BUSINESS STRATEGIES IN IMPROVING COMPETITIVENESS: ITS IMPACT ON BUSINESS PERFORMANCE

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ABSTRACT

This study aims to identify the impact of coffee shop business strategies in increasing competitiveness on business performance.This study evaluates the factors of proactiveness, risk-taking, and innovation among coffee shop business owners in Soloraya. The problem in this study is the increasing prevalence of coffee-drinking culture that makes coffee shops unable to survive in business competition due to oversupply, as well as the prevalence of consumer behavior that is easily bored so that loyalty to a product tends to decrease.

The object of the study was coffee shop owners in Soloraya, involving 90 respondents as a sample. This study used a quantitative method using SmartPLS for data processing. The findings show that business strategy factors, including proactiveness, risk-taking, and innovation, have a significant positive effect on business performance. Coffee shop owners need to apply the right concept and target determination to be able to increasingly innovate in following consumer tastes.

Keywords: *Business Strategy, Business Performance, Proactiveness, Risk Taking, Innovation, Coffee Shop*

INTRODUCTION

Nowadays, many organizations face significant challenges in maintaining or improving their business performance. (Sun et al., 2022). If business strategies used to focus on competition, now the orientation is more on sustainability and efficiency. (Ateljevic & Mitrovic, 2024). In an era full of uncertainty, organizations are required to have adaptive management and strategic steps to remain competitive. (Alptekin, 2023).

Various external pressures such as regulations and environmental changes pose ongoing challenges. (Baah et al., 2021). Even long-standing businesses are not immune to the risk of declining performance due to various unforeseen factors. (Gangwani & Zhu, 2024). Therefore, it is important to re-evaluate the elements that can drive performance so that the business can sustain itself. In fact, managing a business is certainly not easy, so it is necessary to reformulate the factors that can improve business performance. (Johan et al., 2025)

MSMEs often face obstacles in maintaining the stability of their businesses. Despite their significant contribution to the economy, this sector still faces many challenges, including environmental impacts due to uncontrolled and uncertain business practices.(Wahyuni & Rahman, 2025).

Companies are required to be more creative in marketing entrepreneurial products in order to compete with other products. These efforts are being made to survive in the face of increasing business competition and increasingly diverse business strategies. A company cannot survive in its business operations if it does not understand the needs and behavior of its consumers. Consumers are influenced by many factors when choosing a product, and the final decision depends on strong internal and external factors. (Rizkiawan, Hadi, et al., 2024)

One of the growing business trends among millennials today is the coffee shop business. Although coffee is not native to Indonesia, the influence of Dutch colonial rule since the 17th century has played a significant role in introducing and developing coffee plantations in the country. (Distria et al., 2021)**.** The rising standard of living in society as times change has led to an increase in coffee consumption among consumers. Initially associated with consumption by men and the elderly, coffee is now being consumed by millennials and Gen Z, both male and female. This development is also driving the growth of the domestic local coffee shop industry. Currently, approximately 25%–30% of domestic coffee production is absorbed by coffee shops, and it is estimated that this will increase to 35%–40% by the end of the year. (Distria et al., 2021).

For workers and students, coffee shops are a destination to hang out with friends and do homework. This is what makes coffee shops need to be able to serve quality coffee while also providing a comfortable atmosphere, whether for studying, working, or just relaxing. Therefore, every coffee shop strives to provide the best service to attract customers seeking comfort and satisfying flavors. (Prasetya et al., 2024). The growth of this business is also supported by the increasingly diverse range of coffee shop offerings that utilize entrepreneurial marketing concepts. Coffee shop offerings are now very diverse, especially very widespread across all social media sectors. (Nurhidayah, 2021)**.**

The problem in this study is the expanding scope of business due to technological advancements and social media in the digital era, as well as the increasing coffee consumption culture, which has led to the growth of the coffee business. However, the high demand for coffee is directly proportional to the supply from various coffee shops in Indonesia, particularly in Soloraya. There are 213 coffee shops in Soloraya, making it necessary to build customer loyalty and enhance reputation. (Indriani et al., 2022). With so many coffee shops, a lot of coffee businesses are unable to survive in this competitive market due to the oversupply from the numerous coffee shops that have sprung up, as well as the increasing trend of consumer behavior that is easily bored and always wants to try new things, leading to a decline in loyalty toward a particular product. (Lathufa & Wahyuni, 2023).

The current situation requires coffee shops to implement appropriate business performance strategies to support their success and enable them to survive amidst the challenges of consumer behavior and increasing competition from other coffee shops in the Soloraya region. (Aisyah et al., 2025).

In the coffee shop sector, previous studies have focused more on marketing and operational aspects, such as product quality, service quality, store atmosphere, and customer satisfaction and loyalty. (Nurhidayah, 2021; Prasetya et al., 2024). Although these variables are important, this approach has not been able to comprehensively explain why many coffee shops experience declining performance or are unable to survive in competition, despite offering relatively similar products and concepts. This indicates a research gap regarding the role of entrepreneurial strategies in determining the success of coffee shop businesses.

The originality of this research lies in testing entrepreneurial strategies as a key factor in business performance by integrating three main dimensions – proactiveness, risk-taking, and innovation – into a complete empirical model. Unlike previous studies that tended to test variables partially and previous research that tended to place these variables in a relatively stable organizational context, without considering industry characteristics with very rapid market dynamics and changes in consumer preferences, such as the coffee shop business. (Wiklund & Shepherd, 2005; Hughes & Morgan, 2007; Astrini, Rakhmawati, & Sumaedi, 2020). This approach provides a more comprehensive perspective on understanding how business actors respond to competitive pressure, changing consumer tastes, and saturated market conditions. This research views these three dimensions as a unified and complementary strategy for facing competition and market uncertainty. (Astrini, Rakhmawati, & Sumaedi, 2020; Theresa & Hidayah, 2022)

The uniqueness of this research is also

reflected in the empirical context of the Soloraya region, which has experienced rapid growth in coffee shops in recent years. This condition triggers oversupply, leading to increased competition among businesses and low consumer loyalty due to consumers' tendency to switch easily and get bored quickly. (Indriani & Trinugraha, 2022; Lathufa & Wahyuni, 2023). In such situations, the ability of business owners to be proactive, take calculated risks, and continuously innovate becomes the main differentiating factor in maintaining business performance.

Additionally, this research overall focuses on micro and small-scale coffee shops with relatively young business ages. This characteristic is important because businesses in the early stages tend to face resource limitations, a high degree of uncertainty, and more intense competitive pressure. Therefore, entrepreneurial strategy becomes a relevant approach to explain performance variations among business owners in saturated market conditions (Denuevo & Libo-on, 2025).

The expected outcome of this research is to provide insights for coffee shops to improve the implementation of entrepreneurial marketing concepts and determine the appropriate business target audience in order to compete more effectively with the increasing number of competitors. It will also benefit consumers by offering them a wider range of quality coffee shops to choose from, as coffee products become more innovative and cater to societal needs.

THEORETICAL REVIEW

1.Proactiveness

Proactiveness is a management approach where leaders run the company proactively. This means they are more active in seeking new opportunities for the company and addressing any potential problems even before they arise.(Theresa & Hidayah, 2022a). Successfully running an organization is about adapting to change. Proactive organizations are able to plan and build the future they desire, rather than waiting for external forces to determine which direction they should go. (Onn et al., 2022).

Considering the future today is the best way to avoid chaos. Proactive business owners are less likely to be caught off guard, which can help reduce risks and turn changes into opportunities rather than challenges. (Denuevo & Libo-on, 2025). This business identifies market gaps and meets market demand with innovative products and services. Thinking ahead can help you take the necessary steps to position your organization at the forefront of innovation. This is one of the reasons why it is often small and agile companies that lead disruptive innovation.

Proactiveness tends to be associated with superior business performance because it involves implementing customer insights, understanding customer needs, ensuring customer satisfaction, knowing customer needs, and knowing competitor values before making offers to customers. (Hughes & Morgan, 2007). The advantage of being proactive is that it increases the company's receptiveness to market signals and awareness of customer needs, therefore proactiveness is performance-related because it allows the company to respond to market signals. (Bedi, 2018). Proactive companies place more emphasis on forward-thinking strategic planning compared to reactive strategies for addressing problems or approaching emerging opportunities. Being proactive offers businesses numerous advantages when approaching business opportunities and managing issues. (Astrini, Rakhmawati, Sumaedi, et al., 2020).

Proactiveness tends to have the potential to achieve higher levels of performance for business companies. Based on the explanation above, this study proposes the following hypothesis:

H_1: Proactiveness Positively Influences Business Performance.

2. Risk taking

Entrepreneurs always face a risky environment where they are expected to take calculated risks to continue in new markets or investments. They use limited resources in a competitive environment, knowing that the investment may not yield returns or even face losses. Risk can be defined as the possibility of failure or loss or other adverse consequences in pursuing some activity or venture. Risk-bearing and entrepreneurship are inseparable. (Altinay, 2018).

Entrepreneurs are risk-takers, and a higher level of risk-taking propensity correlates with entrepreneurial activity. (Lüthje & Franke, 2003). Generally speaking, entrepreneurs take risks because it allows them to differentiate themselves from their competitors. (Kirby, 2004). In today's competitive business environment, one must be bold enough to take risks and position oneself as a leader, with consumer engagement with a product being key. (Lathufa & Wahyuni, 2023). Taking risks is a way to create opportunities and progress. When an entrepreneur takes certain risks that competitors are unwilling to take, they can become a leader in their field, which is why business development training and strengthening the foundation of the existing business are necessary. (Rizkiawan, Aisah, et al., 2024).

Businesses with strong behavior tend to be drawn to projects with high levels of risk in order to achieve greater returns. (Daud Ismail et al., 2013). This behavior will result in stronger business performance because companies are willing to take opportunities in the market. Risk-taking is positively related to business performance. (Andreas et al., 2013). Risk-taking has a positive impact on business performance, so companies need to demonstrate the courage to take risks and challenge existing business practices to improve performance (Hughes & Morgan, 2007). Based on the explanation above, this study proposes the following hypothesis:

H_2: Risk-taking positively influences business performance.

3. Innovation

Innovation, as a concept, refers to the process undertaken by individuals or organizations to conceptualize new products, processes, and ideas, or to approach existing products, processes, and ideas in new ways; this kind of business activity will greatly encourage and accelerate unexplored and creative business techniques, the identification of new opportunities, business procedures, and technologies. (Indriyani et al., 2023). Innovation is a crucial component of a company's strategy, and small business owners may implement innovative ideas to achieve superior performance for their businesses. (Mohamad Afrizal Miradji et al., 2024).

Innovation and the capacity to implement innovation determine whether an organization can achieve superior performance. (Hurley & Hult, 1998). An organization that combines the capacity to innovate with resources will be more successful in enhancing its capabilities and responding to the environment. This will result in a competitive advantage, and organizations with significant innovative capacity can achieve superior performance. Innovation will require significant capital. (Hughes & Morgan, 2007). Although success often depends on commercialization, applying innovation to a company will instill learning and market mechanisms with new perspectives and perceptions of the organization, thus contributing to business performance. Based on the explanation above, this study proposes the following hypothesis:

H_3 : Innovation Positively Impacts Business Performance

RESEARCH METHODS

This study uses a quantitative approach with primary data. Thru a self-administered internet-mediated questionnaire, quantitative data will be collected and further analyzed using Smart PLS. The results will determine the rejection or acceptance of hypotheses.

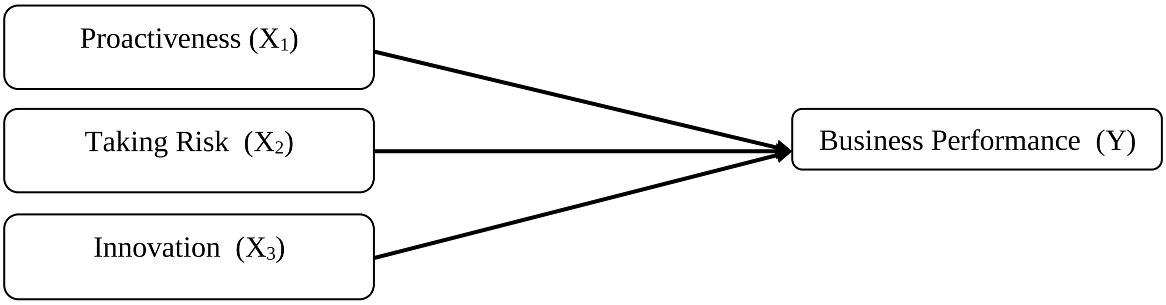

Figure 1. Research Framework
Source: Researcher Data, 2025

coffee shops in the Soloraya area, and this research focused on business owners, making the population of this study all business coffee shops in the Soloraya area.

This research uses purposive sampling, where respondent data is collected based on the objectives of the study. The sample size determination is calculated based on a known population size. The sample size determination in this study is based on PLS-SEM theory, which allows for a minimum sample size of 10 times the number of the largest indicators influencing a single construct. (F.Hair et al., 2014). In this study, there are 6 major indicators within one construct, so the minimum sample size required is 6 x 10 = 60 samples. Therefore, the sample taken is coffee shops in the Soloraya region, totaling 90 respondents.

The data collection technique chosen was nonprobability sampling, where data was collected based on specific objectives and the criteria used in this study were:

1. Owners/Managers who have been working for at least 1 year
2. Coffee shops that have been established for at least 1 year However, this research focuses on investigating the influence of entrepreneurial marketing dimension variables on improving business performance for coffee shop business owners in the Soloraya region.

Based on previous literature reviews, this study assesses using the following research hypotheses: A questionnaire is conducted by distributing a systematically arranged list of statements to respondents. The statements in the questionnaire are constructed using a Likert scale to obtain interval data with a scale of 1-5, thus allowing respondents to express their feelings in the form of agreement with the statements. (Sugiyono, 2013). dikumpulkan melalui kuesioner online menggunakan google form.

The data obtained and analyzed using

Structural Equation Modeling (SEM) and processed using the SmartPLS application version 3.3.3.

RESULTS AND DISCUSSION

Research Results

This analysis is used to prove whether the generated hypothesis is accepted or rejected. Data analysis was performed using Smart PLS software, with the outer and inner model stages being tested in this study. The characteristics of the respondents can be seen in the following table:

Table 1. Respondent Characteristics

	Description	Frequency	Percent
Years in Operation	1 – 3 Years	75	83,3%
	3 – 6 Years	14	15,6%
	> 7 Years	1	1,1%
Expenditure	< 300 Years	24	26,7%
	300 million – 500 million	22	24,4%
	500 million – 1 billion	24	26,7%
	> 1 billion	20	22,2%
Income	< 300 million	16	17,8%
	00 million– 2,5 billion	61	67,8%
	2,5 billion – 50 billion	13	14,4%
Gender	Male	46	51,5%
	Female	44	48,9%
Age	21 – 25 years	30	33,3%
	26 – 30 years	33	36,7%
	31 – 35 years	20	22,2%
	36 – 40 years	4	4,4%
	41 – 45 years	3	3,3%

Source: Data Processed by Researcher 2025.

Researchers collected 90 respondents from the coffee shop population in Soloraya. The characteristics of the respondents in this study are shown in Table 1. The characteristics of the respondents in this study include the duration the business has been established, expenses, income, gender, and age. Out of 90 respondents, 51.5% are male owners and 48.9% are female. The 26-30 age group is the largest, with a frequency of 33 people or about 36.7% of the total respondents. Most coffee shops have been open for a long time, with 83.3% of them being 1-3 years old. It is evident that 67.8% of the coffee shops surveyed have an annual income between 300 million and 2.5 billion, while expenses show that 26.7% have annual expenses of less than 300 million and between 500 million and 1 billion.

Outer Model Analysis

This analysis is used to explain whether the indicators or variables used are able to validly and reliably reveal the research problem being studied. To clarify the overall results of the outer analysis, the outer model is presented below:

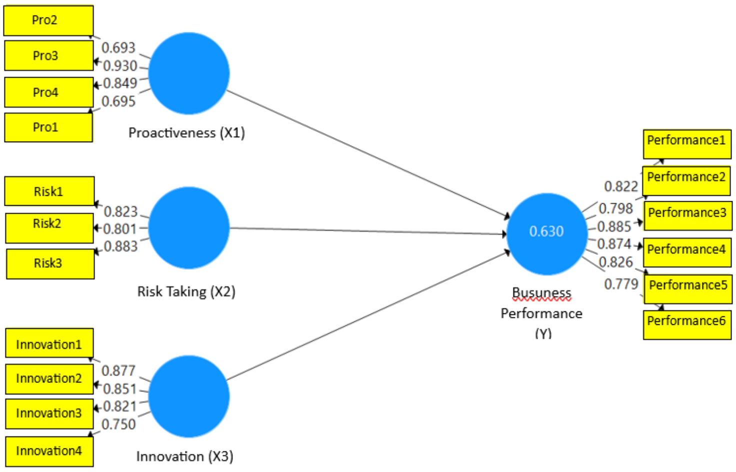

Figure 2. Outer Model
Source: Researcher Data, 2025

1. Validity and Reliability Test *1.1* Convergent Validity and Reliability Test

The convergent validity test aims to determine the validity of each relationship between the indicators and their latent variables. Convergent validity is considered good if the standardized factor loading is ≥ 0.70. - This reliability analysis is used to explain whether each variable used can be considered reliable or not. In this testing, Smart PLS software is used with the Cronbach's alpha and composite reliability methods.

Table 2. Hasil *Convergent Validity* dan *Reliability Test*

Constructs	Indicator	Standardized Loading	Cronbach's Alpha	Composite Reliability
Innovation (X3)	Innovation 1	0.877		
	Innovation 2	0.851	0.844	0.895
	Innovation 3	0.821		
	Innovation 4	0.750		
Proactiveness	Pro 1	0.695		
	Pro 2	0.693	0.807	0.874

(X1)				
	Pro 3	0.930		
	Pro 4	0.849		
Risk Taking (X2)	Risk 1	0.823	0.795	0.875
	Risk 2	0.801		
	Risk 3	0.883		
business performance (Y)	performance 1	0.822	0.910	0.931
	Performance 2	0.798		
	Performance 3	0.885		
	Performance 4	0.874		
	Performance 5	0.826		
	Performance 6	0.779		

Source: Data Processed by Researcher 2025

The results of the loading factor analysis above show that the value of each indicator for variables with a loading factor > 0.7 indicates that each indicator for the variables of proactiveness, risk-taking, innovation, and business performance can be considered in this study as confirmatory research. The results of this reliability analysis show that for each variable of innovation, risk-taking, and proactiveness, If the business performance results in a Cronbach's alpha and composite reliability value greater than 0.7, then it can be said to be reliable and this research is confirmatory research.

1.2 Discriminan Validity

Table 3. Cross-Loading Results

Indicator	Innovation (X3)	Business Performance (Y)	Risk-Taking (X2)	Proactiveness (X1)
Innovation 1	**0.877**	0.628	0.094	0.580
Innovation 2	**0.851**	0.528	0.094	0.511
Innovation 3	**0.821**	0.644	0.182	0.677
Innovation 4	**0.750**	0.550	0.160	0.611
Pro1	0.461	0.449	0.053	**0.695**
Pro2	0.415	0.446	0.167	**0.693**
Pro3	0.713	0.672	0.277	**0.930**
Pro4	0.662	0.666	0.259	**0.849**
Risk 1	0.018	0.266	**0.823**	0.146

Risk 2	0.044	0.197	**0.801**	0.147
Risk 3	0.269	0.376	**0.883**	0.296
Performance 1	0.559	**0.822**	0.419	0.537
Performance 2	0.684	**0.798**	0.238	0.489
Performance 3	0.717	**0.885**	0.400	0.694
Performance 4	0.530	**0.874**	0.152	0.597
Performance 5	0.531	**0.826**	0.241	0.606
Performance 6	0.515	**0.779**	0.280	0.627

Source: Data Processed by the Researcher, 2025

Based on the results above for cross-loading, it can be concluded that:

- For the innovation variable, the cross-loading value is > 0.7 compared to other variables, so it can be considered valid.
- For the proactiveness variable, the cross-loading value is > 0.7 compared to other variables, so it can be considered valid based on observation.
- For the risk-taking variable, the cross-loading value is > 0.7 compared to other variables, so it can be considered valid based on observation of risk-taking.
- For the business performance variable, the cross-loading value for that variable is > 0.7 compared to other variables, so it can be said to be valid for business performance observations.

Inner Model Analysis

The inner model is a structural model used to predict the causal relationships between latent variables. This model was evaluated using the Coefficient of Determination (R2), Goodness-of-Fit Test, Effect Size Test (f2), Normed Fit Index (NFI), and Hypothesis Test (T-test, Direct Effect). The inner model is presented below:

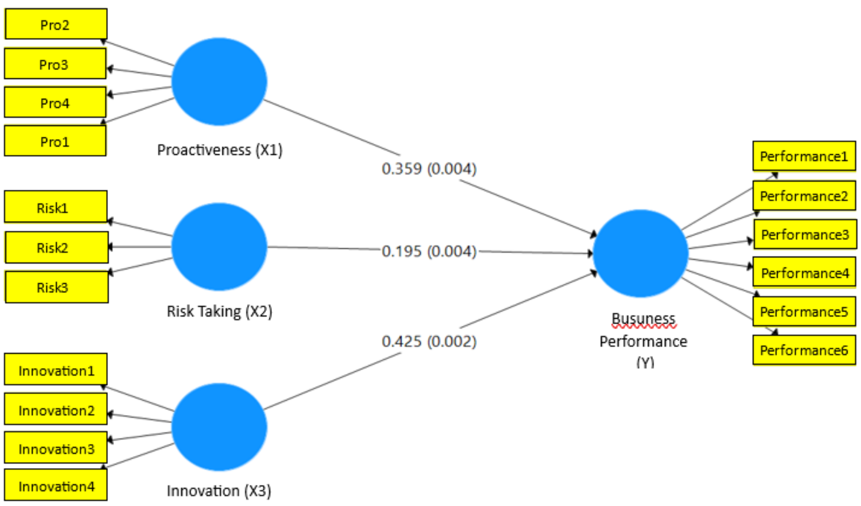

Figure 3 Inner Model
Source: Researcher Data, 2025

1. Goodness of Fit Analysis

a. This analysis is used to determine whether the generated model is testable. Goodness of fit analysis includes the coefficient of determination, effect size, Q square, and NFI.

b. **Coefficient of Determination**

The coefficient of determination is a test that explains how well the independent variable model is able to explain the dependent variable.

Table 4. R-squared Results

Model	R Square	R Square Adjusted
Business Performance (Y)	0,630	0,617

Source: Data Processed by the Researcher, 2025

The analysis results shown above indicate an r-squared value of 0.630 (63.0%), which means that the model of innovation, risk-taking, and proactiveness can explain 63.0% of the business performance variable the remaining 37% is influenced by other independent variables.

a. Effect Size (f^2)

This analysis explains the strength of the relationship between the independent and dependent variables, whether it is strong, moderate or weak.

Table 5. Results of f Square

Model	Business Performance (Y)
Innovation (X3)	0.231
Risk Taking (X2)	0.096
Proactiveness (X1)	0.159

Source: Data Processed by Researcher, 2025

The results presented in Table 5 above show that:

- The relationship between proactiveness and business performance yields an f-squared value of 0.159, which can be considered moderate.
- The relationship between risk-taking and business performance yields an f-squared

value of 0.096, which can be considered a weak relationship.

- The relationship between Innovation and business performance, resulting in an f-squared value of 0.251, can be considered strong.

b. Q Square

This analysis aims to explain whether the independent variable model is able to relevantly predict the business's performance.

Table 6. Q square Result

Model	Q^2 (=1-SSE/SSO)
Business Performance (Y)	0.405

Source: Data Processed by the Researcher, 2025

The results above show that the Q-square value of 0.405 > 0, indicating that the model of innovation, risk-taking, and proactiveness variables is relevantly able to predict business performance.

b. NFI

To determine whether the generated model is good fit or better.

Tabel 7. Hasil NFI

	Saturated Model	Estimated Model
NFI	0.638	0.638

Source: Data Processed by the Researcher, 2025

The results shown above indicate an NFI value of 0.638 > 0.1, which means the model built is a good fit or a much better model.

In the context of Partial Least Squares–Structural Equation Modeling (PLS-SEM), the interpretation of model fit indices is done more flexibly because the primary goal of PLS-SEM is prediction and model development, not absolute testing of model fit. (F.Hair et al., 2014; Hair et al., 2011). The NFI value of 0.638 in this study indicates that the model built has a significantly better fit compared to the null model. Several PLS-SEM literature sources confirm that an NFI value above a certain minimum threshold (≥ 0.10) already indicates a substantial improvement in model fit, particularly in studies with a relatively limited sample size and predictive models. (Henseler & Sarstedt, 2013; Sarstedt et al., 2014). This interpretation is supported by other inner model evaluation indicators, such as an R-square value of 0.630 and a Q-square value of 0.405, which indicate good explanatory power and predictive relevance of the model. Therefore, an NFI value of 0.638 can be considered fit and appropriate, and consistent with the characteristics and objectives of the PLS-SEM analysis used in this study.

Hypothesis Analysis

The analysis conducted in this subsection aims to explain whether the model built produces independent variables that have a partial significant effect on the dependent variable or not. The purpose is to prove whether the hypothesis is accepted or rejected.

Table 10. Hypothesis Analysis Result

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
Innovation (X3) -> Business Performance (Y)	0.425	3.104	0.002
Risk Taking (X2) -> Business Performance (Y)	0.195	2.871	0.004
Proactiveness (X1) -> Business Performance (Y)	0.359	2.900	0.003

Source: Data Processed by the Researcher, 2025

The econometric model for this study is:

$Y = 0,359\ X_1 + 0,195\ X_2 + 0,425\ X_3$

Pvalue=(0,003)***(0,004)***(0,002)***

*** *level of sig 1%.*

For the proactiveness variable (X1), the coefficient value is 0.359 (positive) and the p-value is 0.003, with a significance level of 1%. This means that since the p-value of 0.003 is less than 0.01, it can be concluded that proactiveness has a significant positive effect on business performance.

For the risk-taking variable (X2), the coefficient value is 0.195 (positive) and the p-value is 0.004, with a significance level of 1%. This means that since the p-value of 0.004 is less than 0.01, it can be concluded that risk-taking has a significant positive effect on business performance.

For the innovation variable (X3), the coefficient value is 0.425 (positive) and the p-value is 0.000, with a significance level of 1%. This means that since the p-value of 0.000 is less than 0.01, it can be concluded that innovation has a significant positive effect on business performance.

DISCUSSION

1. The Relationship Between Proactiveness and Business Performance

The results revealed in this study indicate that proactiveness has a significant positive effect on business performance. This suggests that the higher the level of proactiveness within a company, the higher the business performance it will achieve.

Successfully running an organization is about adapting to change. Proactive organizations are able to plan and build the future they desire, rather than waiting for external forces to determine which direction they should take. (Wiklund & Shepherd, 2005). Considering the future today is the best way to avoid chaos. Proactive business owners are less likely to be caught off guard, which can help reduce risks and turn changes into opportunities rather than challenges. This is expected to improve competitiveness by enabling them to anticipate changes and take initiative. (Hasanah & Jannah, 2024).

Proactiveness tends to be associated with superior business performance because it involves implementing customer-centric strategies, understanding customer needs, ensuring customer satisfaction, knowing customer requirements, and understanding competitor values before making offers to customers. (Hughes & Morgan, 2007). The advantage of being proactive is that it increases the company's receptiveness to market signals and awareness of customer needs. (Rozi et al., 2022), Therefore, proactiveness is performance-related because it allows companies to respond to market signals. Companies with greater proactiveness emphasize forward-thinking strategic planning rather than reactive strategies to address problems or approach emerging opportunities. Therefore, proactiveness tends to have the potential to achieve higher performance levels for business companies.

2. The Relationship between Risk-Taking and Business

Performance The results revealed in this study indicate that risk-taking has a significant positive effect on business performance. This suggests that higher levels of risk-taking will lead to higher business performance. Entrepreneurs take risks because it allows them to differentiate themselves from their competitors.

In today's competitive business environment, you must be bold enough to take risks to position yourself as a leader, while others fall behind. (Akkaya & Tabak, 2020). Taking risks is a way to create opportunities and progress. When an entrepreneur takes certain risks that competitors are unwilling to take, it requires courage and responsibility in facing the resulting risks. (Rachmat et al., 2023).

Businesses with strong behavioral tendencies are likely to be drawn to high-risk projects in order to achieve greater returns. (Shinta Alifia et al., 2024). This behavior will result in stronger business performance because the company is willing to seize opportunities in the market..

3. The Relationship between Innovation and Business

Performance The results revealed in this study indicate that innovation has a significant positive effect on business performance. This means that the higher the level of innovation within a company, the higher the business performance achieved by the company.

Innovation and the capacity to implement innovation determine whether an organization can achieve superior performance. (Ridwan et al., 2024). An organization that combines the capacity to innovate with resources will be more successful in enhancing its capabilities and responding to its environment. This will result in a competitive advantage, and organizations with significant innovative capacity can achieve superior performance. Although success often depends on commercialization, applying innovation to a company will instill learning and market mechanisms with new perspectives and perceptions of the organization, thus contributing to business performance.

CONCLUSION

This study aims to examine the influence of proactiveness, risk-taking, and innovation on the business performance of coffee shops in the Soloraya region. The results of the PLS-SEM analysis indicate that all research objectives have been achieved and all proposed hypotheses have been accepted. Empirically, proactiveness, risk-taking, and innovation have been proven to have a positive and significant impact on business performance, indicating that the implementation of entrepreneurial strategies plays an important role in enhancing the competitiveness and sustainability of coffee shop businesses.

Among the three variables, innovation contributes the strongest influence on business performance, followed by proactiveness and risk-taking. This finding confirms that the ability of business actors to create product, service, and business concept innovations, as well as the courage to take calculated risks and be proactive toward market changes, are key factors in driving improved business performance. Thus, this research provides scientific findings that integrating adaptive and innovative entrepreneurial strategies is an effective approach to facing the competitive dynamics in the coffee shop industry.

Future Research Agenda

Future research is expected to include additional variables beyond those studied, such as resource utilization, opportunity focus, value creation, and others, so that all factors influencing business performance can be fully explained.

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