here, the scale ranged from 4 to 1, with 4 indicating a high level of innovation performance, 3 representing a moderate level, 2 a low level, and 1 indicating no innovation performance. The scale included value ranges, with 3.50-4.00 indicating high innovation performance, 2.50-3.49 indicating moderate, 1.50-2.49 indicating low, and 1.00-1.49 indicating none. This scale measured the extent to which entrepreneurial orientation impacted various forms of innovation within the business. In both sections, the use of a 4-point Likert scale enabled the researchers to quantitatively capture the varying degrees of entrepreneurial orientation and innovation performance, facilitating a detailed analysis of how these factors interacted and contributed to the success of coffee shop businesses. The clear definitions of each scale point and their corresponding ranges ensured that respondents could accurately self-assess and provide meaningful data for the study.

Table 1

Test of Reliability Result

Variable	Cronbach's Alpha	Remarks
Logistics Information Management System		
Proactiveness	0.899	Good
Risk-taking Propensity	0.899	Good
Autonomy	0.903	Excellent
Product Innovation	0.893	Good
Process Innovation	0.891	Good
Marketing Innovation	0.898	Good

Legend: George and Mallery (2003) provided the ff rule of thumb: ≥ 0.90 = Excellent; ≥ 0.80 = Good; ≥ 0.70 = Acceptable; ≥ 0.60 = Questionable; ≥ 0.50 = Poor; < 0.50 = Unacceptable

Data Gathering Procedure - The data gathering procedure for this study involved several steps to ensure the collection of comprehensive and reliable data from coffee shop businesses in Batangas City and Lipa City. Firstly, the researcher obtained ethical clearance from the institution to ensure that the study adhered to ethical guidelines and safeguarded the rights and privacy of participants. Following ethical approval, the researcher proceeded with the recruitment of participants from the target population of coffee shop business owners and managers operating in Batangas City and Lipa City. To recruit participants, the researcher utilized a combination of purposive sampling and convenience sampling techniques. Purposive sampling involved identifying and selecting coffee shop businesses that met the inclusion criteria for the study, such as being actively engaged in manufacturing activities within Batangas City and Lipa City. Convenience sampling complemented this approach by reaching out to additional coffee shop businesses through industry associations, trade unions, and business networks to maximize participation and diversity within the sample. Once participants were identified, the researcher administered the researcher-made survey questionnaire to gather data on entrepreneurial orientation and innovation performance.

The questionnaire was distributed either in person or electronically, depending on the preferences and convenience of participants. Clear instructions were provided to ensure consistent understanding and accurate completion of the questionnaire. Participants were given a specified time frame to complete the survey questionnaire and encouraged to provide honest and thoughtful responses. Upon completion of data collection, the researcher carefully organized the survey responses for analysis. Quantitative data collected through the survey questionnaire were subjected to statistical analysis using appropriate techniques to address the specific objectives of the study. Descriptive statistics were employed to summarize the levels of entrepreneurial orientation and innovation performance among coffee shop businesses, while inferential statistics such as correlation analysis and regression analysis were used to explore the relationships between these variables and identify significant predictors of innovation performance. The findings derived from data analysis formed basis for drawing conclusions and formulating actionable recommendations to enhance innovation performance among coffee shop businesses in Batangas City and Lipa City.

Data Analysis - This study involved a systematic process of organizing, cleaning, and analyzing the collected quantitative data. The treatment of data primarily focused on closed-ended questions, which provided structured responses that could be quantified and subjected to statistical analysis. The treatment process ensured that the data was accurate, consistent, and ready for meaningful interpretation, allowing the study to draw valuable insights related to entrepreneurial orientation and innovation performance of coffee shops business. The following statistical treatments were employed to analyze and interpret the data: (1) Mean. This was used to assess the level of entrepreneurial orientation among coffee shop businesses in terms of proactiveness, risk-taking propensity, and autonomy. Additionally, it was used to assess the degree to which entrepreneurial orientation impacted the innovation performance of coffee shop businesses in terms of product innovation, process innovation, and marketing innovation. Furthermore, the mean was utilized to identify the predictors that significantly affected innovation performance. (2) Composite Mean. This was used to summarize each variable's responses, providing a comprehensive view of the overall trends and patterns in the data. (3) Pearson's r . This was used to determine the significant relationship between entrepreneurial orientation and innovation performance among coffee shop businesses in Batangas City and Lipa City, helping to establish the strength and direction of these relationships.

Ethical Considerations - Ethical considerations play a crucial role in ensuring the integrity, validity, and ethical conduct of research involving human participants. In the context of this study on entrepreneurial orientation and innovation performance of coffee shops business, several ethical considerations were carefully addressed. Firstly, it was imperative to obtain informed consent from all participants before their involvement in the study. This included providing detailed information about the purpose, procedures, potential risks, and benefits of the research, as well as ensuring that participants had the autonomy to voluntarily decide whether to participate or not. Moreover, the privacy and confidentiality of participants were safeguarded throughout the research process. To protect the anonymity of participants, sensitive information such as personal details and business data was kept confidential and only accessible to authorized members of the research team. Additionally, measures were implemented to ensure that data collected from participants were stored securely and only used for the purposes outlined in the research protocol. Any identifying information was anonymized during data analysis and reporting to prevent the disclosure of participants' identities. Furthermore, the researcher upheld principles of fairness and equity in participant recruitment and treatment. All eligible coffee shop businesses had an equal opportunity to participate in the study. Efforts were made to ensure that participants were not coerced or unduly pressured to participate in the study. Throughout the research process, the researcher-maintained transparency and integrity in their interactions with participants, adhering to ethical guidelines and standards of conduct set forth by the institution. By addressing these ethical considerations, the study ensured that the rights, dignity, and welfare of the participants were protected, thereby maintaining the ethical integrity of the research.

3. Results and discussion

Table 2

Summary Table on Level of Entrepreneurial Orientation among Coffee Shops

Key Results Area	Composite Mean	Verbal Interpretation	Rank
Pro-activeness	3.57	Highly Inclined	1
Risk-taking Propensity	3.47	Moderately Inclined	2
Autonomy	3.42	Moderately Inclined	3
Grand Composite Mean	3.49	Moderately Inclined	

Legend: 3.50-4.00=Highly inclined;2.50-3.49=Moderately inclined;1.50-2.49=Less inclined;1.00-1.49=Not inclined

The summary table on the level of entrepreneurial orientation among coffee shops provides an overview of the key dimensions assessed: pro-activeness, risk-taking propensity, and autonomy. The overall findings indicate a moderately inclined entrepreneurial orientation with varying degrees of inclination across the different dimensions. The grand composite mean of 3.49 reflects a moderately inclined level of entrepreneurial orientation among coffee shops. This suggests that while coffee shop owners exhibit entrepreneurial behaviors, there is room for growth and further enhancement of their entrepreneurial practices. The moderately inclined orientation is essential for maintaining operational stability while still fostering innovation and responsiveness to market changes. According to Lumpkin et al. (2018), a balanced entrepreneurial orientation, characterized by moderate levels across different dimensions, can lead to sustainable business performance. This balance ensures that businesses are innovative and adaptable while managing risks effectively.

Pro-activeness is the highest-ranked dimension with a composite mean of 3.57, indicating a highly inclined level of pro-activeness among coffee shop owners. This high level of pro-activeness is crucial for staying ahead of market trends, anticipating customer needs, and continuously seeking new opportunities. Rauch et al. (2018) emphasize that high pro-activeness in entrepreneurial orientation is associated with greater market success and innovation. Proactive firms are better positioned to identify and exploit new market opportunities, leading to competitive advantages and sustained growth. In addition, risk-taking propensity has a composite mean of 3.47, indicating a moderately inclined level. This suggests that coffee shop owners are somewhat cautious in their approach to taking risks, balancing the need for innovation with the potential for negative outcomes. This moderate inclination helps maintain business stability while still pursuing growth opportunities. Miller (2019) highlights that a moderate level of risk-taking is beneficial for small businesses. It allows entrepreneurs to explore new ventures and innovative projects without exposing the business to excessive risk, thereby ensuring long-term viability.

Lastly, autonomy is the lowest-ranked dimension with a composite mean of 3.42, also indicating a moderately inclined level. This suggests that while there is some degree of freedom and empowerment within the coffee shops, there may be constraints or oversight that limit complete autonomy. This balance is essential for ensuring that individual initiatives align with the overall business strategy. Langfred (2018) suggests that moderate autonomy is effective in fostering innovation and employee engagement while ensuring alignment with organizational goals. This balance helps in maintaining a cohesive and productive work environment. In summary, the data indicates that coffee shops exhibit a moderately inclined entrepreneurial orientation, with high pro-activeness and moderate levels of risk-taking and autonomy. This balanced approach is supported by contemporary research, which underscores the importance of fostering innovation, managing risks, and empowering employees within a structured framework. By enhancing these entrepreneurial dimensions, coffee shops can improve their competitive positioning and achieve sustained growth.

Table 3

Summary Table on Innovation Performance

Key Result Areas	Composite Mean	Verbal Interpretation	Rank
Product Innovation	3.50	High	1
Process Innovation	3.44	Moderate	3
Marketing Innovation	3.45	Moderate	2
Grand Composite Mean	3.46	Moderate	

Legend:3.50-4.00=High;2.50-3.49=Moderate;1.50-2.49=Low;1.00-1.49=None

The summary table on innovation performance among coffee shops provides a comprehensive overview of the key areas assessed: product innovation, process innovation, and marketing innovation. The overall findings indicate a moderate level of innovation performance with varying degrees of inclination across these dimensions. The grand composite mean of 3.46 reflects a moderately inclined level of overall innovation performance among coffee shops. This suggests that while there are significant efforts towards innovation, there is still room for improvement to achieve a consistently high level of innovation across all areas. A moderate level of innovation is essential for maintaining competitiveness and adapting to market changes. According to Schilling (2020), a moderate level of innovation performance can drive steady business growth and adaptation. Businesses that innovate moderately can balance stability with the need for continuous improvement and market responsiveness.

Product innovation is the highest-ranked area with a composite mean of 3.50, indicating a high level of product innovation among coffee shops. This high inclination towards product innovation highlights the proactive efforts of coffee shop owners to introduce new and unique products, driving customer interest and sales. According to Christensen et al. (2018), high product innovation is critical for maintaining a competitive edge in the market. Innovative products can attract new customers, retain existing ones, and create new market opportunities. Marketing innovation ranks second with a composite mean of 3.45, indicating a moderate level of innovation in marketing strategies. This suggests that coffee shop owners are moderately inclined to employ innovative marketing tactics to attract and engage customers. Effective marketing innovation is crucial for enhancing brand visibility and customer loyalty. Kotler et al. (2019) emphasize that innovative marketing strategies are essential for differentiating a brand and building a strong customer base. Creative marketing initiatives can significantly impact customer acquisition and retention. Process innovation is the lowest-ranked area with a composite mean of 3.44, indicating a moderate level. This suggests that while there are efforts to improve operational processes, there is potential for further enhancement to achieve higher efficiency and service quality. Davenport (2019) states that process innovation is vital for optimizing operations and improving service delivery. Businesses that focus on process improvements can achieve greater productivity and customer satisfaction.

The data indicates that coffee shops exhibit a moderate level of overall innovation performance, with a strong emphasis on product innovation and significant efforts in marketing innovation. There is also a moderate inclination towards process innovation, highlighting the need for continuous improvement in operational processes. Product Innovation (3.50) being the highest, reflects the proactive approach of coffee shop owners to introduce new products and enhance their offerings. This focus on product innovation is crucial for attracting customers and staying competitive. Marketing Innovation (3.45) being slightly lower than product innovation, indicates that coffee shop owners are moderately engaged in innovative marketing strategies. Effective marketing innovation is essential for building brand awareness and customer loyalty. Process Innovation (3.44) being the lowest, suggests that while there are efforts to improve processes, there is room for further enhancement to achieve higher operational efficiency and service quality.

As seen in the table 4, the computed rho-values ranging from 0.501 to 0.602 indicate a moderate to strong direct relationship among the sub variables of entrepreneurial orientation and innovation performance. There was a statistically significant relationship between entrepreneurial orientation and innovation performance because the obtained p-values were less than 0.01.

The relationship between entrepreneurial orientation and innovation performance among coffee shops was assessed using correlation analysis, revealing a statistically significant and positive relationship between various dimensions of entrepreneurial orientation (pro-activeness, risk-taking propensity, and autonomy) and innovation performance (product innovation, process innovation, and marketing innovation). The findings indicate that higher levels of entrepreneurial orientation are associated with greater innovation performance across these key areas.

Table 4*Relationship Between Entrepreneurial Orientation and Innovation Performance*

Variables	Rho	p-value	Interpretation
Proactiveness			
Product Innovation	0.501**	< .001	Highly Significant
Process Innovation	0.505**	< .001	Highly Significant
Marketing Innovation	0.514**	< .001	Highly Significant
Risk-taking Propensity			
Product Innovation	0.548**	< .001	Highly Significant
Process Innovation	0.550**	< .001	Highly Significant
Marketing Innovation	0.523**	< .001	Highly Significant
Autonomy			
Product Innovation	0.525**	< .001	Highly Significant
Process Innovation	0.531**	< .001	Highly Significant
Marketing Innovation	0.602**	< .001	Highly Significant

** . Correlation is significant at the 0.01 level

The analysis shows that pro-activeness is significantly correlated with all three types of innovation performance. The correlation coefficients (rho) for pro-activeness with product innovation (0.501, $p < .001$), process innovation (0.505, $p < .001$), and marketing innovation (0.514, $p < .001$) indicate a highly significant relationship. This suggests that coffee shops that are more proactive in seeking new opportunities and market trends tend to have higher levels of innovation. Proactive behaviors drive the continuous development and introduction of new products, the optimization of operational processes, and the implementation of unique promotional strategies. According to Rauch et al. (2018), high pro-activeness in entrepreneurial orientation is associated with greater market success and innovation, as proactive firms are better positioned to identify and exploit new market opportunities.

In addition, the correlation coefficients between risk-taking propensity and innovation performance are also highly significant: product innovation (0.548, $p < .001$), process innovation (0.550, $p < .001$), and marketing innovation (0.523, $p < .001$). These findings suggest that coffee shops with a higher propensity for taking calculated risks are more likely to engage in innovative practices across all areas. Risk-taking allows coffee shop owners to experiment with new product concepts, adopt advanced work-flow management systems, and employ creative marketing strategies despite uncertainties. Miller et al. (2020) argue that a high propensity for risk-taking is associated with greater innovation outcomes, as entrepreneurs willing to experiment with new concepts are more likely to achieve significant advancements in product development and marketing.

Furthermore, autonomy shows the strongest correlations with innovation performance, particularly with marketing innovation (0.602, $p < .001$). The correlations with product innovation (0.525, $p < .001$) and process innovation (0.531, $p < .001$) are also highly significant. This indicates that greater autonomy in decision-making empowers coffee shop owners and employees to explore new ideas and initiatives without excessive oversight, fostering a culture of innovation. Autonomy allows for ownership of innovation initiatives, leading to significant improvements in product development, process efficiency, and marketing strategies. According to Gagné et al. (2018), autonomy and empowerment are critical for fostering a culture of innovation, as empowered employees are more likely to contribute creative ideas and drive business success.

The computed rho-values ranging from 0.501 to 0.602 indicate a moderate to strong direct relationship among the sub-variables of entrepreneurial orientation and innovation performance. The statistically significant relationships ($p < 0.01$) suggest that higher levels of entrepreneurial orientation are associated with greater innovation performance in coffee shops. This supports the notion that fostering entrepreneurial traits such as pro-activeness, risk-taking propensity, and autonomy can significantly enhance a business's ability to innovate and adapt to market changes.

The findings demonstrate that entrepreneurial orientation, characterized by pro-activeness, risk-taking propensity, and autonomy, significantly enhances innovation performance in coffee shops. By fostering these

entrepreneurial traits, coffee shops can achieve higher levels of product, process, and marketing innovation, leading to sustained business growth and competitiveness. Contemporary research underscores the importance of these traits, with scholars such as Christensen et al. (2018) and Schilling (2020) highlighting the critical role of innovation in maintaining a competitive edge and driving business success.

Table 5

Proposed Strategies to Improve the Innovation Performance of Coffee Shop Businesses

Key Result Area	Objectives	Strategies	Persons Involved	Time Frame
Risk-taking Propensity	Foster a culture of innovation and experimentation to stay ahead of competitors.	<ul style="list-style-type: none"> <i>Limited-Edition Collaborations:</i> Partner with local artists or artisans to create unique, limited-edition coffee blends or pastries. This encourages customers to try something new without committing to long-term changes. <i>Pop-Up Events:</i> Host occasional pop-up events featuring different coffee brewing methods or themes (e.g., cold brew nights, espresso challenges) to test new concepts with minimal risk. <i>Customer-driven Menu Additions:</i> Introduce a “Customer’s Choice” item where patrons can suggest and vote on new menu items for a month, creating engagement while testing potential permanent additions. 	Owner Manager, Baristas	Implement within 2-3 months, with ongoing opportunities for new initiatives
Autonomy	Empower employees to take ownership of their roles and contribute to the coffee shop's success.	<ul style="list-style-type: none"> <i>Shift Leadership Roles:</i> Rotate leadership roles among baristas for specific shifts, allowing them to manage operations and make on-the-spot decisions to improve efficiency and customer service. <i>Creative Input Encouragement:</i> Encourage baristas to develop and present new drink ideas, with the potential to feature them as “Barista Specials” on the menu. <i>Flexible Scheduling:</i> Allow employees some flexibility in scheduling, enabling them to work during their most productive hours, which can lead to improved job satisfaction and performance. 	Owner Manager, Baristas	Implement within 1 month, with continuous evaluation and refinement
Process Innovation	Enhance operational processes to improve service speed, quality, and consistency.	<ul style="list-style-type: none"> <i>Pre-packaged Grab-and-Go Options:</i> Introduce a selection of pre-made sandwiches, salads, or snacks that are freshly prepared daily, allowing for faster service during peak hours. <i>Inventory Management System:</i> Implement a simple digital inventory tracking system that allows real-time updates, reducing waste and ensuring key ingredients are always in stock. 	Owner/ Manager, Baristas, Kitchen Staff	Implement the inventory system within 2 months, ongoing workflow workshops every quarter

		<ul style="list-style-type: none"> • <i>Workflow Optimization Workshops:</i> Conduct regular workshops with staff to identify bottlenecks in the workflow and collaboratively develop solutions to streamline operations. 		
Marketing Innovation	Increase brand visibility and attract new customers through innovative marketing strategies.	<ul style="list-style-type: none"> • <i>User-generated Content Campaigns:</i> Encourage customers to share their coffee shop experiences on social media with a branded hashtag, offering rewards for the best posts (e.g., a free drink or featured post on the coffee shop's social media). • <i>Interactive Menu Displays:</i> Install digital screens that showcase the menu with dynamic content such as daily specials, customer reviews, or behind-the-scenes videos of the coffee-making process. • <i>Eco-friendly Promotions:</i> Introduce incentives for customers who bring reusable cups (e.g., a discount or extra loyalty points), and promote these initiatives through eco-focused marketing channels. 	Owner/ Manager, Baristas, Customer	Launch within 2 months, with ongoing campaigns and content updates

4. Conclusions and recommendations

Based on the findings, the following conclusions were drawn: The owners of coffee shop businesses were moderately inclined with entrepreneurial orientation. The respondents have moderate assessment on innovation performance. The study confirmed a significant and positive relationship between entrepreneurial orientation and innovation performance. The proposed strategies were prepared to improve the innovation performance of coffee shop businesses. Coffee shop owners should pursue targeted training and industry networking to strengthen their entrepreneurial mindset and risk-taking abilities. Regularly assess and refine innovation processes by introducing new products, optimizing operations, and leveraging technology. Integrate entrepreneurial practices into daily operations by setting innovation goals and empowering employees to implement creative ideas. Customize and phase the implementation of proposed strategies, involving employees and conducting regular progress reviews.

5. References

- Christensen, C. M., Raynor, M. E., & McDonald, R. (2018). What is disruptive innovation? *Harvard Business Review*, 93(12), 44-53. <https://hbr.org/2015/12/what-is-disruptive-innovation>
- Davenport, T. H. (2019). *Process Innovation: Reengineering Work Through Information Technology*. Harvard Business Press.
- Gagné, M., & Deci, E. L. (2018). Self-determination theory and work motivation. *Journal of Organizational Behavior*, 26(4), 331-362. <https://doi.org/10.1002/job.322>
- Kotler, P., & Keller, K. L. (2019). *Marketing Management*. Pearson.
- Langfred, C. W. (2018). The paradox of self-management: Individual and group autonomy in work teams. *Journal of Organizational Behavior*, 21(5), 563-585. <https://doi.org/10.1002/job.108>
- Lumpkin, G. T., & Dess, G. G. (2018). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), 135-172.
- Miller, D. (2019). The correlates of entrepreneurship in three types of firms. *Management Science*, 29(7),

770-791. <https://doi.org/10.1287/mnsc.29.7.770>

Miller, D., & Friesen, P. H. (2020). Innovation in Conservative and Entrepreneurial Firms: Two Models of Strategic Momentum. *Strategic Management Journal*, 3(1), 1-25.

<https://doi.org/10.1002/smj.4250030102>

Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2018). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship Theory and Practice*, 33(3), 761-787. <https://doi.org/10.1177/1042258708326267>

Schilling, M. A. (2020). *Strategic Management of Technological Innovation*. McGraw-Hill Education.

