

The Influence of Entrepreneurial Orientation, Market Orientation, Learning Orientation, and Government Support on MSME Performance: A Case Study of Coffee Shops in Jakarta

Esther Elisabeth Panjaitan¹, Sari Wahyuni^{2✉}

^{1,2}Program Studi Ilmu Manajemen, Fakultas Ekonomi dan Bisnis, Universitas Indonesia

Abstract

The rapid growth of coffee shop MSMEs in Jakarta has intensified competition and increased the need for effective strategies to sustain performance and business continuity. This study aims to analyze key factors influencing the performance of coffee shop MSMEs by integrating entrepreneurial orientation, market orientation, learning orientation, innovation capability, and institutional government support. A qualitative descriptive approach with a multiple case study design was employed. Data were collected through in-depth interviews, direct observation, and document analysis of coffee shop MSMEs in South and East Jakarta, and analyzed using data reduction, data display, and conclusion drawing with triangulation. The findings indicate that entrepreneurial, market, and learning orientations play a significant role in shaping innovation capability, which enhances both financial and non-financial performance. Innovation capability serves as a mediating mechanism between strategic orientations and MSME performance, while government support acts as a complementary factor, although its utilization remains limited. These findings provide theoretical contributions and practical implications for MSME development and the sustainability of Jakarta's coffee shop industry.

Keywords: *Entrepreneurial Orientation, Innovation Capability, SME Performance*

Copyright (c) 2025 **Esther Elisabeth Panjaitan**

✉ Corresponding author:

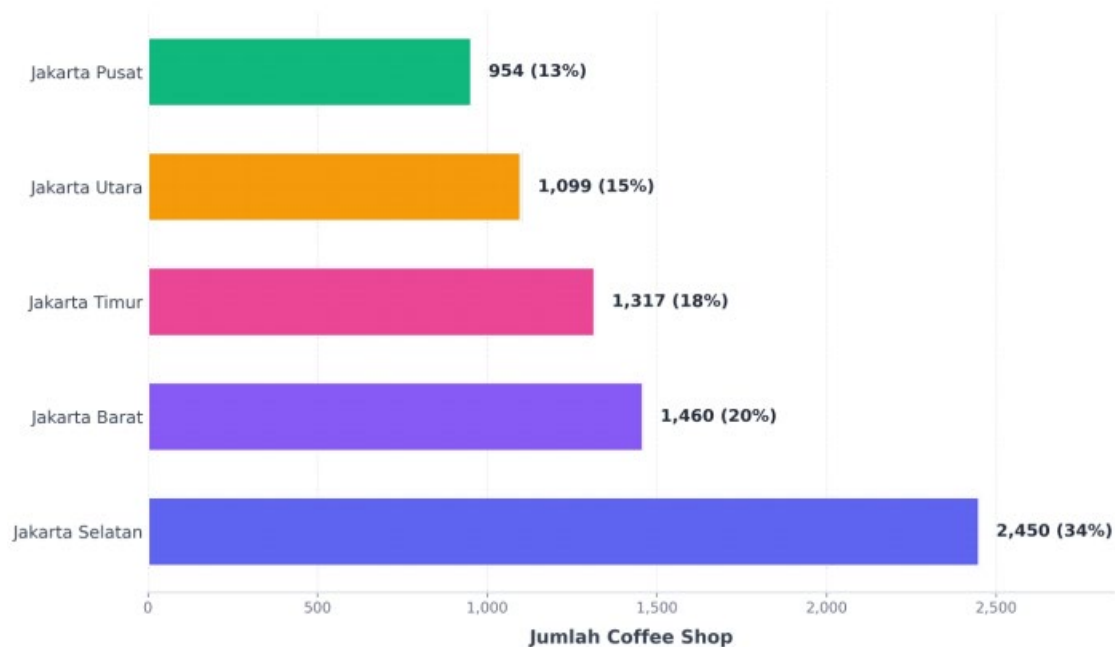
Email Address: esther.elisabeth@ui.ac.id; sari.wahyuni@ui.ac.id

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are productive businesses with a certain scale of assets and turnover as regulated. They generally have limited capital, a simple structure, and high flexibility to market changes (Susilowati et al., 2022). MSMEs play a strategic role in the national economy through their contribution to job creation, economic growth, and economic stability, including during crises (Alamin et al., 2022; Balzano, 2025).

In Indonesia, MSMEs contribute over 60% to GDP and employ a significant portion of the national workforce. MSMEs thrive across various sectors, with the food and beverage sector, particularly coffee shops, being one of the fastest-growing. Jakarta has been noted as a region with significant coffee shop growth, reaching 7,583 coffee shops across 42 districts.

ESTIMATED SPATIAL DISTRIBUTION OF COFFEE SHOPS IN DKI JAKARTA



The coffee shop industry is one of the fastest-growing MSME subsectors in Jakarta, driven by lifestyle changes that have made coffee consumption a part of daily routines and social experiences, particularly among the younger generation. The high national coffee consumption of 4.80 million bags, or approximately 2.88% of global consumption, demonstrates the enormous potential of Indonesia's domestic coffee market. This growth has simultaneously increased the number of businesses and intensified competition among coffee shops (Arshad & Ahmad, 2020; Astiti & Rahardjo, 2022).

Increasingly fierce competition demands that coffee shops demonstrate strong differentiation through product quality, service, concept, and marketing strategy, amidst changing consumer behavior due to digitalization and a growing preference for specialty coffee (Bae & Jeon, 2022). Furthermore, businesses also face the challenge of rising operational costs, such as rental costs and raw material prices, which directly impact business sustainability. Furthermore, regulatory pressures and demands for institutional legitimacy also impact the performance of coffee shop MSMEs.

Various studies show that MSME performance is influenced by strategic orientation, entrepreneurial orientation, learning orientation, market orientation, and innovation capability. Innovation capability and strategically valuable resource advantages are also important factors in increasing MSME competitiveness. However, empirical findings regarding the determinants of coffee shop performance are still varied and inconsistent, particularly in the Jakarta context.

Although extensive research on MSMEs has been conducted, studies specifically mapping the determinants of MSME coffee shop performance in Jakarta are still limited. The differing characteristics of the coffee shop industry, which is heavily influenced by lifestyle trends and high competition, indicate a research gap.

Therefore, this study focuses on systematically analyzing the key factors influencing MSME coffee shop performance in Jakarta.

METHODOLOGY

This research uses a descriptive qualitative approach with a multiple case study design to gain an in-depth understanding of the factors influencing the performance of coffee shop MSMEs in Jakarta. This approach was chosen because it can comprehensively explore the strategic dynamics, operational practices, and experiences of business actors in facing the complex and dynamic competition in the coffee shop industry. The research focuses on coffee shop MSMEs operating in South Jakarta and East Jakarta, the two areas with the highest concentration of coffee shops in DKI Jakarta. The research subjects are coffee shop owners or managers who have a strategic role and a thorough understanding of the decision-making process and business management. The criteria for MSMEs refer to Law Number 20 of 2008 and the BPS classification, namely businesses with 5–99 employees and an annual turnover of IDR 300 million to IDR 50 billion.

Research data was collected through in-depth semi-structured interviews with coffee shop MSME owners and managers, direct observation of operational activities and customer interactions, and analysis of supporting documents such as promotional materials, digital activities, and internal business records. Data collection was conducted between July and December 2025 to ensure that the findings reflect the actual conditions of the coffee shop industry in Jakarta. Data analysis was conducted qualitatively through the stages of data reduction, data presentation, and conclusion drawing, which were carried out iteratively from the beginning of data collection. To ensure the validity of the findings, this study applied triangulation of sources and methods by comparing the results of interviews, observations, and supporting documents. Data validity was maintained through consistent research procedures, systematic recording of the research process, and the use of case study protocols to increase the credibility and reliability of the research results.

RESULTS AND DISCUSSION

Coffee Shop Value Proposition

Kopi Domu promotes a value proposition based on the authenticity of local Indonesian coffee through the selection of raw materials directly from farmers, an independent roasting process, and consistent taste quality. Differentiation is strengthened through a signature menu based on local culture and a roast-on-demand concept that provides an educational experience for customers. The owner's direct involvement in operations ensures consistent product and service quality, allowing Kopi Domu to offer authentic local coffee with culturally-based innovations and affordable prices as a daily beverage (Barney & Hesterly, 2019; Hakala, 2011) .

House of Etera emphasizes hospitality as its core value proposition, with a focus on comfort, friendliness, and consistent service quality. Product innovation is carried out regularly through menu updates and utilizing customer feedback. Support for a comfortable space concept and collaborative activities strengthens Etera's position as a coffee shop that offers not only products but also valuable social and emotional experiences for customers (Venkatraman & Ramanujam, 1986) .

Saturday Coffee positions itself as a daily coffee provider with consistent taste and product quality as its core values. Differentiation is demonstrated through the innovation of TXTR milk, which creates a distinctive flavor character, supported by strict SOPs and regular quality evaluations. Responsiveness to trends and customer reviews, along with a stable pricing approach, enables Saturday Coffee to offer quality coffee with personalized service and continuous innovation that remains in line with consumer purchasing power.

Table 1 Comparative Analysis of Value Propositions of Sources

Dimensions	Domu Coffee	Etera	Saturday Coffee
Primary Identity	Authentic local coffee	Hospitality & comfort	Daily coffee
Unique Power	Roast on demand; Menu with typical Indonesian culture	Friendly service & comfortable atmosphere	TXTR Milk
Customer Experience Focus	Educational & full of stories	Friendly, comfortable and welcoming	Warm interaction and fast response
Customer Type	A loyal coffee lover who seeks unique products	Family, community, casual customers	Daily coffee drinker
Innovation Approach	Cultural approach to local coffee	Following market trends	Following market trends but with low risk

Data Findings

Data findings indicate a strong correlation between the internal strategic orientation of MSMEs and the performance of coffee shop businesses in Jakarta. Data obtained through in-depth interviews, direct observation, and supporting document analysis were then systematically analyzed and mapped using hierarchy charts and project maps to comprehensively illustrate the relationships between research variables. This mapping enabled researchers to identify dominant patterns, interrelationships between dimensions, and the relative role of each strategic orientation in shaping business performance (Alharbi, 2022; Bresciani et al., 2021).

The analysis shows that entrepreneurial orientation, market orientation, and learning orientation do not operate in isolation, but rather interact and reinforce each other in the operational practices of MSMEs. Entrepreneurial orientation encourages entrepreneurs to innovate, be proactive, and take calculated risks in responding to market opportunities. Market orientation plays a role in ensuring that innovations and strategic decisions are aligned with customer needs, competitive dynamics, and changing consumer preferences. Meanwhile, learning orientation serves as the foundation for continuous adaptation through knowledge accumulation, experience evaluation, and openness to new ideas (Wahyuni & Sara, 2021).

The interaction of these three orientations forms an innovation capability reflected in product development, service quality enhancement, and business process improvement. This innovation capability serves as a mediating mechanism that transforms internal strategic orientation into improved business performance, both financially and non-financially. In other words, strategic orientation does not directly improve MSME performance, but rather first builds innovative capabilities that enable

business actors to create added value and competitive advantage. This finding confirms that the performance of MSME coffee shops is influenced by the synergy of internal strategic orientations managed in an integrated manner, rather than by a single, stand-alone orientation.

Discussion

Entrepreneurial Orientation is manifested in the strategies and daily decision-making of coffee shop MSME owners.

An entrepreneurial orientation encompassing innovation, proactivity, and risk-taking has been demonstrated to be effectively implemented in the three MSME coffee shops studied, albeit with varying patterns and emphases. Kopi Domu demonstrates a strong entrepreneurial orientation through its quarterly, locally-based menu innovations, selective adaptation to global trends, and the courage to take calculated risks in business expansion (Yahaya & Nadarajah, 2023) . This approach demonstrates that innovation and risk-taking are implemented as long-term strategies aligned with brand identity (Wernerfelt, 1984) .

Etera House demonstrates an entrepreneurial orientation through structured, process-based innovation, with regular product updates through internal R&D and rapid response to market trends. However, in terms of risk-taking, Etera tends to be cautious, opting for a low- to medium-risk strategy, emphasizing sustainability and cost control. Meanwhile, Saturday Coffee combines product and technical innovation, high proactivity to digital market dynamics, and a low- to medium-risk strategy maintained through financial discipline.

Table 2 Validation of Entrepreneurial Orientation Indicators

EO Dimension	Indicator	Domu Coffee	Etera	Saturday Coffee	Information
Innovative	In general, our organization's top managers favor a strong emphasis on Research & Development, technology leadership, and innovation.	The owner plays a direct role as a driver of innovation through product experiments, self-roasting, blind testing, and developing menus based on local ingredients.	Innovation focuses more on concepts and experiences, not R&D or technology.	Management encourages regular cross-functional brainstorming (bar, kitchen, marketing) as well as product and digital content experimentation.	According to theory
	In the last 3 years, our organization has marketed a wide variety of new product lines or services.	Consistently launching unique menus (spiced coffee, roast	Limited and selective new product launches	Actively launch new menus and programs through rolling menus and events	According to theory

		on demand, seasonal menus)			
	Product changesIn the last 3 years, changes to our product or service line have usually been quite dramatic.uk/service line	There has been a strategic change from franchise-oriented to brand & product-oriented	Changes are incremental and maintain identity.	The changes are quite significant, including processing our own ingredients and a creative marketing approach.	According to theory
	Our organization carries out routine innovations periodically every 3 months.	Product innovation is carried out every three months and is adjusted to market response.	No explicit periodic innovation pattern was found.	Rolling menus and innovations are carried out periodically every three months.	New findings
Proactive	In dealing with competitors, our organization often leads the competition, initiating actions to which our competitors must respond.	Proactive in the educational and local coffee niche, not in mass trends	Proactivity is more defensive, maintaining conceptual differentiation	Actively lead creative initiatives and respond quickly to competitor dynamics	According to theory
	In dealing with competitors, our organization is very often the first business to introduce new products/services, administrative techniques, operational technologies, etc.	Be a pioneer in several locations and concepts (e.g. old BSD, roast on demand)	Not explicitly positioning oneself as a first mover	Often an early adopter of new menus and marketing approaches	According to theory
	In dealing with its competitors, my company typically adopts a highly competitive 'cancel out the competitor' posture.	Not directly aggressive, more emphasis on differentiation	Competition is passive and niche based	Demonstrate competitive posture through counter-marketing and creative positioning	According to theory

Risk-Taking	In general, my organization's top managers have a strong penchant for high-risk projects (with the potential for very high returns).	Taking big but measured risks (location expansion, building outlets from scratch)	Tends to avoid big risks	Conduct experiments with a moderate chance of success (50:50-60:40)	According to theory
	In general, my company's top managers believe that because of the nature of the environment, bold and broad actions are necessary to achieve the company's goals.	Continue to expand and innovate amidst market uncertainty and COVID-19	A more cautious and conservative approach	Dare to experiment but still maintain financial stability	According to theory
	When faced with decision-making situations involving uncertainty, my company typically adopts a bold and aggressive posture to maximize the likelihood of exploiting potential opportunities.	Strategic decisions are taken even when the chances of success are uncertain (e.g. old BSD)	No dominant aggressive posture is visible	Taking creative steps even when the results are uncertain	According to theory

The indicator validation results in Table 2 show that most entrepreneurial orientation indicators align with Lumpkin and Dess's theory, particularly the innovative, proactive, and risk-taking dimensions. However, this study also found a new empirical indicator, namely innovation carried out routinely every three months, which consistently appeared at Kopi Domu and Saturday Coffee. This finding suggests that in the context of MSME coffee shops, innovation is not incidental but has become an operational routine and a strategic adaptation mechanism.

Overall, these findings confirm that entrepreneurial orientation in coffee shop MSMEs is contextual and adaptive, influenced by the owner's vision, market characteristics, and resource constraints. Differences in innovation intensity, level of proactivity, and risk-taking approach indicate that entrepreneurial orientation is not applied uniformly, but still plays a crucial strategic foundation in building innovation capabilities, increasing competitiveness, and maintaining business sustainability in the dynamic coffee shop industry.

Market Orientation is implemented by coffee shop MSMEs to build competitive advantages amidst the dynamic competition in the Jakarta market.

Market orientation is implemented by coffee shop MSMEs as a primary strategy to build competitive advantage amidst Jakarta's dynamic market competition. Based on field findings, market orientation is reflected through three main dimensions: customer orientation, competitor orientation, and interfunctional coordination, as proposed by Narver and Slater (1990). These three dimensions are implemented contextually by Kopi Domu, Etera House, and Saturday Coffee, in accordance with their respective business characteristics and market segmentation.

In terms of customer orientation, all MSMEs prioritize customer satisfaction as the center of strategic decision-making. Kopi Domu directly involves customers in product development through blind testing and coffee education. Etera House actively collects and responds to customer feedback through digital platforms and direct interactions. Saturday Coffee utilizes Google Reviews and barista-customer communication as primary sources of evaluation. These practices demonstrate that customer orientation in MSME coffee shops is relational and experience-based, not simply transactional.

In terms of competitor orientation, the three coffee shops demonstrated the ability to monitor and respond to competitive dynamics, albeit with different approaches. Kopi Domu and Saturday Coffee actively conducted direct visits to competitors' shops as a form of competitive learning, while Etera focused more on understanding market preferences than directly imitating competitors. This study found additional empirical indicators in the form of direct observation of competitors, which enriches the understanding of competitor orientation in the context of coffee shop MSMEs.

Interfunctional coordination operates effectively even within a simple organizational structure. Cross-functional coordination is achieved through daily briefings, regular meetings, and informal communication involving the owner, baristas, kitchen staff, and marketing teams. This mechanism allows market and customer information to be quickly translated into operational actions, thereby accelerating adaptation to market changes.

Overall, the research results indicate that market orientation in coffee shop MSMEs in Jakarta is adaptive, practical, and based on the direct involvement of business owners. Implementing a strong market orientation enables MSMEs to build in-depth customer understanding, respond selectively to competition, and coordinate internal resources effectively, thus positively contributing to business innovation and performance.

Coffee Shop Business Performance

In this study, coffee shop business performance is understood as financial and non-financial outcomes, including revenue stability, demand growth, customer satisfaction, consistent product and service quality, operational efficiency, and business sustainability. This approach emphasizes that MSME performance is determined not only by financial indicators but also by the organization's ability to maintain quality, build customer loyalty, and adapt to competitive market dynamics (Donnet et al., 2021; Faroque et al., 2025) .

Kopi Domu demonstrates business performance oriented towards long-term sustainability with a focus on revenue stability and daily customer loyalty. Product

differentiation strategies, quality control through internal processes, and direct owner involvement in operations and employee training support consistent performance. Etera House demonstrates strong performance in service and customer experience aspects, supported by regular evaluations, rapid response to consumer feedback, and active adaptation to market trends, thus maintaining service quality and customer satisfaction on an ongoing basis (Yin, 2018) .

Saturday Coffee demonstrates stable and controlled business performance amidst high competition. Consistent taste quality, responsive service, and disciplined implementation of operational standards are key factors driving customer trust and repeat purchases. Overall, these findings suggest that a balance between financial and non- financial performance, supported by consistent quality and adaptive operational management, is key to the sustainability of coffee shop MSMEs in Jakarta.

CONCLUSION

This study aims to analyze the strategic factors influencing the performance of coffee shop MSMEs in Jakarta through a qualitative case study approach. The results indicate that entrepreneurial orientation, market orientation, and learning orientation are key internal factors that consistently play a role in improving business performance, both financially and non-financially. These three orientations do not operate in isolation but interact with each other and form innovation capabilities as a key mechanism bridging strategic orientation with business performance.

Entrepreneurial orientation is reflected in the ability of MSME owners to be innovative, proactive, and take measured risks in strategic decision-making. Market orientation strengthens performance through a deep understanding of customer needs, monitoring competitor dynamics, and cross-functional coordination that enables rapid and relevant market responses. Meanwhile, learning orientation plays a crucial role in supporting business adaptation through a commitment to learning, openness to new ideas, and the formation of a shared vision within the organization. The synergy of these three orientations drives continuous innovation in products, services, and operational processes, which is a source of competitive advantage for coffee shop MSMEs amidst Jakarta's highly competitive market.

In addition to internal factors, this study also found that government support plays a role in supporting business performance, particularly through access to financing, training, and MSME development programs. However, the utilization of this support remains limited and suboptimal in all cases, resulting in a less than optimal impact on business performance. Overall, the research findings confirm that improving the performance of coffee shop MSMEs is not determined solely by a single strategic orientation, but rather by the combination and synergy of entrepreneurial, market, and learning orientations managed adaptively, with innovation capabilities as the primary driver of business sustainability.

Reference :

Alamin, Z., Lukman, Missouri, R., Sutriawan, Annafi, N., & Khairunnas. (2022).

- STRENGTHENING THE COMPETITIVENESS OF MSMEs THROUGH TECHNOLOGY SKILLS TRAINING IN THE ERA OF SOCIETY 5.0. *Taroa: Journal of Community Service* , 1 (2), 112–126. <https://doi.org/10.52266/taroa.v1i2.1235>
- Alharbi, R.K. (2022). Saudi Arabia's small and medium enterprises (SMES) sector post-Covid-19 recovery: stakeholders' perception on investment sustainability. *International Journal of Organizational Analysis* , ahead - of - print . <https://doi.org/10.1108/IJOA-10-2021-2993>
- Arshad, AS, & Ahmad, S. (2020). Learning Orientation and Competitive Advantage. *International Journal of Business Management* , 8 (3), 65–78.
- Astiti, S., & Rahardjo, B. (2022). Analysis of the Competitive Advantage of MSMEs during the Covid-19 Pandemic. *Management Sustainable Development Journal* , 4 (1), 47–59.
- Bae, J., & Jeon, S. (2022). Innovation Capability in SMEs: A Systematic Review. *Journal of Small Business Management* , 60 (4), 703–725.
- Balzano, M. (2025). Innovation Behavior in Micro Enterprises. *International Review of Management* , 11 (1), 22–35.
- Barney, J. B., & Hesterly, W. S. (2019). *Strategic Management and Competitive Advantage: Concepts and Cases* (6th ed.). Pearson Education.
- Bresciani, S., Ferraris, A., & Del Giudice, M. (2021). The Management of Organizational Ambidexterity through Alliances in a New Context of Analysis: Internet of Things (IoT) Smart City Projects. *Technological Forecasting and Social Change* , 136 , 331–338. <https://doi.org/10.1016/j.techfore.2018.06.002>
- Donnet, M. L., Weatherspoon, D. D., & Hoehn, J. P. (2021). Price Volatility and Risk Management in Coffee Markets. *World Development* , 137 , 105193. <https://doi.org/10.1016/j.worlddev.2020.105193>
- Faroque, A.R., Gabriellson, P., Seppala, T., Gabriellson, M., & Partanen, J. (2025). Navigating Networks: The Differential Impact of Government and Market Ties on the Performance of Traditionally Internationalized SMEs. *International Business Review* , 35 (2), 102555. <https://doi.org/10.1016/j.ibusrev.2025.102555>
- Hakala, H. (2011). Strategic Orientations in Management Literature. *International Journal of Management Reviews* , 13 (2), 199–217. <https://doi.org/10.1111/j.1468-2370.2010.00290.x>
- Susilowati, H., Ratnaningrum, Andriana, M., Argyatni, T., & Sholilah, E. (2022). *MSME Business Performance in the Digital Era* . Eureka Media Aksara.
- Venkatraman, N., & Ramanujam, V. (1986). Measurement of Business Performance in Strategy Research. *Academy of Management Review* , 11 (4), 801–814. <https://doi.org/10.5465/amr.1986.4283976>
- Wahyuni, S., & Sara, IM (2021). Business Sustainability of SMEs during the COVID-19 Pandemic: Evidence from Indonesia. *Journal of Asian Finance, Economics and Business* , 8 (2), 531–539. <https://doi.org/10.13106/jafeb.2021.vol8.no2.0531>
- Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal* , 5 (2), 171–180. <https://doi.org/10.1002/smj.4250050207>
- Yahaya, H.D., & Nadarajah, G. (2023). Determining Key Factors Influencing SMEs' Performance: A Systematic Literature Review and Experts' Verification. *Cogent Business & Management* , 10 (3), 23. <https://doi.org/10.1080/23311975.2023.2251195>
- Yin, R. K. (2018). Case study research and applications: Design and methods. In *Journal of Hospitality & Tourism Research* (Vol. 53, Issue 5). <https://doi.org/10.1177/109634809702100108>