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Research paper

Mediating Role of Organizational Agility on The Relationship between ERP Usage and Service Differentiation Among Casual Restaurants in Makati City, Philippines

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Abstract

This study examines the mediating role of organizational agility in the relationship between Enterprise Resource Planning (ERP) system usage and service differentiation among casual restaurants in Makati City. Specifically, it aims to determine the profile of restaurants in terms of the number of years in operation, assess the level of ERP system usage, assess the organizational agility of restaurants in terms of flexibility, responsiveness, competencies, and sensing capabilities, and evaluate the extent of service differentiation in the industry. Additionally, the study investigates whether organizational agility significantly mediates the effect of ERP system usage on service dif-differentiation. A descriptive research design was employed, utilizing a survey questionnaire to gather data from 142 casual dining restaurants, selected from a total population of 351 registered restaurants in Makati City, of which 223 are classified as casual dining establishments. To ensure an unbiased selection, the study utilized the Wheel of Names, a randomized sampling tool, to fairly choose the participating restaurants. The survey instrument was validated and tested for reliability, yielding a high Cronbach's alpha value. Data collection was conducted via Google Forms, and statistical analyses, including mean, frequency, percentage, and linear regression, were performed using the Statistical Package for Social Sciences (SPSS). Mediation analysis was also applied to assess the indirect effect of ERP system usage on service differentiation through organizational agility. The findings revealed that service differentiation in casual dining restaurants is actively pursued through strategies such as customized promotions, superior customer engagement, and streamlined service delivery. ERP systems are widely used, especially in functions like inventory control, sales reporting, and operational coordination, reflecting high adoption and integration. Organizational agility was rated highly, with responsiveness and flexibility contributing significantly to operational adaptability and innovation. Furthermore, statistical analysis shows that ERP system usage has a direct and significant positive effect on service differentiation. Mediation analysis revealed that organizational agility partially mediates this relationship, and responsiveness functions as a full mediator, indicating its critical role in translating ERP use into effective service differentiation. Flexibility and competencies also showed partial mediating effects, while sensing capability had the least impact. As a key output of this study, an Information, Education, and Communication (IEC) material in the form of a coffee table book was developed. This output aims to guide restaurant owners and managers in enhancing ERP utilization, fostering agility, and implementing effective service differentiation strategies.

Keywords: *ERP System; Organizational Agility; Service Differentiation; Flexibility; Responsiveness; Competencies; Sensing Capabilities .*

1. Introduction

The restaurant industry is a vital sector of the global economy, continuously evolving to meet changing consumer demands, technological advancements, and competitive pressures. Across the world, casual dining establishments play a crucial role in providing accessible and quality dining experiences. However, as the industry grows, so do the challenges associated with maintaining service excellence, operational efficiency, and customer satisfaction. To remain competitive, restaurants must adopt innovative strategies that enhance their service differentiation, setting them apart from competitors.

In the Philippines, the food service industry is one of the most dynamic and competitive sectors, particularly in major urban centers like Metro Manila. Makati City, known as the country's financial and business district, hosts a high concentration of casual dining restaurants catering to corporate professionals, expatriates, and tourists. Given this fast-paced and demanding environment, restaurants are under pressure to constantly innovate to attract and retain customers. Many establishments, however, struggle with operational inefficiencies, inconsistent service quality, and pricing challenges—all of which hinder their ability to differentiate their services effectively.

One of the key strategies that restaurants can leverage to improve both efficiency and service quality is the adoption of Enterprise Resource Planning (ERP) systems. These systems integrate essential functions such as inventory management, sales tracking, purchasing, and

customer relationship management, thereby enabling businesses to streamline operations and make informed, data-driven decisions that support strategic differentiation.

Despite these potential benefits, the adoption of ERP systems among casual dining restaurants in Makati City remains limited due to several significant barriers. High implementation and maintenance costs, lack of in-house technical expertise, and resistance to digital transformation are among the most frequently cited constraints. For many small to medium-sized establishments, the upfront investment and training requirements appear prohibitive, discouraging them from fully committing to ERP deployment. Additionally, the absence of a dedicated IT team or proper vendor support contributes to poor system utilization and implementation failure. These barriers not only delay technological innovation but also impede the development of organizational agility and the pursuit of effective service differentiation strategies.

This study seeks to examine how ERP system usage influences service differentiation and to explore the mediating role of organizational agility in this relationship. By doing so, it also provides insights into how restaurants, despite these barriers, attempt to overcome implementation challenges—whether through scaled-down systems, external consultancy, or phased integration—to realize strategic benefits. Addressing the real-world obstacles in ERP adoption adds depth to the analysis and provides practical relevance to the findings, particularly for stakeholders aiming to digitize their operations amid resource constraints.

2. Objectives

This study aims to evaluate the impact of ERP system usage on the service differentiation of casual restaurants in Makati City and to determine the mediating role of organizational agility dimensions in enhancing service differentiation. Specifically, this sought answers for the following questions:

1) How may the service differentiation of Casual Restaurants in Makati City be described?
2) How may the ERP system usage of Casual Restaurants in Makati City be described?
3) How may the organizational agility of Casual Restaurants in Makati City be assessed in terms of;
- Flexibility;
- Responsiveness;
- Competencies; and
- Sensing Capability
4) Does organizational agility mediate ERP system usage and service differentiation?
5) Based on findings, what output may be proposed?

3. Literature review

In the Philippine context, digital transformation among SMEs has surged, with many owners prioritizing integration of digital tools such as ERP, cloud accounting, e-commerce platforms, and CRM systems. A 2023 GoDaddy and Business World report found that around 95 % of Philippine small businesses planned investments in digital tools, including internal collaboration platforms, invoicing, and customer interaction systems (Antivola, 2023). Further, a Department of Trade and Industry (DTI) study in 2022 indicated that 55 % of SMEs had adopted some form of digital technology, and early pilots prominently featured ERP-type business management solutions (SD Solutions, 2022). These tools helped centralize data and unify cross-departmental workflows, paving the way for enhanced decision-making and organizational coordination—essential ingredients of agility (SD Solutions, 2022).

Research across Southeast Asia underscores how digital and cloud-based tools accelerated SME resilience post-COVID. For example, Thai SMEs adopting cloud accounting became more financially organized and flexible during disruptions, gaining process efficiencies and reduced costs (Sastararuji et al., 2022). Similarly, a 2024 model of digital transformation competence highlighted the importance of organizational learning, knowledge development, and adaptability for SMEs to improve digital maturity and long-term agility (Gonzalez-Varona et al., 2024). These capabilities directly support agile behaviors such as sensing environmental changes and rapidly responding with new offerings or operational adjustments.

In food and beverage, the shift toward digital delivery and virtual kitchens (cloud kitchens) significantly reframed business models. As of H2 2022, cloud kitchens like Kraver's Kitchen and MadEats emerged in the Philippines, leveraging digital ordering platforms to offer flexible, low-overhead operations that pivot quickly to consumer demands (YCP, 2022). Such models are inherently agile—able to launch new concepts, alter menus, or scale delivery operations with minimal structural friction.

Specifically, in the Philippine restaurant sector, organizational resilience and agility were central to survival. Cruz and Abad (2024) found that sense-making, learning capability, and problem-solving were core agility dimensions that supported SME restaurants in Makati City to remain economically sustainable during crises. Similarly, Chavez and Caballero (2024) observed that restaurants deploying ERP-enabled strategies—such as adapting marketing approaches and delivery channels—demonstrated greater service differentiation and post-pandemic recovery success. These digital and agile practices allowed restaurants to align with evolving customer behaviors while differentiating through convenience, novelty, and service innovation (Chavez & Caballero, 2024).

The study builds upon a synthesis of relevant literature (Aburub, 2015; Nieves et al., 2016; Zhang & Sharifi, 2014; Koseoglu, Parnell, & Topaloglu, 2014; Morgan, Kaleka, & Katsikeas, 2044; Lin & Wang, 2015) to develop a pioneering research framework. Through empirical investigation within the restaurant sector, the study assesses the interplay among three fundamental constructs: ERP system usage, service differentiation, and organizational agility. Figure 1 shows the research model of the study.

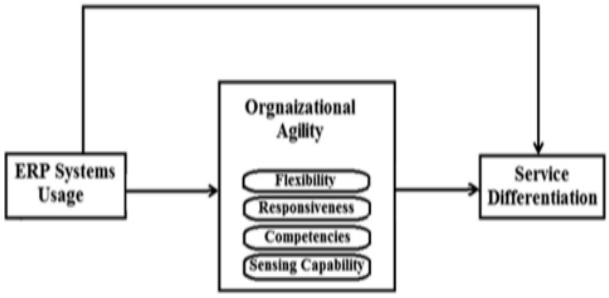

Fig. 1: Research Model.

3.1. Service differentiation

Service differentiation is a strategic approach that enables businesses—particularly in the hospitality and restaurant sectors—to distinguish their offerings from competitors by delivering unique and personalized value to customers. At its core, service differentiation involves crafting distinctive value propositions that directly address consumer preferences and expectations, thereby enhancing perceived value and fostering customer loyalty (Zeithaml, 2019; Bitner et al., 2014). In the restaurant industry, personalization and customization are especially powerful tools, as outlined by Pine II and Gilmore (2014), who highlight the rise of the "experience economy." Restaurants can stand out by creating memorable, individualized dining experiences—ranging from customizable menus and tailored recommendations to interactive and thematic service encounters—that resonate emotionally with guests. Quality of service is another critical pillar of differentiation. According to Parasuraman et al. (2014), the SERVQUAL model identifies five dimensions—reliability, responsiveness, assurance, empathy, and tangibles—that define service excellence. Restaurants that consistently perform well across these dimensions not only earn customer trust but also build lasting competitive advantages.

In today's increasingly digitized market, technology has become a key enabler of service differentiation. Digital tools such as mobile ordering, contactless payment systems, personalized apps, and loyalty platforms allow restaurants to enhance convenience and cater to the evolving expectations of tech-savvy consumers. These innovations improve both operational efficiency and customer satisfaction by offering seamless, tailored service experiences. Furthermore, innovation remains a cornerstone of differentiation strategy, as emphasized in the Blue Ocean Strategy framework by Kim and Mauborgne (2015), which encourages businesses to create unique market spaces through novel offerings. For restaurants, this may include inventive menu concepts, themed ambiance, or niche service models that redefine the dining experience. As Shammot (2014) notes, continuous innovation and service differentiation not only increase customer satisfaction but also build emotional loyalty, a key driver of repeat business and long-term success in competitive markets. Ultimately, service differentiation empowers casual restaurants to create unique, memorable experiences that attract and retain customers in a crowded and ever-changing industry landscape.

3.2. ERP system usage

Enterprise Resource Planning (ERP) systems have emerged as critical tools in the restaurant industry, offering integrated solutions that significantly improve operational efficiency, data management, and service delivery. These systems consolidate various business functions—such as inventory management, sales tracking, procurement, human resources, and customer relationship management—into a unified digital platform, thereby streamlining workflows and enabling better coordination across departments (Laudon & Laudon, 2021; Aburub, 2015). Cloud-based ERP systems have gained traction for their scalability, lower upfront costs, and ability to offer real-time access to centralized data, enhancing communication, traceability, and decision-making while reducing the technological burden on restaurant staff (FSR Magazine, 2024; Oracle, 2024; Restaurant Engine, 2024). In practice, ERP systems help restaurants manage inventory efficiently, monitor ingredient usage, and generate financial reports, leading to cost savings, reduced waste, and improved financial visibility (Aburub, 2015; Jones & Smith, 2021). Furthermore, these systems support service differentiation by enabling data-driven insights into customer preferences and operational performance, allowing businesses to personalize offerings and improve customer satisfaction (Wieder et al., 2016; Molina-Castillo et al., 2022).

Despite their advantages, ERP implementation is not without challenges. High employee turnover and the often-limited technological proficiency of restaurant staff can hinder effective system adoption, making training and customization crucial for maximizing ERP benefits (Taylor & Brown, 2019; Aburub, 2015). In developing countries like the Philippines, while ERP systems have the potential to significantly enhance coordination and responsiveness in casual dining operations, constraints such as limited financial resources and infrastructure may affect adoption and scalability compared to more developed countries like the United States and Saudi Arabia (AlMuhayfith & Shaiti, 2020). Nevertheless, as digital transformation accelerates post-COVID, ERP systems remain vital in helping restaurants build agility, reduce operational silos, and position themselves competitively in an increasingly data-driven market (Gonzalez-Varona et al., 2024; Cruz & Abad, 2024).

3.3. Organizational agility

Organizational agility enables restaurants to respond swiftly to evolving consumer preferences, regulatory changes, and external disruptions such as economic shifts or public health crises (World Bank, 2020; Zhang & Sharifi, 2014). Agile restaurants are better positioned to adopt emerging trends—such as the rise in demand for healthier options, eco-friendly practices, and digital-first customer engagement—thereby allowing them to maintain a competitive edge and drive service differentiation (Li & Wu, 2019; Smith, 2018). As discussed by Teece (2014), the capacity to integrate new technologies quickly is central to agility, enabling restaurants to adjust operations and service models in response to market shifts. In line with this, Smith and Gannon (2020) emphasize the transformative role of digital tools—such as mobile ordering apps, data analytics platforms, and online reservation systems—in enhancing real-time responsiveness and improving personalized customer experiences. These technologies allow agile restaurants to continuously tailor offerings, streamline services, and implement operational changes more efficiently.

Beyond technology, organizational culture also plays a critical role in supporting agility. Johnson et al. (2019) highlight that a culture rooted in open communication, knowledge sharing, and experimentation fosters innovation and employee empowerment. When staff are

encouraged to identify inefficiencies, propose improvements, and act on customer feedback, restaurants can implement changes more rapidly and effectively, further reinforcing their adaptability. This cultural foundation enhances morale and commitment while positioning the business to capitalize on new opportunities and mitigate risks. As Smith (2018) explains in The Agile Restaurant, applying agile principles to core functions—such as menu design, supply chain coordination, and service delivery—enables restaurants to maintain strategic flexibility and relevance in a constantly evolving market.

3.3.1. Flexibility

As Sharma et al. (2020) note, flexibility enables restaurants to revise menu offerings, alter service delivery methods, and adopt new operational models—such as online ordering, contactless payments, and spatial reconfigurations—based on real-time feedback and evolving public health regulations, as seen during the COVID-19 pandemic. This capacity for rapid operational adjustment directly contributes to customer satisfaction and competitive survival. Beyond tactical changes, flexibility also supports a broader culture of innovation and continuous improvement. According to Gupta and George (2021), flexible organizational structures allow restaurants to experiment with new ideas, quickly integrate feedback, and implement changes with minimal disruption, thereby enhancing agility and long-term resilience. This is echoed by Puriwat and Hoonsopon (2021), who argue that the interplay between flexibility and agility is essential for navigating market volatility and technological disruptions, as it enables restaurants to not only manage uncertainty but also seize new opportunities for innovation and growth.

Moreover, flexibility extends beyond operations into the technological domain. Taleghani and Gilaninia (2023) highlight the importance of IT infrastructure flexibility in enhancing organizational agility across industries—a concept that applies equally to restaurants adopting digital platforms and data-driven tools to streamline service and personalize experiences. In such settings, adaptability in IT systems enhances the organization's ability to respond quickly to changes and innovate effectively. Flexibility also plays a critical role in supporting both incremental and radical innovation. In agile restaurant environments, the ability to modify menus, experiment with new service concepts, and adopt technological innovations is vital for remaining relevant and competitive (Puriwat & Hoonsopon, 2021). However, external pressures—particularly regulatory requirements—can complicate agility. Chesbrough (2015) warns that compliance-related obligations can slow down response times and reduce operational flexibility, creating friction between innovation and legal or bureaucratic constraints. Despite these challenges, fostering a flexible mindset—organizationally and technologically—remains essential for restaurants striving to achieve agility, sustain innovation, and maintain competitive advantage in an ever-evolving market landscape.

3.3.2. Responsiveness

Responsiveness enables restaurants to make timely decisions, adjust offerings, and enhance service delivery, which are essential for customer satisfaction and competitive advantage, especially in fast-paced environments like the Philippine market (Gupta & George, 2022; Medina & Cruz, 2022). Responsive restaurants demonstrate agility by swiftly modifying menu items, adopting new technologies, and recalibrating service processes based on real-time customer feedback. Medina and Cruz (2022) emphasize that responsiveness supports both operational efficiency and customer retention by ensuring restaurants remain attuned to fluctuating demands and evolving consumer preferences. In this context, responsiveness becomes a survival strategy in the increasingly competitive and dynamic casual dining landscape of the Philippines.

Technological tools further enhance responsiveness by streamlining communication, order processing, and customer interaction. Digital assets such as online ordering platforms, mobile payment systems, and CRM software enable quicker, more accurate service, particularly in urban areas with tech-savvy customer bases (Garcia & Santos, 2022). These systems not only improve transaction speed and service consistency but also facilitate immediate responses to customer issues, thereby boosting satisfaction and loyalty. On the operational side, responsiveness extends to supply chain agility, as highlighted by Lee et al. (2020), who assert that a restaurant's ability to react swiftly to supply disruptions—by securing alternative ingredients or vendors—helps maintain quality and continuity. Similarly, Harris and Martin (2021) argue that effective and timely complaint resolution is a hallmark of responsiveness that reinforces customer trust and service quality. Proactive complaint management not only addresses service gaps but also transforms customer dissatisfaction into loyalty-building opportunities.

Moreover, responsiveness is not limited to reactive adjustments—it also includes anticipating customer needs and innovating accordingly. Zeithaml et al. (2019) stress that service differentiation, grounded in responsiveness and agility, allows businesses to sustain long-term customer relationships by continuously adapting their offerings. However, as Chopra and Meindl (2016) point out, logistical and supply chain constraints can hinder responsiveness, especially in resource-intensive settings like restaurants. Overcoming these barriers through process optimization is essential to maintaining service quality and organizational agility. Overall, responsiveness—driven by digital tools, proactive management, and agile supply chains—empowers restaurants to navigate uncertainty, meet customer expectations, and secure a lasting competitive edge in the Philippine restaurant industry.

3.3.3. Competencies

Mason (2014) asserts that competencies are essential for agile organizations to recognize emerging customer opportunities and respond effectively, highlighting their strategic role in maintaining market relevance. This view is supported by Kharabe et al. (2014), who emphasize that in uncertain and turbulent business contexts, competencies become long-term assets that drive organizational resilience and adaptability. Competencies are not merely innate capabilities but are developed through deliberate strategic efforts. Zhang and Sharifi (2014) argue that organizations cultivate these through a combination of visionary leadership, adoption of appropriate IT systems, commitment to quality, change management, cost efficiency, and skills development—all of which are particularly critical for service-oriented industries like hospitality.

Prahalad and Hamel's (2019) core competency framework further refines this perspective by defining core competencies as unique, organization-specific capabilities—such as innovation and resource management—that differentiate firms from their competitors. They suggest that organizations must continuously invest in and develop these capabilities to respond to shifting customer demands and maintain long-term success. In the context of digital transformation, Brynjolfsson and McAfee (2014) argue that simply adopting technology is insufficient to drive performance gains. Instead, organizations must align digital initiatives with strategic competency-building, which includes employee training, system upgrades, and process optimization. Particularly in customer-centric industries like restaurants, the ability to integrate new technologies—such as scheduling software, digital ordering systems, or CRM tools—requires not only infrastructure investment but also the development of human competencies to fully leverage these tools. Ultimately, a sustained focus on building and nurturing core competencies equips organizations to be agile, innovative, and competitive in rapidly evolving markets.

3.3.4. Sensing capabilities

Hoang et al. (2023) emphasize that market-sensing acts as a crucial mediator between entrepreneurial leadership and service innovation, as leaders who cultivate an innovation-oriented culture are better equipped to recognize subtle market shifts and translate them into actionable insights. This early recognition enhances a restaurant's ability to adapt services and stay ahead of competitors. According to dynamic capabilities theory, sensing—alongside seizing and transforming—is integral to organizational agility, especially in dynamic environments like hospitality (Khan et al., 2020). Restaurants can leverage technologies and data-driven practices to improve their market sensing, such as analyzing customer feedback, tracking social media trends, or monitoring competitor behavior.

Hallin et al. (2017) highlight that frontline employees, who interact directly with customers, play a key role in detecting operational signals and market shifts. Their insights inform operational adjustments and strategy formulation, reinforcing the importance of collective and embedded sensing practices. Similarly, Pavlou and El Sawy (2014) and Teece (2014) view sensing as a cognitive capability embedded within the organization, emphasizing that firms should institutionalize surveillance and interpretation processes rather than rely solely on individual intuition. The collective cognitive interpretations within an organization shaped by knowledge-sharing and internal communication form the foundation for sensing capabilities with strategic significance (Melnyk et al., 2020).

Day (2014) further underscores the importance of continuous strategic sensing in dynamic industries like hospitality, where staying attuned to competitive moves, regulatory shifts, and evolving consumer expectations is vital for long-term success. Proactive sensing allows restaurants not only to react to market changes but also to anticipate future demands, driving service differentiation and innovation. Altogether, sensing capabilities are not just operational tools but essential dynamic capabilities that underpin agility, innovation, and sustainable competitive advantage in the restaurant sector.

4. Methodology

The study focused on evaluating the impact of ERP system usage on the service differentiation of casual dining restaurants in Makati City and examined the mediating role of organizational agility dimensions in enhancing service differentiation. A descriptive research design was employed to address the study's objectives. To determine the appropriate number of respondents, the Raosoft Sample Size Calculator was used, applying a 5% margin of error and a 95% confidence level. This yielded a recommended sample size of 142 restaurants out of the total 223 casual dining establishments in the area. A randomized sampling procedure was implemented using the digital tool Wheel of Names. Data collection was conducted through an online survey using Google Forms, and a reliability test was conducted to ensure internal consistency. The instrument demonstrated high reliability, with a Cronbach's alpha of 0.95. The data were analyzed using statistical tools such as mean, linear regression analysis, mediation analysis, and ANOVA.

Despite its methodological accuracy, the study has several limitations that must be acknowledged. First, the research was geographically limited to Makati City, a highly urbanized and economically advanced area in the Philippines. This specific setting may not reflect the realities of restaurants operating in less developed or rural regions where infrastructure, technological capacity, and consumer behavior differ significantly. Therefore, the findings may not be fully generalizable to casual dining establishments outside of similar urban contexts. Second, while the sample size of 142 meets the minimum statistical requirements, it still represents a limited portion of the broader food service industry. Moreover, the exclusive focus on casual dining restaurants excludes other restaurant segments such as quick-service, fine dining, or hybrid business models that may have different ERP adoption levels, agility demands, and service differentiation strategies.

Additionally, the use of self-reported online surveys may have introduced response bias and interpretation limitations, particularly given the technical nature of ERP systems and agility constructs. The cross-sectional design also restricts the ability to observe changes over time or infer causality between variables.

Nonetheless, the insights derived from this study can serve as a foundation for understanding how ERP systems influence service differentiation through organizational agility in highly urbanized restaurant settings. The framework and findings may apply to other cities in the Philippines or similar Southeast Asian urban centers that share comparable technological infrastructures and market dynamics. Future research should expand the scope to include diverse geographic locations, longitudinal designs, and various restaurant types to strengthen the external validity and practical applicability of the results.

A seven-point Likert Scale was used: 6.50 – 7.00-Strongly Agree, 5.50 – 6.49-Agree, 4.50 – 5.49-Slightly Agree, 3.50 – 3.49-Neutral, 2.50 – 3.49-Slightly Disagree, 1.50 – 2.49-Disagree, 1.00 – 1.49-Strongly Disagree.

5. Results and discussion

5.1. Assessment of service differentiation in casual restaurants in Makati City

Table 1 presents the respondents' assessment of service differentiation among casual restaurants in Makati City. This assessment aims to evaluate how these establishments set themselves apart through unique service offerings, customer experience, and value-added features.

Table 1: Assessment of Service Differentiation on Casual Restaurants in Makati City

Service Differentiation	Mean	Interpretation
1. Our restaurant offers unique menu items that are not commonly available at other restaurants.	6.87	Strongly Agree
2. Our restaurant personalizes customer service to meet individual customer preferences and needs.	6.85	Strongly Agree
3. Our restaurant consistently introduces new and innovative dishes to keep our offerings fresh and exciting.	6.88	Strongly Agree
4. Our restaurant provides exclusive dining experiences, such as special events or themed nights, that set us apart.	6.81	Strongly Agree
5. Our restaurant creates customized promotions and offers based on customer purchase history.	6.92	Strongly Agree
6. Our restaurant incorporates customer feedback to enhance and personalize its dining experience.	6.85	Strongly Agree
7. Our restaurant emphasizes high-quality, locally sourced ingredients to differentiate from competitors.	6.88	Strongly Agree
8. Our restaurant provides faster, more efficient service compared to other restaurants in the area.	6.89	Strongly Agree
9. Our restaurant offers flexible dining options, such as customizable meal plans or special dietary accommodations.	6.73	Strongly Agree
10. Our restaurant enhances the customer experience through a unique ambiance and atmosphere.	6.89	Strongly Agree
11. Our restaurant provides exceptional customer service that exceeds the typical dining experience.	6.91	Strongly Agree
12. Our restaurant offers loyalty programs or rewards that cater to frequent customers, making their experience unique.	6.84	Strongly Agree

13. Our restaurant provides specialized services, such as exclusive chef's recommendations or personalized wine pairings.	6.73	Strongly Agree
14. Our restaurant leverages cutting-edge technology (e.g., ordering apps, digital menus) to enhance the dining experience.	6.84	Strongly Agree
15. Our restaurant continuously strives to differentiate by creating memorable, one-of-a-kind dining moments for customers.	6.79	Strongly Agree
Composite Mean	6.85	Strongly Agree

The table showed that casual dining restaurants in Makati City actively apply various service differentiation strategies, as reflected in a high composite mean of 6.85. The highest mean score of 6.92 was attributed to the use of customer data for personalized promotions, followed by exceptional service delivery with a mean of 6.91. Tied at third with mean of 6.89 were service speed and enhancement of the dining environment. Meanwhile, the lowest-rated but still favorable item was flexibility in menu and service options, with a mean of 6.73, suggesting room for improvement in catering to diverse dietary needs. These findings is a reflection of the strong commitment of casual restaurants in Makati City to innovate and cater to diverse customer preferences. These establishments prioritize creating unique and memorable dining experiences that set them apart in the competitive restaurant industry. However, the results also highlight potential growth areas, particularly in enhancing flexibility and providing more specialized services, which could further strengthen their market positioning and customer loyalty. In the context of relevant literature, service differentiation plays a pivotal role in achieving competitive advantage in the hospitality industry (Shammot, 2014). The results align with the concept that restaurants must continuously innovate and tailor their services to address evolving customer needs. Furthermore, the findings resonate with theories on organizational agility, emphasizing the importance of responsiveness and adaptability in delivering unique and satisfying customer experiences (Zhang & Sharifi, 2014).

5.2. Assessment of ERP system usage on casual restaurants in Makati city

Table 2: Assessment of ERP System Usage on Casual Restaurants in Makati City

ERP SYSTEM USAGE	Mean	Interpretation
1. Our restaurant frequently relies on the ERP system for monitoring daily operations.	6.91	Strongly Agree
2. The ERP system is used intensively during inventory checks and stock replenishment.	6.85	Strongly Agree
3. Our staff frequently accesses the ERP system for real-time data updates throughout the day.	6.81	Strongly Agree
4. Our restaurant's key decisions, such as purchasing and scheduling, are based on ERP system outputs.	6.8	Strongly Agree
5. The ERP system is utilized extensively during both busy and off-peak times in our restaurant.	6.78	Strongly Agree
6. Our ERP system automates many routine processes, reducing manual effort in managing restaurant operations.	6.84	Strongly Agree
7. Our restaurant uses the ERP system to track and analyze customer preferences and order patterns.	6.76	Strongly Agree
8. The ERP system integrates different operational areas, such as procurement, sales, and customer service, in our restaurant.	6.83	Strongly Agree
9. The ERP system plays a vital role in coordinating supplier deliveries and managing vendor relationships.	6.82	Strongly Agree
10. Our restaurant's ERP system helps to monitor employee performance and allocate tasks more efficiently.	6.75	Strongly Agree
11. The ERP system has reduced discrepancies in our financial reporting and streamlined accounting processes.	6.88	Strongly Agree
12. Our restaurant's overall operational efficiency has significantly improved with the use of the ERP system.	6.92	Strongly Agree
13. The ERP system helps to identify and correct inefficiencies quickly, ensuring smoother restaurant operations.	6.84	Strongly Agree
14. Errors in order processing and billing have been minimized since our restaurant implemented the ERP system.	6.81	Strongly Agree
15. The ERP system enhances the accuracy of forecasting demand, helping our restaurant prepare for fluctuations in customer traffic.	6.88	Strongly Agree
Composite Mean	6.83	Strongly Agree

Table 2 showed that casual dining restaurants in Makati City make extensive use of ERP systems, with a high composite mean of 6.83. The highest-rated item, with a mean of 6.92, was the improvement of overall operational efficiency, followed by frequent reliance on ERP for daily operations (6.91) and its role in reducing financial discrepancies (6.88). The lowest-rated, though still favorable, was ERP's use in monitoring employee performance and task allocation (6.75), suggesting an area for enhancement in employee management features. These findings an evidence of the pivotal role ERP systems play in enhancing operational efficiency, especially in inventory, financial reporting, and decision-making processes. However, the slightly lower score in workforce management indicates potential underutilization of certain ERP functionalities, possibly due to limited system customization or insufficient staff training. This suggests the need for restaurants to invest in enhancing these features and in employee upskilling to maximize the ERP system's potential. Overall, these results align with previous studies emphasizing the strategic value of ERP systems in driving efficiency while also pinpointing areas where implementation can be further optimized.

As supported by Jones and Smith (2021), ERP systems contribute significantly to operational efficiency by automating processes, reducing redundancies, and improving coordination, aligning with the top-rated result. On the other hand, Taylor and Brown (2019) argue that the underutilization of ERP functionalities, such as employee management tools, often arises from limited training and system customization, which explains the lowest-scoring aspect in this table. These findings highlight the importance of fully leveraging ERP systems to address both operational and strategic needs in casual dining environments.

5.3. Assessment of the organizational agility

Table 3: Assessment of Organizational Agility of Casual Restaurants in Makati City in Terms of Flexibility

FLEXIBILITY	Mean	Interpretation
1. Our restaurant quickly adapts to changes in customer preferences and market trends.	6.87	Strongly Agree
2. Our restaurant efficiently adjusts its services in response to unforeseen circumstances, such as supply chain disruptions.	6.83	Strongly Agree
3. When external regulations change, our restaurant swiftly complies by modifying its operations.	6.66	Strongly Agree
4. Our restaurant is flexible in adjusting its menu offerings based on seasonal ingredient availability.	6.83	Strongly Agree
5. Our restaurant responds effectively to sudden shifts in customer demand, such as during special events or holidays.	6.86	Strongly Agree
6. Our restaurant readily adopts new technologies to improve operational efficiency and customer service.	6.8	Strongly Agree
7. Our restaurant is quick to integrate updated industry practices and tools into its daily operations.	6.84	Strongly Agree
8. Employees in our restaurant are regularly trained on new systems or software that enhance business processes.	6.85	Strongly Agree
9. Our restaurant incorporates new data insights to optimize decision-making and strategic planning.	6.78	Strongly Agree

10. Our restaurant actively seeks out innovative technologies that help streamline ordering, inventory, or customer management processes.	6.92	Strongly Agree
11. Our restaurant rapidly adjusts its strategies to stay competitive in response to emerging market trends.	6.87	Strongly Agree
12. When faced with challenges, our restaurant is capable of modifying its workflow to maintain productivity.	6.84	Strongly Agree
13. Our restaurant's processes are regularly refined to better align with changing business goals or customer expectations.	6.87	Strongly Agree
14. Our restaurant's management quickly revises business strategies when faced with significant operational challenges.	6.79	Strongly Agree
15. Our restaurant can alter its service delivery methods (e.g., dine-in, takeout, delivery) to adapt to shifts in customer behavior.	6.84	Strongly Agree
Composite Mean	6.83	Strongly Agree

In the assessment of organizational agility in terms of flexibility, a composite mean of 6.83 indicates that casual dining restaurants in Makati City are perceived to be highly adaptable to changing conditions. The highest-rated item, with a weighted mean of 6.92, emphasizes the use of innovative technologies to streamline operations such as ordering, inventory, and customer management. Three items tied for second place with a mean of 6.87—these include the ability to quickly adapt to customer preferences, adjust strategies to remain competitive, and continuously improve internal processes. Meanwhile, the lowest-rated item, adapting to external regulations, received a still favorable mean of 6.66, suggesting that regulatory responsiveness may be hindered by compliance complexities and bureaucratic processes. This indicates that while internal flexibility is strong, external adaptability—especially in regulatory matters—may require further development. Enhancing training and investing in compliance tools could help bridge this gap and support faster adaptation to policy changes.
The findings align with the notion that technological adoption serves as a critical driver for organizational agility, enabling businesses to respond effectively to dynamic market demands. However, the relative challenge in adjusting to regulatory changes suggests a need for process optimization in this area.
The highest mean of 6.92 regarding the adoption of innovative technologies supports findings by Teece (2014), who emphasized that organizational agility, particularly in adopting new technologies, is crucial for maintaining competitiveness in a rapidly evolving market. Similarly, Chesbrough (2015) discussed how external regulatory changes pose challenges for organizations, which may explain the relatively lower satisfaction in this area. Regulatory compliance often involves legal and bureaucratic hurdles, which are not as immediately flexible as market-based responses, such as altering customer service methods or adopting new technology.

Table 4: Assessment on Organizational Agility of Casual Restaurants in Makati City in Terms of Responsiveness

RESPONSIVENESS	Mean	Interpretation
1. Our restaurant promptly responds to customer feedback and suggestions to improve service quality.	6.87	Strongly Agree
2. Our staff quickly addresses customer complaints to ensure satisfaction during dining experiences.	6.88	Strongly Agree
3. Our restaurant is efficient in fulfilling special customer requests, such as dietary preferences or seating arrangements.	6.83	Strongly Agree
4. Our restaurant frequently updates its offerings based on evolving customer needs and preferences.	6.95	Strongly Agree
5. Our restaurant swiftly resolves issues related to order accuracy or delays to maintain customer satisfaction.	6.91	Strongly Agree
6. Our restaurant adapts its service delivery channels (e.g., mobile apps, online platforms) to meet customer convenience preferences.	6.83	Strongly Agree
7. Our restaurant adjusts its service format, such as introducing contactless payment or digital menus, to align with current customer expectations.	6.86	Strongly Agree
8. Our restaurant rapidly integrates new service technologies, such as self-order kiosks or mobile ordering, to enhance the customer experience.	6.86	Strongly Agree
9. Our restaurant adjusts its delivery operations, such as optimizing routes or introducing new delivery options, in response to market conditions.	6.82	Strongly Agree
10. Our restaurant offers flexible dining options, including outdoor seating or takeout, in response to changes in customer habits and external circumstances.	6.9	Strongly Agree
11. Our restaurant rapidly reorganizes team roles and responsibilities to address unforeseen operational challenges.	6.89	Strongly Agree
12. Our restaurant swiftly modifies supply chain practices to ensure service continuity when faced with disruptions.	6.83	Strongly Agree
13. Our restaurant implements alternative processes to maintain quality when usual procedures are hindered, such as during equipment failures.	6.84	Strongly Agree
14. Our restaurant effectively introduces new operational workflows when regulations or industry standards change.	6.82	Strongly Agree
15. Our management team quickly refines operational strategies to minimize any negative impact on customer satisfaction during high-demand periods or unexpected events.	6.87	Strongly Agree
Composite Mean	6.86	Strongly Agree

In the assessment of organizational agility in terms of responsiveness, a composite mean of 6.86 indicates that respondents perceive casual dining restaurants in Makati City to be highly responsive to customer needs and operational challenges. The highest-rated item was updating offerings based on customer needs, with a weighted mean of 6.95, reflecting the restaurants' commitment to adapting menus and services to align with customer preferences. Resolving order accuracy or delays followed closely with a mean of 6.91, highlighting the importance of prompt issue resolution in maintaining customer satisfaction. Addressing customer complaints also received a high mean of 6.88, emphasizing effective service recovery practices. On the other hand, the lowest-rated aspect was adjusting delivery operations, which received a still favorable mean of 6.82, suggesting potential areas for improvement in logistics and delivery efficiency. The consistent ratings of "Strongly Agree" across all items highlight the strength of casual dining restaurants in Makati City in adapting to customer needs and operational challenges. However, the slight differences in the ratings suggest opportunities for improvement, particularly in areas requiring rapid integration of new workflows and optimization of delivery operations. This indicates that while the restaurants excel in responsiveness, continued investment in operational efficiency and technology adoption could further enhance their agility and competitiveness in the market.
The highest-rated item, updating offerings to align with customer preferences, aligns with Zeithaml et al. (2019), who emphasized the role of service adaptation in enhancing customer loyalty and satisfaction. Businesses that proactively modify their offerings demonstrate agility, which is critical in dynamic markets. Conversely, the lowest-rated aspect, adjusting workflows and delivery operations, reflects the findings of Chopra and Meindl (2016), who noted that operational adjustments often face delays due to logistical and resource-related challenges. These findings emphasize the need for streamlined processes to enhance responsiveness and maintain consistent service quality.

Table 5: Assessment on Organizational Agility of Casual Restaurants in Makati City in Terms of Competencies

COMPETENCIES	Mean	Interpretation
1. Our restaurant actively encourages employees to propose new ideas for menu items or services.	6.91	Strongly Agree
2. Our organization regularly invests in research and development to enhance our offerings.	6.85	Strongly Agree
3. Our restaurant fosters a culture that rewards creativity and experimentation among staff.	6.88	Strongly Agree
4. Our team frequently collaborates on innovative solutions to improve customer experiences.	6.92	Strongly Agree
5. Our restaurant utilizes customer feedback to drive the development of new products and services.	6.91	Strongly Agree
6. Our restaurant effectively tracks inventory levels to minimize waste and reduce costs.	6.9	Strongly Agree
7. Our organization utilizes technology to streamline scheduling and optimize staff productivity.	6.78	Strongly Agree
8. Our team regularly assesses resource allocation to ensure alignment with business objectives.	6.85	Strongly Agree
9. Our restaurant has established processes to monitor and control operational expenses effectively.	6.92	Strongly Agree
10. Our organization implements training programs to enhance employees' skills in resource management.	6.89	Strongly Agree
11. Our restaurant quickly adjusts its marketing strategies in response to changing consumer preferences.	6.92	Strongly Agree
12. Our organization regularly analyzes market trends to identify growth opportunities.	6.88	Strongly Agree
13. Our team effectively communicates changes in service or product offerings to maintain customer satisfaction.	6.87	Strongly Agree
14. Our restaurant remains competitive by adapting its pricing strategies based on market conditions.	6.88	Strongly Agree
15. Our management team promptly addresses operational challenges to sustain high service quality during market fluctuations.	6.84	Strongly Agree
Composite Mean	6.88	Strongly Agree

In the assessment of competencies among casual dining restaurants in Makati City, a composite mean of 6.88 indicates a strong organizational commitment to innovation, resource optimization, and responsiveness to market dynamics. The top-rated competencies, each with a mean score of 6.92, include fostering teamwork and collaboration, controlling operational processes and managing costs, and adapting marketing strategies based on market trends. These results suggest that restaurants emphasize internal coordination, operational efficiency, and marketing agility to sustain growth and competitiveness. Meanwhile, the lowest-rated competency, utilizing technology to streamline staff productivity, received a still favorable mean of 6.78, indicating room for improvement in digital workforce management. This points to an opportunity for restaurants to enhance service quality and efficiency through better use of automation and scheduling tools. Strengthening this area could further support their overall agility and long-term sustainability.

The results emphasize the crucial role that competencies play in maintaining competitive advantage and high service quality in casual dining restaurants. The strong agreement across the assessed indicators suggests that restaurants in Makati City are effectively leveraging their resources, fostering innovation, and ensuring operational efficiency. This reflects the restaurant industry's adaptability in responding to changing customer demands and market conditions. The lower rating on optimizing staff productivity through technology highlights a potential area for growth, suggesting that while digital tools are being employed, further enhancement through training and better integration could lead to even greater operational effectiveness. These findings underscore the need for continuous improvement in both human and technological resources to sustain long-term success in the highly competitive food service sector.

The top-rated competency aligns with Prahalad and Hamel's (2019) core competency framework, which emphasizes innovation and resource management as key differentiators in competitive markets. These attributes enable organizations to adapt effectively to customer needs while maintaining operational excellence.

The lowest-rated aspect, technology use for staff scheduling, resonates with Brynjolfsson and McAfee's (2014) research on the adoption of digital tools. They emphasize that while technology is often integrated into business operations, maximizing its potential requires continuous investment in training and system upgrades to enhance productivity and efficiency.

Table 6: Assessment on Organizational Agility of Casual Restaurants in Makati City in Terms of Sensing Capabilities

SENSING CAPABILITIES	Mean	Interpretation
1. Our restaurant regularly conducts market research to identify emerging trends and customer preferences.	6.87	Strongly Agree
2. Our restaurant actively monitors competitor activities to anticipate changes in the market landscape.	6.93	Strongly Agree
3. Our restaurant engages in customer surveys and feedback sessions to uncover insights about their needs.	6.9	Strongly Agree
4. Our team proactively explores new technologies and innovations that may enhance our service offerings.	6.83	Strongly Agree
5. Our restaurant stays informed about regulatory changes that could impact our operations and strategies.	6.87	Strongly Agree
6. Our management effectively analyzes market data to derive actionable insights for decision-making.	6.88	Strongly Agree
7. Our restaurant utilizes customer feedback to identify gaps in service quality and areas for improvement.	6.86	Strongly Agree
8. Our organization interprets sales data trends to adjust our menu offerings and promotions accordingly.	6.89	Strongly Agree
9. Our staff collaborates to discuss and interpret changes in customer behavior and their implications for our services.	6.9	Strongly Agree
10. Our restaurant utilizes analytical tools to evaluate the impact of external changes on our business performance.	6.81	Strongly Agree
11. Our restaurant promptly adjusts its operational strategies in response to shifts in market demand.	6.82	Strongly Agree
12. Our organization implements new initiatives to address identified gaps in customer satisfaction effectively.	6.82	Strongly Agree
13. Our team collaborates to develop contingency plans to manage potential disruptions in operations.	6.78	Strongly Agree
14. Our restaurant quickly reallocates resources to meet changing customer needs during peak periods.	6.89	Strongly Agree
15. Our management fosters a culture of innovation that encourages staff to propose solutions to emerging challenges.	6.89	Strongly Agree
Composite Mean	6.86	Strongly Agree

In the assessment of sensing capabilities in casual dining restaurants, a composite mean of 6.86 indicates a very high level of organizational awareness and responsiveness to market trends and customer needs. The highest-rated item, with a mean score of 6.93, is the active monitoring of competitor activities, reflecting the strategic importance placed on competitive intelligence in maintaining a strong market position.

Two other capabilities—engaging in customer surveys and feedback sessions and collaborative interpretation of customer behavior—each scored 6.90, highlighting the customer-centric orientation and internal communication processes that enable timely service enhancement. These insights affirm the agility of casual restaurants in leveraging real-time data and feedback for innovation and decision-making.

However, while all indicators were rated very high, a notable gap emerged in developing contingency plans to manage potential disruptions, which received the lowest mean score of 6.78. This suggests that although restaurants are strong in sensing external changes and customer behavior, risk preparedness and proactive disruption management remain underdeveloped. This underperformance could weaken the mediating role of sensing capabilities in times of uncertainty, making it a critical area for improvement. Enhancing contingency planning mechanisms—such as scenario forecasting, supply chain disruption protocols, or workforce reallocation—may bolster overall agility and strengthen the mediation pathway between ERP system usage and service differentiation.

The findings on sensing capabilities in casual dining restaurants in Makati City are an indication of a well-established ability to detect and respond to changes in the market. The high mean scores for items related to competitor monitoring, customer feedback utilization, and market research reflect a strong commitment to staying informed and adjusting strategies accordingly. However, the slightly lower score for contingency planning highlights a potential area for improvement. While the restaurants are adept at sensing and reacting to market trends, there may be a need to place greater emphasis on preparing for unexpected disruptions, which could enhance operational resilience and further strengthen their competitive advantage.

The highest-rated aspect aligns with the findings of Day (2014), which emphasize the role of strategic sensing in maintaining competitive advantage. Regular monitoring of competitors and market dynamics equips businesses to anticipate and respond effectively to external challenges.

In contrast, the relatively lower rating for contingency planning supports the insights of Teece et al. (2014), who stress the importance of dynamic capabilities, particularly in addressing uncertainties. This suggests that while casual dining restaurants are strong in proactive market sensing, there is room for improvement in resilience and preparation for unexpected events.

5.4. Mediation of organizational agility to ERP system usage and service differentiation

Table 7: ERP System Usage and Flexibility Effect on Service Differentiation

(b) Service Differentiation	B	Std. Error	t-value	p-value	Decision on H_o	Interpretation
Constant	1.025	0.259	3.961	<0.001	Reject	Significant
Flexibility	0.719	0.060	12.008	<0.001	Reject	Significant Effect
ERP system usage	0.133	0.086	1.540	0.033	Reject	Significant Effect

Model Summary: $R = 0.952$; $R^2 = 0.906$.
Regression Model: $F = 670.649$ $p = <0.001$.

The findings in Table 7 showed a significant positive relationship between ERP system usage, flexibility, and service differentiation in casual dining restaurants. For ERP system usage, the regression coefficient (B = 0.133) indicates that for every unit increase in ERP system usage, service differentiation improves by approximately 0.133 units. Similarly, the regression coefficient for flexibility (B = 0.719) demonstrates a stronger effect, with every unit increase in flexibility contributing to a 0.719 unit improvement in service differentiation.

The baseline level of service differentiation, which exists even without ERP system usage and flexibility, suggests that restaurants maintain a certain level of differentiation. However, the data indicates that as ERP system usage and flexibility increase, so does the level of service differentiation, highlighting the tangible impact of these factors on a restaurant's ability to differentiate its offerings. This emphasizes that both ERP systems and flexibility are critical in enhancing a restaurant's competitive advantage by allowing it to adapt and tailor services to meet customer needs.

Table 8: ERP System Usage and Responsiveness Effect to Service Differentiation

Service Differentiation	B	Std. Error	t-value	p-value	Decision on H_o	Interpretation
Constant	0.834	0.187	4.454	<0.001	Reject	Significant
Responsiveness	0.921	0.050	18.242	<0.001	Reject	Significant Effect
ERP system usage	-0.145	0.067	-1.668	0.041	Reject	Significant Effect

Model Summary: $R = 0.971$; $R^2 = 0.944$.
Regression Model: $F = 1163.529$ $p = <0.001$.

Table 8 revealed a strong positive relationship between the combined effects of ERP system usage and responsiveness on service differentiation in casual dining restaurants. With an R of 0.971 and R^2 of 0.944, the model explains 94.4% of the variance in service differentiation, and is statistically significant ($F = 1163.529$, $p < 0.001$).

Responsiveness has a significant positive effect ($B = 0.921$, $t = 18.242$, $p < 0.001$), underscoring its key role in enhancing service differentiation. In contrast, ERP system usage shows a small but significant negative effect ($B = -0.145$, $t = -1.668$, $p = 0.041$), suggesting that ERP's impact is indirect and primarily mediated through responsiveness. The constant value is 0.834, representing the baseline service differentiation.

Table 9: ERP System Usage and Competencies Effect to Service Differentiation

Service Differentiation	B	Std. Error	t-value	p-value	Decision on H_o	Interpretation
Constant	-1.158	0.236	-4.912	<0.001	Reject	Significant
Competencies	0.831	0.079	10.555	<0.001	Reject	Significant Effect
ERP system usage	0.335	0.080	4.189	<0.001	Reject	Significant Effect

Model Summary: $R = 0.945$; $R^2 = 0.894$.
Regression Model: $F = 584.946$ $p = <0.001$.

The table revealed a strong positive relationship between ERP system usage, competencies, and service differentiation, with an R value of 0.945 and R^2 of 0.894, indicating that 89.4% of the variance in service differentiation is explained by these variables. The model is statistically significant ($F = 584.946$, $p < 0.001$), confirming its reliability.

Competencies show a significant positive effect on service differentiation ($B = 0.831$, $t = 10.555$, $p < 0.001$), highlighting its critical role in helping restaurants adapt and stand out in a competitive market. ERP system usage also contributes positively ($B = 0.335$, $t = 4.189$, $p < 0.001$), indicating that effective use of ERP systems supports unique and efficient service delivery. The constant value is -1.158, reflecting the baseline service differentiation without these influences. The null hypotheses for both variables are rejected, confirming their significant impact.

Table 10: ERP System Usage and Sensing Capabilities Effect on Service Differentiation

Service Differentiation	B	Std. Error	t-value	p-value	Decision on H_o	Interpretation
Constant	-0.367	0.230	-1.598	0.031	Reject	Significant
Sensing Capability	0.883	0.081	10.862	<0.001	Reject	Significant Effect
ERP system usage	0.169	0.092	1.833	0.039	Reject	Significant Effect

Model Summary: $R = 0.947$; $R^2 = 0.897$.
Regression Model: $F = 602.125$ $p = <0.001$.

The findings disclosed a significant positive relationship between ERP system usage, sensing capability, and service differentiation. For sensing capability, the regression coefficient (B = 0.883) demonstrates that as sensing capability increases, service differentiation improves by approximately 0.883 units. The baseline level of service differentiation, which exists even without the influence of ERP system usage and sensing capability, signifies that restaurants maintain a certain standard of service. As ERP system usage and sensing capability increase, so does the level of service differentiation, suggesting that ERP systems and sensing capabilities have a tangible, positive impact on service uniqueness. The ability to efficiently manage resources, data, and customer relationships enhances restaurants' ability to offer distinct, tailored services, giving them a competitive edge.

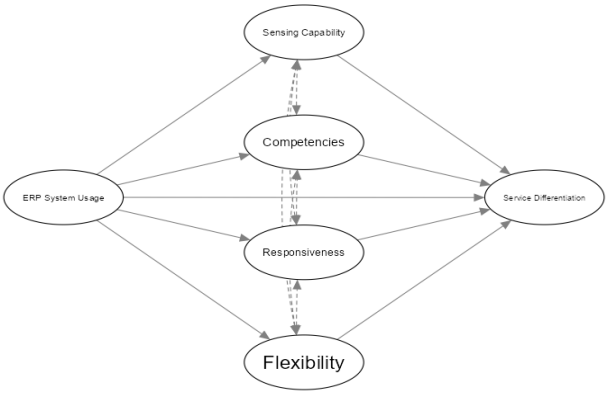

Fig. 2: SEM Path Diagram.

The diagram presented a conceptual framework indicating the relationship between ERP system usage and service differentiation is significantly mediated by four dynamic capabilities: flexibility, responsiveness, competencies, and sensing capability. The data reveal that ERP systems do not directly lead to enhanced service differentiation but exert their influence through the development of these organizational capabilities. Among the mediators, responsiveness demonstrates the strongest indirect effect, with a regression coefficient of 0.921, suggesting that ERP implementation substantially enhances an organization's ability to respond quickly to customer demands and environmental changes—an essential factor in achieving service differentiation. Sensing capability also serves as a critical mediator (coefficient = 0.883), indicating that ERP usage enhances the organization's ability to detect and interpret market trends and customer needs, thereby supporting more proactive and informed service strategies. Organizational competencies mediate the relationship with a coefficient of 0.831, reflecting how ERP systems contribute to improved knowledge management, employee skill development, and process efficiency, all of which support differentiated service offerings. Flexibility, with a coefficient of 0.719, further mediates the relationship by enabling the organization to adapt its operations and services in response to varying customer requirements. Collectively, these results support the argument that the strategic value of ERP systems in achieving service differentiation is largely realized through their positive impact on key internal capabilities.

6. Conclusions

1) Service differentiation is essential for competitiveness, with strengths in personalized promotions and customer engagement, though flexibility in dining options needs improvement.
2) ERP system usage enhances operational efficiency, inventory management, and decision-making, but optimization in employee performance monitoring is still needed.
3) Organizational agility, particularly responsiveness, strongly mediates the impact of ERP system usage on service differentiation by enabling quick adaptation to customer needs.
4) ERP system usage has a significant positive effect on service differentiation, and its impact is maximized when supported by strong organizational agility.
5) An IEC coffee table book is recommended to guide restaurant owners and managers in effectively adopting ERP systems, enhancing agility, and achieving service differentiation

7. Recommendations

1) Restaurant managers in Makati City may make the most of their ERP systems by giving their staff more training—especially in areas like tracking employee performance and organizing tasks. This helps improve how smoothly the restaurant runs and makes sure the system is being used to its full potential.
2) Restaurants may improve their ability to prepare for unexpected problems, like supply delays or sudden changes in customer demand, by using data from their ERP systems to spot problems early and plan.
3) Restaurants may offer more flexible dining options and unique services—such as customizable meals, themed nights, or loyalty rewards—that can help restaurants stand out from the competition and better meet different customer needs.
4) The government may help small and medium restaurants adopt ERP systems by offering support such as funding, tax incentives, or free training. This would make it easier and more affordable for smaller restaurants to go digital and improve their services. Government agencies like the Department of Trade and Industry (DTI) or the Department of Science and Technology (DOST) could create programs or partner with tech companies to help restaurants get started with ERP systems.
5) Researchers may test the study's findings in other places and types of restaurants, like fast food, fine dining, or restaurants in other cities or provinces, to see if the same results apply. This will help show whether the benefits of ERP systems and agility are the same in different environments.

6) Future researchers may also look at the long-term effects of using ERP systems, such as whether they help restaurants stay successful over time. Studying restaurants for several years after they start using ERP can give better insights into how helpful these systems are in the long run.

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