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COFFEE SHOP BUSINESS PERFORMANCE AS A DEDUCTION OF MOTIVATION AND INNOVATION

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Abstract:

This study aims to analyze the performance of the coffee shop business and identify the factors that influence it and their relationship with the motivation and innovation of coffee shop workers during the Covid-19 pandemic. This research is directed to determine the relationship between variables that have an influence on business performance and competitiveness as an indicator of marketing carried out by coffee shops which are included in the micro, small and medium enterprises (MSMEs) to maintain and improve their business performance, through motivation and innovation through mediation. Competitiveness based on descriptions and previous studies. The population of this non-franchise coffee shop study is estimated at 150 coffee shops. Hence, the researchers used the Google form to determine a random sample of 103 coffee shops in the Tangerang and South Tangerang areas. The data analysis method uses the Structural Equation Model-Partial Least Square (SEM-PLS). The study's results found that the motivation of MSME coffee shop entrepreneurs during the Covid-19 pandemic was not statistically significant either directly or indirectly. The study's results found that the motivation of MSME coffee shop entrepreneurs during the Covid-19 pandemic was not statistically significant either directly or indirectly. The study's results found that the motivation of MSME coffee shop entrepreneurs during the Covid-19 pandemic was not statistically significant either directly or indirectly. In contrast, the innovations made by coffee shop entrepreneurs proved to affect the business performance of their coffee shops significantly. The implications of this research are discussed in full in the article.

Keywords: Innovation, Motivation, Competitiveness, Business Performance, MSMEs



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INTRODUCTION

As stated by the International Coffee Organization (ICO) in its report in May 2021, regarding developments in the need or use of coffee worldwide, it has recorded a CAGR (Compound Annual Growth Rate) 2017/2018/2020/2021 figure of 1%. Usage in 2017/2018 was 161,377 thousand bags (1 bag is equivalent to 60 kg of coffee beans). Moreover, usage in 2020/2021 is 166,346 thousand bags. Moreover, in Indonesia, the use of coffee beans during the same period has increased by 1.7%, to 4,750 bags in 2017/2018, an increase of 5,000 bags in 2020/2021.

From the acquisition of records from the same institution (ICO), it is noted that the use of coffee beans in Indonesia is in the top 6 ranking as the country that uses the most coffee beans after Russia. The same note shows that European Union countries still record the most significant users of coffee beans globally, with more than 42.6 million bags of coffee beans. Indonesia recorded income from coffee plantations in 2017 of 10.92 million bags, and this shows that coffee plantation income has decreased from 2016, which was 11.49 million bags. Meanwhile, the largest producer of coffee beans is from coffee plantations in Brazil, with an income of 52.73 million bags.

Lifestyle developments in terms of using coffee as a drink have been demonstrated by the increasing number of coffee shops or shops (Adiwinata et al., 2021). These coffee shops are places that serve various drinks made from coffee beans and are equipped with other drinks that are not derived from alcohol, with a relaxed, comfortable coffee shop atmosphere setting, ready-to-drink drinks served, and some are complemented by musical accompaniment. Either through a music player or live music performances, some provide entertainment through television or reading materials. These coffee shops also arrange the inside of the shop in a distinctive style coupled with friendly service, and some also provide wireless internet network connections (Herlyana, 2012). The lifestyle in terms of drinking coffee bean-based drinks for coffee drinkers or connoisseurs from Indonesia has developed for a long time, and this has made it an opportunity to create business opportunities for the use of coffee beans as a whole, starting from increasing coffee bean income to its direct use by drink connoisseurs. Coffee in coffee shops. Toffin's research, a company that provides business equipment for hotels, restaurants, and cafes, published through Mix Mar-Comm magazine, stated that the number of coffee shops in Indonesia until August 2019 has been recorded at more than 2,950. Coffee shops, both modern and traditional. This achievement shows that the number has almost tripled, namely an increase of 1,950 coffee shops during observations from 2016, of which there were still 1,000 coffee shops (Toffin, 2020). It is estimated that the exact number of coffee shops is still greater than Toffin's achievement; this is because the data collection for these coffee shops is limited to observing coffee shop outlets with chains and only obtaining data from major cities in Indonesia, and it does not include coffee shops. - independent coffee shops with both modern and traditional business models in various other regions (Sugianto, 2019). It will create a challenge as well as an opportunity for entrepreneurs in the field of coffee bean-based beverages to follow the behavior or lifestyle of coffee connoisseurs who continue to experience growth and change (Barokah et al., 2020).

The current condition, namely the Covid-19 pandemic, has caused the lifestyle of connoisseurs of coffee-based drinks also to experience changes due to the Indonesian government's policy of maintaining the health of its population with a policy of large-scale social restrictions to break the chain of the spread of the Covid-19 virus, and this has limited activities. Together enjoy coffee-based drinks, as they developed before the Covid-19 pandemic (Sudarsono & Rahman, 2020).

Along with research from Vindegaard and Benros (2020), the conditions of the Covid-19 pandemic have also contributed to changes in the psychological attitude of a country's population with increased pressure and anxiety. It also changes consumer behavior in enjoying coffee-based drinks and their behavior in public places, such as restaurants and coffee shops. The following are the consequences for coffee shop entrepreneurs and their supply chains due to these changes.

This study aims to measure the business performance of MSME coffee shops and observe what factors influence the business performance of MSME coffee shops and their relationship with the motivation and innovation of these coffee shop entrepreneurs during the Covid-19 pandemic.

Also conveyed by research from Aditya P and Harimukti W (2020), the demand for coffee-based drinks will increase gradually until 2021, but income or production from coffee plantations is found to have decreased starting from 2018 and continuing until 2021. It will be a condition that needs to be considered, especially for micro, small, and medium enterprises (MSMEs) coffee shops that dominate Indonesia's coffee shop business market.

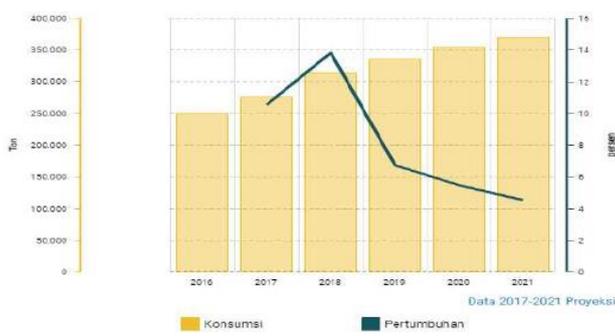


Figure 1: Consumption Trend and Coffee Production Growth

Meanwhile, in research from Adiwinata et al. (2021), it was found that there were changes in residents' behavior during the pandemic, especially regarding enjoying coffee-based drinks. It was stated that there was a positive relationship between motivational factors and the lifestyle behavior of coffee connoisseurs. However, no significant positive relationship was found between perceived behavioral control and lifestyle or consumption behavior. The positive impact that can be used as a reference for coffee shop entrepreneurs is the tendency always to maintain the quality of their products and make discoveries or innovations in their coffee drink products to make them more varied, and also require innovation in how to market products through social media, exhibitions at events - food festival events or provide marketing promotions.

Meanwhile, Khoirunnisaa's research (Mar 2022), which was reviewed in an article aired by Detik-food with the topic "Confide Coffee Shop Owners Turnover Dropped 90% Due to Pandemic," reviewed that the existence of PSBB (Large-Scale Social Restrictions) during the pandemic, made the shop -coffee shop fewer visitors. Whereas previously, coffee shops had become a place to gather or socialize. This was also conveyed by a coffee shop entrepreneur, "Setik Kopi," Mr. AG, who was forced to stop the dine-in service or eat on the spot at his coffee shop in the Tangerang area, Banten. As a result, sales of coffee-based drinks declined. Before the pandemic, the coffee shop sold around 4,000 cups of coffee per month; during the pandemic, sales fell to 1,000 cups of coffee, down to 80-90%.

As a basis for the research, the researcher took references from several previous studies and conducted a pre-survey to determine the independent variables for 20 coffee shops as a representation of the coffee shop population in the Tangerang and South Tangerang areas, as follows:

Table 1: Pre-Survey Results

No	Obtained statement	Amount	Percentage
1	Barista competence	3	15%
2	Competitiveness with other stores	12	60%
3	Employee motivation	10	50%
4	Innovation of types and flavors of coffee drinks	16	80%
5	Customer satisfaction as an indicator	8	40%
6	Entrepreneurial orientation	3	15%
7	Entrepreneur's commitment to business	4	20%
8	Creativity sets the tone for the coffee shop	14	70%

9 Quality of both drinks and food

6 30%

Based on the pre-survey above, it is known that the things that influence the business performance of coffee shops that researchers examine are competitiveness factors (60%), as well as motivation (50%) which also includes entrepreneurial commitment and innovation (80%) which are it includes the creativity (70%) of the entrepreneur and employees of the coffee shop.

Some of the phenomena that the writer can summarize from the sources above are as follows:

1. The growth of coffee consumption in Indonesia continues to increase, and Indonesia, as a coffee exporting country, is the fourth largest coffee consumption country. There are also various variations of coffee in Indonesia.
2. Traditional coffee consumer behavior has received less scientific attention, especially in examining the impact of product quality, service innovation, price, and customer satisfaction.
3. In recent years, the impact of the Covid-19 pandemic on the coffee industry sector has been felt, and this has caused a loss of customer loyalty and is also a threat to coffee shop industry entrepreneurs.
4. Motivation, Innovation, and Competitiveness are essential factors in influencing the business performance of an MSME coffee shop.

Formulation of the Problem. Based on the above phenomena and the literature study conducted, the authors would like to examine further how motivation and innovation influence competitiveness as a variable that mediates the business performance of coffee shops during the Covid-19 pandemic. Thus, the formulation of the research problem in the form of a question as follows:

1. How was the motivation of coffee shop MSME entrepreneurs able to influence their business performance during the Covid-19 pandemic?
2. How was the motivation of MSME coffee shop entrepreneurs able to influence their competitiveness during the Covid-19 pandemic?
3. How was the innovation of coffee shop MSME entrepreneurs with their products and services during the Covid-19 Pandemic able to affect their business performance?
4. How did the innovation of coffee shop MSME entrepreneurs with their products and services during the Covid-19 Pandemic affect their competitiveness?
5. How does competitiveness affect the business performance of the coffee shop MSME entrepreneurs during the Covid-19 Pandemic?
6. How was the motivation of the coffee shop MSME entrepreneurs able to influence their business performance through the competitiveness factor?
7. How was the innovation of coffee shop MSME entrepreneurs able to influence their business performance through the factor of competitiveness?

Literature Review, Business Performance Theory Study. In their research, Zulkiffli and Perera (2011) reveal that measuring a business or business performance is essential for academic reviews and organizational management practices. Moreover, in general, a business unit's business or business performance can be defined as an operational capability to meet the goals of the shareholders of a business unit (Smith & Reece, 1999). It must also be assessed as a measure of the performance achievements of an organization. Several studies have found a relationship between organizational behavior and its processes so that it influences the "bottom line" and vice versa (Wall et al., 2004). An effort needed to examine the relationship between strategy and a business's

performance has been carried out for more than 20 years to date. Moreover, many studies divert their research objectives to these aspects. Researchers have proven the importance of evaluating a corporate organization's business performance and management practices (Dess & Robinson, 1984; Sapienza et al., 1988; McGrath, 1995; Song et al., 2005; Gruber et al., 2010).

It was also conveyed by the Ambler Team and Flora Kokkinaki (in *Business Performance Measurement: Theory and Practice*, Neely, 2002) that an effort to improve product and service quality and meet customer satisfaction which is constantly evolving with their needs and expectations will require continuous observation and response to deal with its changes. A successful marketing effort certainly requires observation of the effectiveness of marketing activity. Efforts to allocate marketing resources will be based on the effectiveness of its marketing in the past and the experience of other marketers so that it has an impact on improving business or business performance. Good performance measurement will also lead to better marketing practices. A business unit's direction and objectives depend on how it measures its progress towards the direction and objectives that have been set, and the impact or consequences of these measurements will tend to affect its business performance as well. A response derived from examples of a business unit's marketing and financial practices would relate to performance measurement practices and produce some significantly different results and is presented below. Based on Qualitative Research, the performance measurement of a business is divided into six categories, namely:

1. Financial categories, such as production volume, sales value, and profit,
2. Category of market competition, whether relative or overall market competitors, such as a market share, share of voice, relative price, marketing area division,
3. Consumer behavior categories, such as market penetration, number of product or service users, customer loyalty, advantages or disadvantages of product or service users,
4. Intermediary consumer categories, such as the existence of awareness, attitude, satisfaction, commitment, intention to buy, or perceived quality,
5. Categories of customers with direct sales, such as distribution, availability, customer benefits, customer satisfaction, service quality,
6. A category of innovation or invention in the case of a new product or service, the revenue it generates in addition to sales.

Marketing Mix. The marketing mix in this study can be interpreted as a set of marketing tools used by a business unit, company, or organization to achieve company goals. The marketing mix includes product, price, promotion, and distribution, which will determine the level of success of a marketing effort (Kotler & Keller, 2007).

1. Product. Competition in a market will force companies to try to create an acceptable product or meet consumer needs and will continue to make discoveries or innovations to make a difference with competitors in competition in the same market. Customers will have many choices of products or services. It will be careful in choosing and using them, determining a customer's purchasing decision by considering factors of need, product advantages, services, and price differences. The superiority of a product and service will be one of the determinants of the success of a new product or service as measured by the sales value of a product or service (Tjiptono, 2007).

2. Price. The price of a product or service will be a combination of a product and its services. The price that a customer will pay will include the services of the product that the seller will provide. In this case, a company will consider various things in determining the price of its product or service to achieve the goal of making the product. The purpose of making a product will be to increase the value of product sales and maintain or increase market share by maintaining the price level to get maximum profits (Engel & Blackwell, 2004).

3. Place. The place where a product or service is sold will determine the sale's success. The place where a product or service is sold relates to a potential market for a business unit. The selection of a place of business will be related to a company's decision that will have an impact for a long time, so it must be determined through a process of careful consideration by the stakeholders by choosing and determining a place that is responsive or potential to economic, demographic, cultural and competitive factors in the area the future (Tjiptono, 2007).

4. Promotion (Promotion). A promotional effort is a form of marketing communication that includes all company activities to convey information on a product or service so that customers are willing to accept, consider and buy, and are loyal to the products and services offered (Tjiptono, 2007).

5. People (People). People are customers who have a role or influence over other customers, namely the role of contractors, where they can easily interact directly with other customers in their decision to buy a product or service. The second role is the modifier, where the customer does not directly affect other customers but has sufficient opportunities for frequent contact, for example, a receptionist. The third role is influencers, who will influence a customer's buying decision but do not directly relate to other customers. The fourth role is isolated, where the customer will directly play a role but only sometimes in contact with other customers, for example, someone with the sales administration function of a company (Lupiyoadi, 2001).

6. Process (Process). A process is needed because the primary goal of a marketing process is to identify customer needs. This process illustrates a marketing element that will coordinate in maintaining and guaranteeing the quality and consistency of a product or service provided to customers (Lupiyoadi, 2001).

7. Physical Evidence. Physical evidence proves that the company differentiates from competitors by making physically different and attractive forms to get new customers from its market (Hurriyati, 2005).

A marketer's thoughts will play a significant role in purchasing or using a product or service (Murphy & Dweck, 2016). Based on a particular condition psychologically, the customer will try to fight a particular condition and need pressure and decide whether to take essential actions as a customer to suppress the negative psychological impact of his needs. In other matters, it is essential for marketers always to observe customer behavior, and it is also important to know that a customer is an individual or group who will choose, buy, or use their products and services and can share their experiences in order to fulfill their wants or needs (Hutauruk, 2020).

Study of Motivation Theory. Reviewed by Maslow that human needs are arranged in various levels, which can be conveyed as follows (Maslow, 1981 in Hasibuan, 2006):

1. Physiological Needs are a need to maintain human life, which includes the need for food, drink, housing, air, and other needs, so there is a desire to fulfill these needs and will automatically stimulate a person to carry out business activities more actively.
2. Safety and Security Needs are a level of need for freedom from various threats to feel safe and secure in carrying out your business activities.
3. Affiliation or acceptance Needs a social need, friendship, affiliation, interaction, love, and acceptance in association within a particular group or community.
4. Esteem, or Status Needs, needs self-esteem and self-recognition from an environment because ideal personal pride will arise due to achievement, even though this will not always be the case.
5. Self-Actualization is a need for self-recognition by using one's abilities, skills, and personal potential to achieve a satisfactory business performance.

The research conducted by Mishra (1987) is based on and supports previous research conducted by Sharma (1980), which has classified the factors that motivate a person into two types of factors as follows:

Internal factors include

- a. Desire to do something new
- b. Educational background
- c. Background or work experience.

External factors include:

- a. Government assistance and support
- b. Availability of labor and raw materials
- c. The encouragement of prominent businessmen
- d. Promising a request for a product

According to research from Murthy et al. (1986), someone with a high achievement spirit can become a successful entrepreneur, and they are described as having several characteristics as follows:

1. Someone ready to achieve something beyond his responsibility
2. They are someone who will calculate the risks of their business
3. Someone who will face challenges to achieve goals
4. Able to make detailed and complete planning to achieve goals and be ready to face the future
5. Ready and able to accept measurable feedback
6. Have a passion for seizing opportunities for the benefit of the company
7. Able to show a positive attitude in doing his business even though the conditions are not good
8. Willing to try new things
9. Shows a capable personality
10. Have an attitude that is ready to face uncertainty
11. Always ready to move and start a business anywhere
12. An adventurous person.

According to research conducted by Shiratina et al. (2023), the motivational factor of a business unit will have a significant influence in bridging the entrepreneurial marketing factor on a business or business performance of the apparel entrepreneurs who are the object of the research. Moreover, in this study, it was also observed that the motivational factor for trying also had a significant influence in bridging the marketing factor based on the relationship to the factor of show business.

Innovation Theory Study. According to business writer Porter (2007), in the competitive business world, three strategic innovation approaches will potentially succeed in competition with other companies in an industrial market, namely as follows:

Overall Cost Advantage. Lower costs relative to competitors will be the main thing in this essential strategic innovation covering the whole strategy. However, the quality of products, services, and other areas must be addressed. Cost leadership requires an aggressive strategic policy construction, starting from facilities with efficient scale, continuous efforts to achieve cost reductions, and driven by experience, cost control including tight overhead costs, avoidance of marginal customers, and effort to minimize costs in areas such as research and development, service, sales team, advertising, and others.

Differentiation. Differentiating a product or service offered by a company, namely by creating innovations that will be felt by the company as a whole as unique. This product differentiation innovation strategy approach can be carried out in various forms, such as brand image, technology, unique characteristics of products and services, customer service, distribution networks or channels, and other things, without ignoring costs. However, cost is only one of the factors in the strategy.

Business Focus. This strategy will focus on a particular group of buyers or customers, specific segments, targets, or certain market areas. This innovation strategy is based on the premise that a company will be able to serve its target market more effectively and efficiently to meet customer needs better and achieve lower cost levels. The innovation focus of this business will provide benefits above the industry average. It can be used for strategies to select targets least susceptible to substitute products or where competitors' products are in the weakest condition.

According to Shiratina and colleagues' (2019) research, to enhance business performance, it is crucial to introduce innovative practices that create value for the industry or business unit. It means a business must showcase a distinct innovation executed, making value creation vital to achieving optimal business performance. It is not just about implementing innovation but also about going through the process of creating value.

Research from Subandi and Shiratina (2023) concluded that an item's product and price would significantly affect innovation. However, the factors of place of business and promotion of a product do not significantly influence innovation. The results of this study are used to test the fifth hypothesis and prove that the product has no significant effect on marketing performance. As for the price and location factors, it is proven that they have a significant effect on the performance of a marketing process, while the promotion itself has no significant effect. The innovation factor can mediate the effect of a product on its marketing performance. Innovation itself is proven to mediate the effect of price on marketing performance. Besides, the innovation factor cannot mediate a place effect on its marketing performance. It can also not mediate the influence of a promotion method on its marketing performance. The last solution has a significant effect on marketing performance.

According to research by Ramli and Shoelton (2018), Unique Resources have a more substantial influence on innovation management than market attractiveness to optimize a business's performance. The results of this study support the preliminary survey that to optimize the performance of an organic fertilizer industry business, and it must develop its resources innovatively and make them unique to gain market appeal.

Competitiveness Theory Study. Even though a business unit or a company is always centered on the needs of its customers and always tries to create a customer satisfaction strategy, it is not an end goal. A company may still be able to increase its profits in various ways other than strategies to increase customer satisfaction, for example, by improving a production process or investing more in research and development of products or services to increase its competitiveness. Apart from this, a company with many stakeholders, including employees, partners, suppliers, and shareholders, will spend more resources to increase customer satisfaction. It could also develop and divert its resources to a satisfaction improvement strategy. Other partners. Listening and responding to customer input is very important for managing a company concerning customers to create a competitive advantage. Several companies have created an ongoing mechanism that will keep the company engaged in a customer feedback mechanism and be at the forefront of its strategy. However, listening to customer feedback is a part of the feedback story for companies. It is also essential for a company to be in an advisory function for customers and to take the customer's side as much as possible and understand their point of view.

According to research from Medikana and Ari (2018), the factors used in a study to shape the competitiveness of a company are customer-centered goals, which include the following:

1. Able to recognize a customer characteristic by determining indicators such as age, education, position in work, and income,
2. Having the ability to form a service that gives the atmosphere of a place of business, in this case, a coffee shop with clear exterior, interior, layout, and information design indicators.
3. Improving the quality of its products with indicators of performance, features, suitability, beauty, and perceived quality,
4. Improving the quality of its services with indicators of real officer presence, reliability, responsiveness to customers, empathy, and efforts to provide the best,
5. Proven to get consumer satisfaction with indicators such as happy/satisfied with the atmosphere of the coffee shop, product quality, service, and compliance with customer expectations,
6. Measuring a repeat purchase with indicators that customers are reluctant to move to enjoy coffee at other coffee shops, give suggestions to come and enjoy coffee with other parties, make or add to orders, and show a desire to visit again.

METHODS

Place and Time of Research. Applied Research aims to solve the problems faced by MSME coffee shop entrepreneurs in the Tangerang and South Tangerang areas in the context of finding the right solution during the Covid-19 pandemic. The variables in this study are as follows:

1. The independent variables are the entrepreneurial motivation and innovation of coffee shop entrepreneurs
2. The moderator variable is coffee shop competitiveness
3. The dependent variable is the business performance of the coffee shops studied

In this descriptive study, which describes the characteristics of MSME coffee shop entrepreneurs in dealing with the current Covid-19 pandemic situation, a quantitative method which can be interpreted as a research method based on the philosophy of positivism, is used to examine the population of coffee shops in the Tangerang and South Tangerang regions.

Sampling Technique. A data collection strategy using a questionnaire survey to obtain primary data will be shared electronically via social media accounts and cellphone numbers from the MSME coffee shop and carried out cross-sectionally from January to March 2022.

The sample size in this study was obtained from the Krejcie and Morgan table (1970); in Sekaran and Bougie (2018), with a population of MSME (non-franchise) or traditional coffee shops and an estimated 150 coffee shops, the researchers set a minimum sample size of 100 coffee shops in Tangerang and South Tangerang areas.

Stages of Analysis. The data analysis technique used in this research is Structural Equation Modeling (SEM) with Lisrel software. According to Ghazali (2012), SEM is the second generation of multivariate analysis techniques that allow researchers to examine complex relationships between recursive and non-recursive variables to obtain a comprehensive picture of the entire model. SEM can test together:

- Structural model, the relationship between independent and dependent constructs.
- The measurement model (measurement) is the relationship (loading value) between indicators and constructs (latent).

RESULT AND DISCUSSION

Descriptive Statistics. The descriptive analysis summarizes the data in a frequency distribution, percentage or average, standard deviation, minimum, and maximum.



Figure 2: Frequency Distribution of MSME Coffee Shop Business Start Years

The picture above shows the frequency distribution of the year the coffee shop business started as the research sample, namely 103 coffee shops. There are 28.16% of coffee shops that have just been established in 2021, and there are still very few coffee shops that have been established since 1971-2018. The growth of coffee shops started a lot in 2019.

Partial Least Square-Structural Equation Modeling (PLS-SEM) is used to examine the causality relationship between exogenous variables (independent variables) and endogenous variables (dependent). The exogenous variables in this study are entrepreneurial motivation, entrepreneurial innovation, and competitiveness which are also used as mediating variables. The endogenous variable used is business performance.

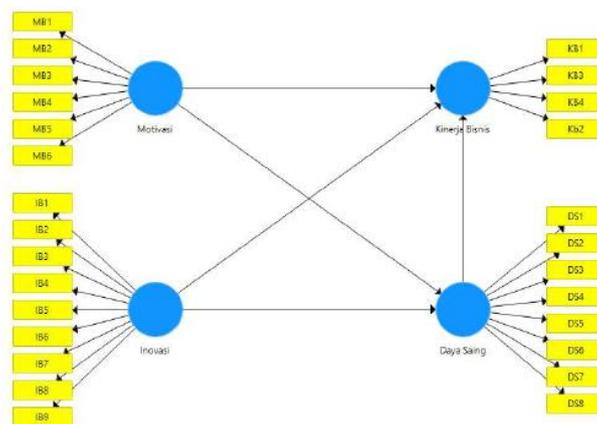


Figure 3: The PLS-SEM Model in Research

The outer model is evaluated on several values, namely outer loading, composite reliability, AVE (Average Variance Extracted), and discriminant validity, as seen from the cross-loading value and the Fornell-Larcker criteria.

On evaluating the outer model, an indicator must have an outer loading value above 0.40, composite reliability above 0.70, and AVE above 0.50.

Table 2: Outer Model Evaluation

Variable	Indicator	Outer loading	Composite Reliability	AVE	Discriminant validity
Entrepreneurial motivation	MB1	0.444	0.816	0.44	Yes
	MB2	0.76			
	MB3	0.745			
	MB4	0.777			
	MBS	0.477			
	MB6	0.669			
Entrepreneurial innovation	IB1	0.648	0.861	0.41	Yes
	IB2	0.539			
	IB3	0.641			
	IB4	0.727			
	IB5	0.705			
	IB6	0.767			
	IB7	0.598			
	IB8	0.532			
	IB9	0.576			
Competitiveness	DS1	0.634	0.852	0.42	Yes
	DS2	0.67			
	DS3	0.606			
	DS4	0.741			
	DS5	0.596			
	DS6	0.63			
	DS7	0.602			
	DS8	0.689			
Business performance	KB1	0.763	0.803	0.51	Yes
	KB2	0.651			
	KBS	0.727			
	KB4	0.7			

As for the value of cross-loading and Fornell-Larcker, an indicator must have an immense value on the variable compared to other variables.

In evaluating the inner model, testing the significance of the influence of exogenous (independent) variables on endogenous (dependent) variables was carried out. In addition, goodness of fit was tested using R-Square (R2) and GoF (Q2).

Based on Table 3 below, it can be explained that the R-Square value of competitiveness is 0.585, meaning that the independent variable of 58.5% can explain the variance of competitiveness. In comparison, the other 41.5% is explained by other variables outside this study.



Table 3: Goodness of Fit

Variable Endogen	R Square	GoF
Competitiveness	0.585	0.699
Business Performance	0.276	

An R-Square value of 0.276 is obtained for business performance variables, meaning that the independent variables and competitiveness can explain the variance of business performance by 27.6%, and the remaining 72.4% is explained by other variables not examined in this study. Overall, this research model has a goodness of fit (Q2) value of 0.699 which indicates that this research model is good enough.

For the direct effect, based on Table 4 below, the innovation variable has a very significant effect on the competitiveness variable, with a p-value of 0.000, where the value is smaller than the 5% significance level.

Table 4: Direct Effects

Direct influence	Path Coefficient	T-Value	P-Value	Information
Motivation-> Competitiveness	-0.041	0.486	0.628	Ns
Innovation-> Competitiveness	0.788	12.153	0	***
Motivation -> Business performance	-0.053	0.44	0.661	Ns
Innovation -> Business performance	0.489	2.946	0.004	***
Competitiveness-> Business performance	0.081	0.55	0.583	Ns

Another important thing is also shown by the influence of the innovation variable on the business performance variable, which has a significant positive effect (p-value <0.05) with the magnitude of the effect being 0.489, meaning that the higher the innovation variable of a coffee shop, the better and the business performance will increase.

Table 5 below shows that the competitiveness variable does not mediate motivational and innovation variables on business performance variables in an MSME coffee shop business.

Table 5: Indirect Effects

Indirect influence	Path Coefficient	T-Value	P-Value	Information
Innovation -> competitiveness -> business performance	0.064	0.548	0.583	Ns
Motivation -> competitiveness -> business performance	-0.003	0.364	0.716	Ns

It can be seen from the p-value, which is greater than the significant level of 0.05, so it is concluded that the motivation and innovation variables do not directly influence the business performance variables of an MSME coffee shop.

In this study, several results were obtained with the following discussion: One motivation of MSME coffee shop entrepreneurs during the Covid-19 pandemic that affected their business performance was due to expectations for the development of the coffee shop industry in the future, even though it was not statistically significant ($p=0.661$). It is consistent with the theory of Herzberg (1966) regarding business motivation in general. However, more is needed to support the research of Mishra (1987), Sharma (1980), and Hidayat and Citra (2019) regarding business performance which is influenced by the entrepreneur's motivation.

Meanwhile, the motivation of MSME coffee shop entrepreneurs did not significantly affect their competitiveness ($p=0.628$). It is consistent with Murthy's et al. (1986) theory regarding the motivation of entrepreneurs in general. However, it differs from Suryana and Burhanuddin (2021) regarding the motivation for developing coffee shops.

The innovation factor carried out by MSME coffee shop entrepreneurs during the Covid-19 pandemic was reflected in efforts to maintain the quality of products and services to customers, which have been proven to significantly affect the performance of their coffee shop business ($p=0.004$). It also states that the innovation indicators for MSME coffee shop entrepreneurship lead to maintaining customer satisfaction with various services and developing new products. It supports Kokkinaki F.'s research (in Neely, 2002) regarding improving the quality of products and services as an indicator of success.

The innovation factor carried out by coffee shop entrepreneurs during the Covid-19 pandemic also significantly affected their competitiveness ($p=0.000$), in line with research from Medikana and Ari (2018) regarding variables that shape business competitiveness.

The observed competitiveness factor of MSME coffee shop entrepreneurs proved not to affect their business performance ($p=0.583$) significantly, and the results obtained were that maintaining and retaining customers is more critical than developing forms of cooperation. It is in line with Suryana and Burhanuddin (2021) regarding developing an MSME coffee shop business that needs to consider its effectiveness as a form of competitiveness.

The competitiveness factor of MSME coffee shop entrepreneurs proved not to be a mediating factor influenced by their motivation on business performance and proved insignificant ($p=0.716$). It supports the theory from Herzberg (1966) in Huzler, 1970 regarding business motivation and also by Hasibuan (2006) and supports the research of Sahabuddin et al. (2019) that work motivation does not affect business performance.

The competitiveness factor of MSME coffee shop entrepreneurs also did not prove to be a mediating factor that was influenced by innovation on business performance and proved insignificant ($p=0.583$), even though it was supported by the theory from Kottler & Keller (2014) regarding various dimensions of marketing innovation to increase business competitiveness. However, it only partially supports Santoso and Christian's (2021) research regarding market orientation and entrepreneurship as a form of competitiveness that affects business performance, as well as innovation that is not mediated by competitiveness which influences the performance of MSME coffee shops.

CONCLUSION

Based on the stages that have been carried out by researchers starting from collecting data to processing data to answer research questions, the following conclusions can be obtained:

1. Motivation from shop MSME entrepreneur coffee during the Covid-19 Pandemic has not proven to affect the performance of the business.
2. Motivation from shop MSME entrepreneur coffee during the Covid-19 Pandemic has no direct effect on its competitiveness.
3. Innovations made by entrepreneur UMKM coffee shop during the Covid-19 pandemic have been proven to affect its business performance significantly.
4. Innovations made by entrepreneur UMKM coffee shop during the Covid-19 pandemic are also affecting its competitiveness significantly.
5. Meanwhile, things described as the factors of competitiveness observed by MSME entrepreneurs in the coffee shop proved to affect its business performance little.
6. The competitiveness factor is also not proven to be significant in mediating motivational factors on business performance.
7. Also, the competitiveness factor is not proven to be a significant mediating factor of innovation on the entrepreneur's business performance in MSMEs coffee shops during the Covid-19 pandemic.

Suggestion. Based on the conclusions above, several suggestions can be put forward that can be taken into consideration for MSME coffee shop entrepreneurs both during a pandemic and not and also for further research, as follows:

Practice Suggestions. Increasing personal motivation for MSME coffee shop entrepreneurs and confidence in the positive impact of their business will further improve their business performance in line with respondents' confidence in the excellent development of the coffee industry in the future.

Regarding innovation variables, what needs to be improved from UMKM coffee shops is product development according to market trends; this is important so that they can remain competitive with other coffee shops, along with improving services that lead to customer satisfaction that has been done so far. Collaboration with various parties (networking) to meet various customer needs is an important thing to be developed by UMKM coffee shops to compete with other coffee shops. It will further reduce production and promotion costs. An increase in monthly sales must be a concern for an MSME coffee shop to compete with other coffee shops, both MSME and franchised coffee shops, along with an increase in the number of customers. Academic Advice. Further researchers can develop this research in several ways, including:

Using another method in examining the influence of motivation and competitiveness of MSME coffee shops on business performance, whether the variables used are appropriate, and whether the implications for business performance variables are appropriate. Adding several other variables to measure the influence of motivation and competitiveness on the business performance of the MSME coffee shops and their implications for customer service, such as product quality or price perceptions. Develop a research model with other company objects in the same field and a more varied sample.

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