International Journal of Innovative Research and Scientific Studies, 6(3) 2023, pages: 618-625

IJIRSS
International Journal of Innovative Research & Scientific Studies

ISSN: 2617-6548

URL: www.ijirss.com

Improving business performance through entrepreneurial orientation, product innovation, and co-creation value

Muhammad Meki Munawar[1*], Ratih Hurriyati[2], Disman Disman[3], Vanessa Gaffar[4]

[1,2,3,4]*Universitas Pendidikan Indonesia, Bandung, Indonesia.*
[1]*STIE Dr. KHEZ Muttaqien, Purwakarta, Indonesia.*

Corresponding author: Muhammad Meki Munawar (*Email: meki.munawar@gmail.com*)

Abstract

Business performance describes the ability of the manager of the company to perform. In micro, small, and medium companies, the owners usually act as the managers. Ideally, this performance has to be improved. Moreover, to accommodate this intention, this study investigates the related factors, like entrepreneurial orientation (EO), product innovation (PI), and co-creation value (CCV). Hence, this study aims to investigate two effects. The first is the impact of EO and CCV on PI. The second is the influence of CCV and PI on business performance. Therefore, a quantitative design is employed to examine the hypothesis by referring to this circumstance. As samples, this study uses a purposive sampling method to select 60 owners of the creative culinary industry in West Java. Additionally, this study uses a survey to collect the data, and the variance-based structural equation model to analyze the data. After processing the data, the hypotheses are tested and discussed, this research demonstrates the positive effect of EO and CCV on PI. Furthermore, a positive relationship is found between CCV and PI, and business performance. As a practical implication, entrepreneurial orientation, product innovation, and co-creation value are essential qualities for business owners to improve business performance.

Keywords: Business performance, Creative industry, Co-creation value, Culinary, Entrepreneurial orientation, Product innovation.

DOI: 10.53894/ijirss.v6i3.1694
Funding: This study received no specific financial support.
History: Received: 17 January 2023/**Revised:** 30 March 2023/**Accepted:** 4 May 2023/**Published:** 29 May 2023

Authors' Contributions: All authors contributed equally to the conception and design of the study.
Competing Interests: The authors declare that they have no competing interests.
Transparency: The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained.
Ethical Statement: This study followed all ethical practices during writing.
Publisher: Innovative Research Publishing

1. Introduction

The Indonesian creative industry is dominated by micro, small, and medium companies [1]. This industry focuses on personal creativity, ideas, knowledge, and technology, consisting of companies in various sectors, including (1) game development, (2) architecture, (3) interior design, (4) music, (5) fine art, (6) product design, (7) fashion, (8) film, animation and video, (9) photography, (10) visual communication design, (11) television and radio, (12) handicraft, (13) advertising, and (14) culinary [2].

The culinary business in Indonesia can be divided into two types based on the final result. The first is the service providers: restaurants and catering. Moreover, the second is the goods in the packaging. These products are made from traditional recipes, making their unique taste [3]. Besides, this business has another uniqueness: the ability to sustain itself in the middle of the competition [4]. It occurs because this business serves one of the fundamental human needs, i.e., food [5].

Unlike normal circumstances, during the COVID-19 pandemic, the culinary business became disturbed, reflected by numerous temporarily closed restaurants [6]. It happened because of the required social distancing by the government to cut the infected people [7], leading to death as the poorest consequence [8]. Therefore, for this opened business, the government prohibits dine-in. Furthermore, to overcome this situation, the owners register their commerce on technological platforms, such as Go-Food, Grab-Food, and Shopee-food, facilitating customer orders and delivery [9].

This survival capability shows managerial performance [10]. This performance demonstrates the firm effectiveness in utilizing resources [11]. From a strategic perspective, this performance in a certain period is usually assessed based on standards. The objectives are achieved if the final results meet the required criteria [12].

Empirically, the determinants of business performance have attracted attention due to conflicting results. One of these determinants is product innovation. According to Atalay, et al. [13], Rosli and Sidek [14], Rosli and Sidek [14], Haryono and Marniyati [15], Najmi and Abror [16], and Christa and Kristinae [17], product innovation positively affects business performance. Likewise, Hamidi and Gharneh [18] find a positive association between innovation capability and firm performance. On the other hand, Tresna and Raharja [19] and Williams and Kosta [20] display insignificant impacts.

Besides product innovation, previous scholars have found that co-creation value has a positive influence on business performance, as shown by Hamidi and Gharneh [18] and Fonjong and Tian [21]. Similarly, Mulyana & Sutapa [22] demonstrate a positive influence of the collaborative network on firm performance. In their research, Shahbaz, et al. [23] exhibit that out of three dimensions of supply-chain collaboration, only two dimensions, namely informational sharing and joint decision-making, positively affect operating performance. Unfortunately, electronic data interchange does not have an effect on it.

As for its affecting factors, product innovation is influenced by entrepreneurial orientation and co-creation value. Unfortunately, this situation is not always proven. In their study, Helia, et al. [24], Fredyna, et al. [25], and Najmi and Abror [16] find a positive effect of entrepreneurial orientation on product innovation. Similarly, Khalili, et al. [26] and Song, et al. [27] report a positive impact of this orientation on innovation performance. Moreover, Zehir, et al. [28] demonstrate that out of the five dimensions of entrepreneurial orientation, only proactive action, innovative action, and risk propensity positively affect innovation performance. On the other hand, competitive aggressiveness and autonomy have no meaningful influence.

In relation to the impact of co-creation value on product innovation, Un, et al. [29] provide a detailed breakdown of collaborative research and development with the partners including, universities, suppliers, customers, and rivals. Upon analyzing these partnerships, they find that collaboration with the universities and suppliers positively influences innovative products. However, cooperation with competitors negatively affects product innovation. On the other hand, partnership with customers does not affect product innovation. In a separate study without distinguishing partners, Mulyana & Sutapa [22] demonstrate a positive influence of collaborative networks on innovation capability.

Considering the varied results observed in previous studies, this study aims to investigate the influence of product innovation on business performance, the impact of co-creation value on both business performance and product innovation, and the positive effect of entrepreneurial orientation on product innovation. To achieve this objective, this study focuses on owners of micro, small, and medium companies in the culinary industry located in West Java.

2. Literature Review and Hypothesis Development

2.1. The Influence of Product Innovation on Business Performance

According to Datis [30], innovation activity interacts with three critical aspects of the firm operations: knowledge, processes, and goods or services. Moreover, Balan and Lindsay [31] explain that companies require innovation in increasingly complex and turbulent environments. As an alternative strategy, Lee [32] describes how product innovation stimulates firm performance. By offering innovative products, a firm can differentiate itself from its main competitors and potentially increase market demand, thereby positively contributing to its overall success.

When investigating companies in Somalia, Abdi and Ali [11] find that innovation positively affects firm performance. Similarly, in their study of firms in the Turkish industry, Atalay, et al. [13] confirm the positive effect of innovation on business performance. This effect is also demonstrated by Rosli and Sidek [14] in their investigation of small and medium manufacturing companies in Malaysia.

Furthermore, Haryono and Marniyati [15] affirm this trend in their study of CV Multi Global Agrindo, Indonesia. Najmi and Abror [16] document that businesses perform better when they offer more innovative products, based on their study of micro and small firms in the food industry in Padang. Additionally, Christa and Kristinae [17] provide evidence for their relationship in their study of firms in Central Kalimantan and Bali firms. Meanwhile, Hamidi and Gharneh [18] demonstrate a positive tendency of innovation capability on the performance of gigantic Iranian firms. Based on these findings, the first hypothesis is formulated:

H_1: Product innovation positively affects business performance.

2.2. The Influence of Co-Creation Value on Business Performance and Product Innovation

Co-creation value is generated through the exchange of ideas between the customer and the firm for the development of a new offering as stated by Cossío Silva, et al. [33]. The term ‘co’ refers to the collaboration between multiple parties in creating value, including customers, firm representatives, and brand communities. On the other hand, ‘creation’ means unifying and integrating multiple resources based on different actor contributions [34]. They engage in co-ideation, co-design, co-development, and co-creation of new goods or services [35]. Based on this concept, the primary focus of business lies in the interaction between customers and the company, rather than just the value chain [36].

After investigating large Iranian companies, Hamidi and Gharneh [18] find that firms perform better when there is more co-creation value in their business. Fonjong and Tian [21] confirm this finding by studying Cameron companies. Additionally, Mulyana & Sutapa [22] provides evidence for a positive correlation between collaborative networks and firm performance in Indonesia. In their study of a Malaysian manufacturing company, Shahbaz, et al. [23] exhibit that out of the three dimensions of supply-chain collaboration, only informational sharing and joint decision-making have a positive effect on operating performance. However, electronic data interchange does not influence it. Based on these findings, this study formulates the second hypothesis as follows:

H_2: The co-creation value positively influences business performance.

Besides influencing business performance, the co-creation value is also expected to elevate product innovation. This statement is proven by Mulyana & Sutapa [22], who demonstrate that collaboration networks have a positive influence on innovation capability. Based on this evidence, this study formulates the third hypothesis as follows.

H_3: The co-creation value positively influences product innovation.

2.3. Entrepreneurial Orientation and Product Innovation

In the current competitive business environment, the significance of top managers or owners in relation to how their entrepreneurial preferences and values can impact strategic decision-making is evident. Entrepreneurs, who dedicate their time and effort to creating something new with different values, play a crucial role as stated by Hisrich, et al. [37]. Helia, et al. [24] demonstrate a positive impact of entrepreneurial orientation on product innovation based on their study of small and medium companies producing Batik in Solo. Similarly, Zehir, et al. [28], in their research involving middle and large manufacturing firms in Turkey, reveal that out of the five dimensions of entrepreneurial orientation, only proactive behaviour, innovativeness, and risk propensity positively affect innovation performance. However, competitive aggressiveness and autonomy do not have any influence.

Similarly, in their research on the Spanish family companies, Fredyna, et al. [25] confirmed the positive effect of entrepreneurial orientation on product innovation. In line with their findings, Najmi and Abror [16] demonstrate this relationship in their study of small and micro firms in the food industry in Padang. Likewise, Khalili, et al. [26] and Song, et al. [27] support the positive relationship between this entrepreneurial orientation and innovative performance after studying the Iranian petrochemical companies and the master of business graduates in China, respectively. Based on this evidence, this study formulates the fourth hypothesis as follows:

H_4: Entrepreneurial orientation positively influences product innovation.

2.4. Research Model

Figure 1 shows the research model based on the theoretical review formulating each hypothesis.

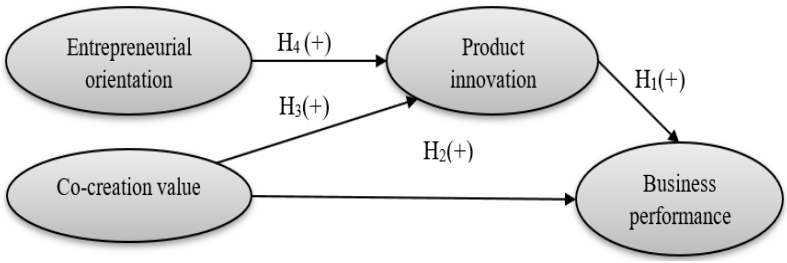

Figure 1.
Research model.

3. Research Method

3.1. Research Variables

In this study, business performance (BP) and product innovation (PI) are considered as endogenous variables. On the other hand, entrepreneurial orientation (EO) and co-creation value (CCV) are treated as exogenous variables. The measurement of BP and CCV in this study refers to the work of Hamidi and Gharneh [18]. Additionally, Aydin [38] and Mantok, et al. [39] are cited as references for measuring PI and EO, respectively. Mantok, et al. [39] propose three dimensions for EO: innovation, risk-taking, and proactive behaviour, which have been confirmed to have significant explanatory power by Zehir, et al. [28].

3.2. Population and Samples

This research specifically focuses on the culinary business sector in West Java, Indonesia, with the population being the owners of these businesses. The sampling method employed in this study is purposive sampling, which selects samples based on specific criteria. In this case, the criterion for inclusion is that the business must have been operated by the owners since 2017. Based on the requirement, a sample of 60 owners from West Java is used in the study.

3.3. Method to Gather the Data

This study utilizes a survey to gather data. As suggested by Hartono [40], this method allows for obtaining responses from the participants. To measure their responses, a seven-point Likert scale is utilized, where one represents ‘intensely disagree’, and seven represents ‘significantly agree’.

3.4. Method to Analyze the Data

Furthermore, the sample consists of sixty respondents, including managers and business owners. Referring to [41], the suitable data analysis method for this study is the variance-based structural equation model. This model, represented by Equations 1 and 2, is suitable for sample sizes ranging from 30 and 100. This model is as follows:

$$BP = \beta_1 PI + \beta_2 CCV + \zeta_1 \quad (1)$$

$$PI = \gamma_1 EO + \gamma_1 CCV + \zeta_2 \quad (2)$$

Table 1.
The measurement of business performance, product innovation, co-creation value, and entrepreneurial orientation.

No.	Research variable	Question items	Source
1.	Business performance	The firm can create more profits based on assets employed than its rivals (BP1). The firm can create more profits based on the fund shareholder utilized than its rivals (BP2). The firm has revenue that is better than its rivals (BP3). The firm asset quality is higher than its rivals (BP4).	Hamidi and Gharneh [18]
2.	Product innovation	Unlike the competitor, the firm under my control: 1. Regularly introduces new products (PI1). 2. Firstly, introduces new products (PI2). 3. Quickly launches new products (PI3). 4. Develop the new qualified products (PI4). 5. Penetrates the market by utilizing new products (PI5).	Aydin [38]
3.	Co-creation value	Customers are informed about the product by learning about it from the firm (CCV1). The owner gives virtuous experiences to the customers when they visit the business place (CCV2). A firm owner shares the idea with the customers (CCV3). A firm owner and the customers engage in creating value (CCV4). A firm owner makes a virtuous connection with its suppliers (CCV5). A firm owner can generate knowledge to be saved and transfer it to the internal employee (CCV6).	Hamidi and Gharneh [18]
4.	Entrepreneurial orientation (EO)	Innovative dimension (INN): 1. The business presents new products on the menu. 2. The company offers new products with different taste.	Modified from Mantok, et al. [39]
		Risk-taking dimension (RT): 1. A firm owner offers a new product to the market although facing high risk (RT1). 2. The orientation of the firm owner is based on goals (RT2). 3. A firm owner aggressively seeks chances to develop business (RT3).	
		Proactive dimension (PA): 1. The business creates similar products as competitors have in the market (PA1). 2. The firm owner is initiative-minded (PA2). 3. The firm owner is continually updated with the technology (PA3).	

Table 1 presents the items of business performance, product innovation, co-creation value, and entrepreneurial orientation. Therefore, validation and consistency of the responses are necessary. Following Ghozali [41], accurate responses are determined by confirmatory factor analysis, where the loading factor surpasses 0.5 indicating validity. The reliability of the valid responses is assessed using the composite reliability coefficient, which is considered reliable if it exceeds 0.7.

The utilization of a structural equation model based on variance needs assessment. The model is assessed by R-square, f-square, and Q-square [42]. According to Hair Jr., et al. [42], the limit point for R-square to determine the small, medium, and enormous contribution is 0.25, 0.5, and 0.75, respectively. The f-square cut-off points for determining small, medium, and significant partial influence are 0.02, 0.15, and 0.35, respectively. Furthermore, the Q-square should exceed 0 to show the model's predictive relevance.

4. Result and Discussion

4.1. Respondent Profile

Table 2 provides a profile of the sixty participating respondents in the survey conducted between September and December 2019. The respondents are business owners in the culinary sector of the creative industry in West Java, Indonesia.

Table 2.
Respondent profile based on gender, age, business duration, and business place.

Profile	Description	N	%
Gender	Male	23	38
	Female	37	62
	Total	60	100
Age	Below 26	8	13
	Between 26 and 40	34	57
	Above 40	18	30
	Total	60	100
Business duration	Below three years	26	43
	Between 3 and 5 years	21	35
	Above five years	13	22
	Total	60	100
Business place	Bandung	23	38
	Purwakarta	15	25
	Bogor	6	10
	Cianjur	5	8
	Others	11	19
	Total	60	100

Furthermore, the respondents are classified based on gender, age, business duration, and business place. Among the respondents, the majority are females, comprising 37 individuals (57%), while males account for 23 individuals (38%). In terms of age, the largest group consists of 34 individuals aged between 26 and 40 years (57%). The second and third positions are occupied by 18 individuals above 40 years (30%) and eight individuals below 26 years (13%). Regarding business duration, the majority comprises 26 firms operating for less than three years (43%), followed by 21 firms operating between 3 and 5 years (35%), and 13 firms operating for more than five years (22%). In terms of business place, 23 firms are located in Bandung (38%), 15 firms in Purwakarta (25%), six firms in Bogor (10%), five firms in Cianjur (8%), and 11 firms in other cities in West Java.

4.2. The Validity and Reliability Result

Table 3 depicts the loading factors for accurate item testing of CCV, PI, BP, IN, RT, and PA, as well as the loading factors for dimensional validity testing of LV_IN, LV_RT, and LV_PA the composite reliability for detecting the reliable answer. For the items related to co-creation value (CCV), product innovation (PI), and business performance (BP), the loading factor for CCV1, CCV2, CCV4, CCV5, PI1, PI2, P3, PI4, PI5, BP1, BP2, BP3, and BP4 exceeds 0.5, with values of 0.826, 0.844, 0.639, 0.849, 0.840, 0.873, 0.837, 0.900, 0.903, 0.919, 0.945, 0.970, 0.967, and 0.972, respectively. Therefore, the answers of respondents for these items are accurate. Additionally, the composite reliability for CCV, PI, and BP is above 0.7, with values of 0.9009. 0.948, and 0.981, respectively, indicating the presence of a reliable response.

By examining the items related to innovative, risk-taking, and proactive, it is evident that the loading factor for INN1, INN2, RT1, RT2, RT3, PA1, PA2, and PA3 are higher than 0.5, with values of 0.871, 0.871, 0.947, 0.568, 0.890, 0.729, 0.650, and 0.730. The same is true for the loading factors of the three dimensions of entrepreneurial orientation, namely lv_INN, lv_R, and lv_PA, with values of 0.633, 0.785, and 0.789, respectively. This indicates that the validity of the responses has been achieved. Additionally, the composite reliability coefficient for INN, RT, PA, and EO exceeds 0.7, with values of 0.863, 0.854, 0.746, and 0.789, respectively, indicating the presence of a reliable response.

4.3. The Goodness of Fit Detection

Table 4 presents the assessment of the variance-based SEM. Since the model consists of two equations, the R-square, f-square, and Q-square are calculated for each model. The R-square values for Equation 1 and 2 are 0.267 and 0.305, respectively. These values are close to 0.25, indicating that the contribution of all determinants is small. Furthermore, the f-square for PI and CCV in Equation 1 are 0.120 and 0.148, while the f-square for EO in Equation 2 is 0.237. These three values are close to 0.15, indicating a partial medium influence. However, the impact of CCV on PI is 0.068, which is close to 0.02, suggesting a negligible impact. Additionally, the Q-square values for Equations 1 and 2 are 0.280 and 0.311, respectively. Since both values exceed 0, it can be concluded that the model has predictive relevance.

4.4. The Estimation Result of the Research Model

Table 5 presents the estimation results of SEM based on variance. Moreover, the t-statistical probability for the positive path coefficient of PI→ BP, CCV → BP, CCV → PI, and EO → BP are 0.009, 0.003, 0.090, and below 0.001, respectively. Hence, the first, second, and fourth hypotheses are accepted at a significance level of 5%. Furthermore, the third hypothesis is also supported at a significance level of 10%.

4.5. Discussion

Based on the results of the first hypothesis testing, it is confirmed that product innovation positively influences business performance. This suggests that implementing product innovation is still needed to support firm performance, particularly in the culinary business where the focus is on food and beverage products. Owners and managers can explore traditional recipes and unique ingredients to create distinct food offerings. Setting quality standards is also crucial to ensure consistent taste. These findings align with the studies conducted by Atalay, et al. [13] and Christa and Kristinae [17], further supporting the importance of product innovation in driving business success.

Table 3.
Loading factor and composite reliability coefficient of indicators and dimensions related to the answer of respondents.

Indicator/dimension	Loading factor						
	CCV	PI	BP	INN	RT	PA	EO
CCV1	0.826	0.046	0.176	-0.058	0.281	0	-0.197
CCV2	0.844	0.036	-0.154	0.08	0.126	0	-0.131
CCV3	0.639	-0.136	0.057	0.074	-0.188	0	0.051
CCV4	0.849	-0.198	0.041	0.17	0.278	0	-0.17
CCV5	0.840	0.223	-0.103	-0.253	-0.54	0	0.458
PI1	-0.14	0.873	-0.072	0.206	0.101	0	-0.023
PI2	-0.183	0.837	0.184	-0.058	-0.167	0	0.047
PI3	0.164	0.900	-0.072	-0.066	0.06	0	-0.054
PI4	0.127	0.903	-0.003	0.014	0.167	0	-0.244
PI5	0.013	0.919	-0.026	-0.092	-0.168	0	0.272
BP1	-0.036	0.042	0.945	0.002	0.086	0	-0.038
BP2	-0.032	0.052	0.970	-0.056	-0.031	0	0.03
BP3	0.005	-0.04	0.967	0.047	-0.012	0	0.001
BP4	0.063	-0.053	0.972	0.007	-0.041	0	0.006
INN1	0.109	0.257	-0.154	0.871	-0.004	0	-0.128
INN2	-0.109	-0.257	0.154	0.871	0.004	0	0.128
RT1	-0.094	0.041	-0.055	0.092	0.947	0	-0.132
RT2	0.099	0.292	0.182	0.136	0.568	0	-0.168
RT3	0.037	-0.23	-0.058	-0.185	0.890	0	0.248
PA1	0.422	0.163	-0.299	-0.807	-0.987	0.729	1.655
PA2	-0.08	-0.072	0.373	-0.273	-0.116	0.650	0.81
PA3	-0.35	-0.099	-0.034	-0.586	-0.937	0.730	1.861
lv_INN	0	0	0	1	0	0	0.633
lv_RT	0	0	0	0	1	0	0.785
lv_PA	0	0	0	-0.803	-0.994	0	0.789
Composite reliability coefficient	0.900	0.948	0.981	0.863	0.854	0.746	0.782

Table 4.
The assessment result of variance-based SEM.

Equation	Model	R-square	f-square	Q-square
1	BP = f(PI, CCV)	0.267	0.120 for PI and 0.148 for CCV	0.280
2	PI = f(EO, CCV)	0.305	0.237 for EO and 0.068 for CCV	0.311

Table 5.
The estimation result of SEM based on variance.

Hypothesis	Causal relationship	Path coefficient	Standard error	T-statistic	Probability
H_1	PI →BP	0.283	0.117	2.419	0.009
H_3	CCV→BP	0.329	0.115	2.861	0.003
H_3	CCV→PI	0.165	0.122	1.352	0.090
H_4	EO →PI	0.444	0.110	4.036	<0.001

The examination of the second and third hypotheses reveal that co-creation value positively affects business performance and product innovation. This indicates that collaboration among suppliers, consumers, and the firms represented by owners and managers is important to elevate business performance. The findings align with studies conducted by Mulyana & Sutapa [22], Hamidi and Gharneh [18], and Shahbaz, et al. [23], which emphasize the positive effect of co-creation value on business performance. However, it is important to note that this collaborative approach cannot be effective without follow-up action. Business owners should provide opportunities for consumers and suppliers to participate and offer their perspectives in the product design process, as their input can contribute to positive business development and innovation. This aligns with the study conducted by Mulyana & Sutapa [22], which demonstrates the positive influence of product innovation on co-creation value.

The examination of the fourth hypothesis reveals that entrepreneurial orientation has a positive influence on product innovation. This indicates that business owners must be willing to take bold steps to innovate the products they offer in the market. In the culinary industry, this entails creating unique flavorful food and beverage options using healthy traditional ingredients. Additionally, owners must be willing to take calculated risks by identifying opportunities and leveraging their strengths, which can ultimately benefit their business. Furthermore, in order to compete with their market rivals, owners should continuously modify their products, adopting new technologies and strategies such as collaborating with online food delivery platforms. The positive of this study aligns with the research conducted by Khalili, et al. [26], Helia, et al. [24], Zehir, et al. [28], Fredyna, et al. [25], Najmi and Abror [16], and Song, et al. [27].

5. Conclusion

The research aims to investigate the determinants of business performance using a structural equation model. In this model, business performance and product innovation are considered endogenous variables, while entrepreneurial orientation and co-creation value are treated as exogenous variables. Therefore, this study focuses on examining two key aspects. Firstly, it explores the impact of co-creation value on business performance and product innovation. Secondly, it investigates the positive effect of entrepreneurial orientation on product innovation. The findings reveal a consistent positive relationship among all these causal relationships.

This research has some limitations. Firstly, it only focuses on the regions of West Java, which may restrict the generalizability of the findings to other areas in Java or beyond. Future studies can aim to broaden the geographical scope by including multiple provinces in Java or even consider other regions in Indonesia to enhance the representativeness of the sample and provide a more comprehensive understanding.

Secondly, this research specifically examines the relationship between entrepreneurial orientation and innovative products. Future researchers can explore the association between entrepreneurial orientation and business performance as a separate focus of the investigation. Additionally, they could consider incorporating the managerial ability of the owner as an antecedent of business performance, product innovation, and co-creation value within the research model. This would provide a more nuanced understanding of the factors influencing business outcomes and shed light on the role of managerial capabilities in driving performance.

References

[1] V. K. Sari, "Creative economy: The driving force for micro, small, and medium companies to face the ASEAN economic community era," in *6th National Seminar of the UNS SME's Summit and Awards 2017: Increasing the Competitiveness of Creative Economy-Based MSMEs in the ASEAN Economic Community Era*, 2017, pp. 291–300.

[2] R. W. Paramita, N. Rizal, R. B. Sulistyan, M. Taufiq, and M. Dimyati, "Creative industry management," vol. 5. Indonesia: Widyagama Press, 2021.

[3] M. Lazuardi and M. S. Triady, "Creative economy: National culinary development plan from 2015 to 2019. Republic of solutions," Retrieved: https://www.academia.edu/27578681. 2015.

[4] N. K. Yasa *et al.*, "The business performance of culinary sector: A study of SMEs sector in Bali," *International Journal of Economics & Business Administration*, vol. 8, no. 4, pp. 184-196, 2020. https://doi.org/10.35808/ijeba/578

[5] N. F. Naini, S. Santoso, T. S. Andriani, and U. G. Claudia, "The effect of product quality, service quality, customer satisfaction on customer loyalty," *Journal of Consumer Sciences*, vol. 7, no. 1, pp. 34-50, 2022. https://doi.org/10.29244/jcs.7.1.34-50

[6] N. Nurmala *et al.*, "Culinary business as the mover for micro, small and medium companies during the Covid-19 pandemic," *AKM: Community Action*, vol. 3, no. 1, pp. 65–74, 2022. https://doi.org/10.36908/akm.v3i1.458

[7] S. P. Adiristi and Y. Hermawan, "The survival strategy of culinary business during the Covid-19 pandemic," *PLS Scientific Scholars Journal*, vol. 7, no. 1, pp. 1-7, 2022. https://doi.org/10.37058/jpls.v7i1

[8] M. Lotfi, M. R. Hamblin, and N. Rezaei, "COVID-19: Transmission, prevention, and potential therapeutic opportunities," *Acta Chemical Clinic*, vol. 508, pp. 254-266, 2020. https://doi.org/10.1016/j.cca.2020.05.044

[9] I. N. Hidayaha, N. F. Rohmahb, and M. Saifuddinc, "The effectiveness of digital platforms as food and beverage marketing media during the Covid-19 pandemic," *Airlangga Journal of Innovation Management*, vol. 2, no. 2, pp. 122–130, 2021. https://doi.org/10.20473/ajim.v2i2.30696

[10] I. W. K. Ting, I. Tebourbi, W.-M. Lu, and Q. L. Kweh, "The effects of managerial ability on firm performance and the mediating role of capital structure: Evidence from Taiwan," *Financial Innovation*, vol. 7, no. 1, pp. 1-23, 2021. https://doi.org/10.1186/s40854-021-00320-7

[11] A. M. Abdi and A. Y. S. Ali, "Innovation and business performance in telecommunication industry in Sub-Saharan African context: Case of Somalia," *Innovation*, vol. 2, no. 4, pp. 53–67, 2013.

[12] T. L. Wheelen, J. D. Hunger, A. N. Hoffman, and C. E. Bamford, *Concepts in strategic management and business policy: Globalization, innovation, and sustainability*, 15th ed. United Kingdom: Pearson Education Limited, 2018.

[13] M. Atalay, N. Anafarta, and F. Sarvan, "The relationship between innovation and firm performance: An empirical evidence from Turkish automotive supplier industry," *Procedia-Social and Behavioral Sciences*, vol. 75, pp. 226-235, 2013. https://doi.org/10.1016/j.sbspro.2013.04.026

[14] M. M. Rosli and S. Sidek, "The impact of innovation on the performance of small and medium manufacturing enterprises: Evidence from Malaysia," *Journal of Innovation Management in Small & Medium Enterprise*, vol. 2013, p. 885666, 2013. https://doi.org/10.5171/2013.885666

[15] T. Haryono and S. Marniyati, "The influence of market orientation, product innovation, and product quality on business performance in creating competitive advantage," *Journal of Business and Management*, vol. 17, no. 2, pp. 51-68, 2017. https://doi.org/10.20961/jbm.v17i2.17174

[16] N. Najmi and A. Abror, "The effect of entrepreneurial orientation, market orientation, business network ability and product innovation on performance (Study in small and micro food enterprises in Padang)," *Advances in Economics, Business, and Management Research and Management Research*, vol. 97, pp. 619–636, 2019. https://doi.org/10.2991/piceeba-19.2019.68

[17] U. Christa and V. Kristinae, "The effect of product innovation on business performance during COVID 19 pandemic," *Uncertain Supply Chain Management*, vol. 9, no. 1, pp. 151-158, 2021. https://doi.org/10.5267/j.uscm.2020.10.006

[18] F. Hamidi and N. S. Gharneh, "Impact of co-creation on innovation capability and firm performance: A structural equation modeling," *AD-Minister*, no. 30, pp. 73-90, 2017. https://doi.org/10.17230/ad-minister.30.4

[19] P. W. Tresna and S. u. J. Raharja, "Effect of entrepreneurial orientation, product innovation and competitive advantage on business performance in creative industries in Bandung City, Indonesia," *Review of Integrative Business and Economics Research*, vol. 8, pp. 51-60, 2019. https://doi.org/10.1504/IJSOM.2013.054885

[20] C. C. Williams and B. Kosta, "Evaluating the impact of informal sector competitors on the performance of formal enterprises: Evidence from Bosnia and Herzegovina," *Journal of Developmental Entrepreneurship*, vol. 25, no. 02, p. 2050014, 2020. https://doi.org/10.1142/s1084946720500144

[21] B. B. Fonjong and H. Tian, "Impact of value co-creation on firm performance: Mediating role of strategic advantages," *European Journal of Business and Management*, vol. 11, no. 21, pp. 161–172, 2019.

[22] Mulyana & Sutapa, "The effect of collaborative networks on the creative industrial performance," in *Proceedings of the Multi-Disciplinary National Seminar*, 2016, pp. 778–785.

[23] M. S. Shahbaz, R. Z. R. Rasi, M. B. Ahmad, and S. Sohu, "The impact of supply chain collaboration on operational performance: Empirical evidence from manufacturing of Malaysia," *International Journal of Advanced and Applied Sciences*, vol. 5, no. 8, pp. 64-71, 2018. https://doi.org/10.21833/ijaas.2018.08.009

[24] R. Helia, N. Farida, and B. Prabawani, "The impact of market and entrepreneurial orientations on competitive advantage through product innovation as mediating variable," *Diponegoro Journal of Social and Political Science*, vol. 4, no. 4, pp. 281–290, 2015.

[25] T. Fredyna, D. R. Palomo, and J. D. Soto, "Entrepreneurial orientation and product innovation: The moderating role of family involvement in management," *European Journal of Family Business*, vol. 9, no. 2, pp. 128-145, 2019. https://doi.org/10.24310/ejfbejfb.v9i2.5392

[26] H. Khalili, S. Nejadhussein, and A. Fazel, "The influence of entrepreneurial orientation on innovative performance: Study of a petrochemical company in Iran," *Journal of Knowledge-Based Innovation in China*, vol. 5, no. 3, pp. 262-278, 2013. https://doi.org/10.1108/jkic-09-2013-0017

[27] W. Song, X. Ma, and H. Yu, "Entrepreneurial orientation, interaction orientation, and innovation performance: A model of moderated mediation," *Sage Open*, vol. 9, no. 4, p. 2158244019885143, 2019. https://doi.org/10.1177/2158244019885143

[28] C. Zehir, E. Can, and T. Karaboga, "Linking entrepreneurial orientation to firm performance: The role of differentiation strategy and innovation performance," *Procedia-Social and Behavioral Sciences*, vol. 210, pp. 358-367, 2015. https://doi.org/10.1016/j.sbspro.2015.11.381

[29] C. A. Un, A. Cuervo-Cazurra, and K. Asakawa, "R&D collaborations and product innovation," *Journal of Product Innovation Management*, vol. 27, no. 5, pp. 673-689, 2010. https://doi.org/10.1111/j.1540-5885.2010.00744.x

[30] K. Datis, "A perspective on media entrepreneurship policy: Globalization of knowledge and the opportunities for developing economies," *Journal of Globalization Studies*, vol. 5, no. 2, pp. 174-187, 2014.

[31] P. Balan and N. J. Lindsay, *Innovation capability, entrepreneurial orientation and performance in Australian hotels: An empirical study*. Gold Coast, Australia: Cooperative Research Centre for Sustainable Tourism, 2010.

[32] R. P. Lee, "Extending the environment–strategy–performance framework: The roles of multinational corporation network strength, market responsiveness, and product innovation," *Journal of International Marketing*, vol. 18, no. 4, pp. 58-73, 2010. https://doi.org/10.1509/jimk.18.4.58

[33] F. Cossío Silva, M. Revilla Camacho, and M. Vega Vázquez, "Heterogeneity of customers of personal image services: A segmentation based on value co-creation," *International Entrepreneurship and Management Journal*, vol. 9, no. 4, pp. 619-630, 2013. https://doi.org/10.1007/s11365-013-0266-3

[34] H. Saarijärvi, P. Kannan, and H. Kuusela, "Value co-creation: Theoretical approaches and practical implications," *European Business Review*, vol. 25, no. 1, pp. 6-19, 2013. https://doi.org/10.29244/jcs.7.1.34-50

[35] C. K. Prahalad and V. Ramaswamy, "Co-creating unique value with customers," *Strategy & Leadership*, vol. 32, no. 3, pp. 4-9, 2004. https://doi.org/10.1108/10878570410699249

[36] C. Sjödin and P. Kristensson, "Customers' experiences of co-creation during service," *International Journal of Quality and Service Sciences*, vol. 4, no. 2, pp. 189-204, 2012. https://doi.org/10.1108/17566691211232918

[37] R. Hisrich, M. Peters, and D. Shepherd, *Entrepreneurship*, 10th ed. New York: McGraw-Hill Education, 2017.

[38] H. Aydin, "Market orientation and product innovation: The mediating role of technological capability," *European Journal of Innovation Management*, vol. 24, no. 4, pp. 1233-1267, 2021. https://doi.org/10.1108/ejim-10-2019-0274

[39] S. Mantok, H. Sekhon, G. K. Sahi, and P. Jones, "Entrepreneurial orientation and the mediating role of organisational learning amongst Indian S-SMEs," *Journal of Small Business and Enterprise Development*, vol. 26, no. 5, pp. 641-660, 2019. https://doi.org/10.1108/jsbed-07-2018-0215

[40] J. Hartono, *Business research methodology: Misunderstandings and experiences*. Yogyakarta, Indonesia: Publishing Board of the Faculty of Economics, Gadjah Mada University, 2012.

[41] I. Ghozali, *Structural equation modeling with alternative method of partial least square*, 5th ed. Indonesia: Diponegoro University Publishing Agency, 2021.

[42] J. F. Hair Jr., W. C. Black, B. J. Babin, and R. E. Anderson, *Multivariate data analysis*, 8th ed. EMEA: Cengage Learning, 2019.