# Analysis of Competitive Advantage Factors on Business Performance with Sustainability Performance as Moderating Variable in Coffeenatics

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**Abstract---***The conditions of intense competition also make it easy for consumers to change tastes and this demands that a business must be able to adjust consumer tastes quickly and precisely. The business in the culinary field has recently shown fairly rapid development. This is marked by the establishment of various types of Coffee Shops. The purpose of this study was to see the effect of competitive advantage (Innovation, Store Atmosphere, Business Network, Know-How, and Product Quality) on business performance, both directly and with the moderation of sustainability performance. This study took a random sample of 50 customers who visited at least 2 visits. The results show that innovation and business network have a positive and significant effect on business performance, while store atmosphere, know-how, and product quality have no significant effect on business performance. And sustainability performance is a moderating variable that can moderate the influence of innovation and business network on business performance.*
**Keywords---***business performance, competitive advantage, moderating variable, sustainability performance.*

## Introduction

In the current era of globalization, business competition is getting tougher and companies or every business are required to maximize the company's performance to be able to compete. The conditions of intense competition also make it easy for consumers to change tastes and this demands that a business must be able to adjust consumer tastes quickly and precisely. The culinary business has recently shown fairly rapid development. This is marked by the establishment of various types of coffee shops. Developments in this field are influenced by many factors, among which the improving economic situation in Indonesia has encouraged people to start new businesses.

The current coffee trend triggers an increase in domestic coffee consumption. Now, Indonesia is not only listed as one of the world's coffee producers, but also a coffee consumer that cannot be underestimated. This condition creates opportunities for industry players and coffee farmers. The challenge is that the productivity of coffee plantations needs to be increased to meet the needs of local and global markets. 2018-2019 is the peak of domestic coffee consumption.

In this period, domestic coffee consumption reached 4.8 million bags of coffee beans. This amount is four times higher than the consumption in 1990/1991. Data from the International Coffee Organization (ICO) shows that since 1990 domestic coffee consumption has indeed grown. The average increase is 5.16 percent per year. This rapid

growth is triggered by the current coffee trend, namely iced coffee which is processed with modern coffee makers and mixed with fresh milk with the addition of palm sugar, vanilla syrup, bubbles, to biscuits. The emergence of this contemporary coffee shop is rampant in almost every area.

The high domestic consumption of coffee indicates that Indonesia is not only a coffee-producing country but also a large enough consumer. Based on ICO data, Indonesia's domestic coffee consumption in the 2018-2019 period reached 50.97 percent of its production. This number is the highest compared to other coffee-producing countries, such as Brazil, Vietnam, Colombia, and Ethiopia. Young people from generation Z (10-24 years) and generation Y (25-39 years) contributed to the increase in domestic coffee consumption. As a generation of coffee beginners, they are used to brewing coffee with traditional to modern blending techniques. Not only in cafes or coffee shops but brewing events are also held in their respective places.
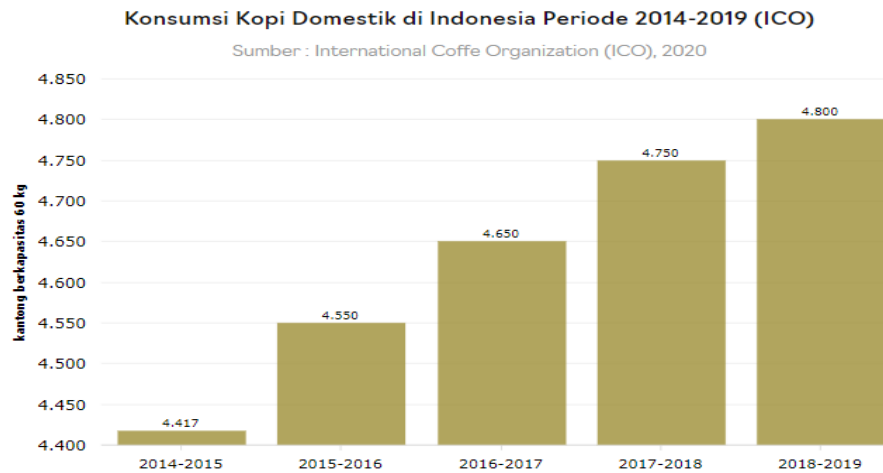


Figure 1. Total domestic coffee consumption in Indonesia in 2014-2019

Based on Figure 1 above, we can see that from 2014 -2019 the Domestic coffee consumption in Indonesia is increasing. Especially in 2015-2017, there was a very significant increase from 4.550 percent to 4.650 percent. The Ministry of Cooperatives and Small and Medium Enterprises targets that by 2019 the number of entrepreneurs in Indonesia will be 5 percent. The increase in the number of entrepreneurs each year has reduced the number of unemployed in Indonesia. Coffee consumption in Indonesia has increased dramatically over the last decade.

Based on data from the World Coffee Organization (International Coffee Organization/ICO), Indonesia's consumption rate grew 44% in ten years of coffee (October 2008-September 2019). A coffee year is 12 months from October of that year to September of the following year. "Indonesia's coffee consumption per capita in the October 2018 - September 2019 coffee year reached 1.13 kg/year," said the Chairperson of the ICO Board for the 2019/2020 period who is also the Director-General of International Trade Negotiations at the Ministry of Trade, Iman Pambagyo in his official statement, Tuesday (15/15). 9).

In the September 2019 coffee year period, continued Iman, the share of Indonesia's consumption level among producing countries in Asia and Oceania was the highest, at 13.5%. Meanwhile, the share of Indonesia's consumption level in the world in the same year was the 5th highest, at 2.9%. To boost domestic consumption. Indonesia increases capacity through the use of special funds from the ICO, including for managerial and marketing improvement activities for young entrepreneurs in the coffee sector (youth coffeepreneurs) as well as encouraging the introduction of coffee consumption at an early age. "This project will start in 2021 through inter-ministerial collaboration and collaboration with other coffee sector stakeholders. Amid various challenges in the global coffee sector.

Not only during the pandemic, but also in the future," he said. Iman said that Indonesia had also succeeded in pushing for the agreement in principle for a Joint Communication to achieve economic sustainability for an inclusive and resilient global coffee sector. The Joint Communication was agreed by the International Coffee Organization (ICO), the global coffee industry, and international organizations in the coffee and food sector at the 127th session of the ICO which was held virtually on September 10-11 2020. In the opening speech, Iman Pambagyo said, achieving a sustainable and competitive coffee sector is an ICO priority. To achieve this, cooperation and an active role between the government sector and the global coffee private sector are needed. Faith invites all ICO member countries, who are also part of the global coffee community, for the implementation of the ICO task of realizing a

sustainable, inclusive, and resilient coffee sector. Not only to ensure an increase in global coffee consumption, but also the welfare of the 25 million coffee farmers around the world.

The combination of strategy and operational effectiveness will be able to provide benefits for business people. Competitive advantage is a term used by large-scale companies, so of course, this is a must-have thing to compete. Competition in business is common. Especially for those who sell similar products or products that can replace them or substitute products.

The theory of competitive advantage or competitive advantage or also known as a competitive advantage is the ability obtained by a company through its characteristics and resources to be able to have higher performance compared to other companies in the same industry and market. company performance in a competitive market. Competitive advantage is how a company puts generic strategies into practice"-Michael Porter.

Supported by Ridwan & Nurdin (2020), theory, the goal of every business is to beat the competition and win new customers in a competitive environment. Back again according to Porter (2013), competitive advantage strategies that can be carried out by businesses such as being the lowest-cost producer in the industry, creating a different business and only one or only a small number in the market or it can also provide a premium price for the value of additional goods for consumers. And according to Day & Wensley (1988), sustainable competitive advantage is a form of strategy for economic actors to Performance is a general term used to indicate part or all of the actions or activities of an organization in a period (Mulyadi, 2001 in Hanuma & Kiswara, 2011).

*Performance* according to the meaning of language is performance. According to Barney et al. (2008), a company achieves a competitive advantage if the company implements a value-creating strategy that is not done by other companies at the same time. According to Setiawan & Ine Agustin (2008), competitive advantage arises when consumers think that they receive more value from the transactions they do compare to a competitor. Business performance, this concept has undergone many developments from conventional concepts to concepts that are considered more modern, and have a better ability to measure the performance of a business (Paniagua & Sapena, 2014; Menguc & Ozanne, 2005).

In addition to doing competitive advantage in improving business performance, what can also be done is sustainability performance. Sustainability performance is how a company maintains economic, social, and environmental dimensions. Due to the increasing interest of various stakeholder groups in the company's activities in the current competitive environment, there has been a surge in publications in the field of sustainability performance assessment from both academics and practitioners.

Companies seek to achieve long-term benefits by adopting sustainability activities as the core of their corporate strategy (Chabowski et al., 2011). Commitment to sustainability issues has become a strategically important issue in the current competitive scenario. It is expected from business organizations to become "better citizens" (Orsato, 2006). The increasing wave of incorporation of sustainability in the formulation of corporate strategy has resulted in the need for an assessment of its performance. The development of successful long-term corporate sustainability strategies and their performance measurement has attracted the attention of researchers over the last two decades. In this research flow, the assessment of the impact of the company's sustainability performance on the company's performance is very important. According to Neely et al. (1994), Assessment of the effectiveness of any strategy and its impact on the company as a whole is an important issue that all companies need to assess after implementing a new strategy. As long as the growth of the company's sustainability performance is positive, then the company's performance will follow the same path or vice versa. The company's sustainability performance should focus on the main thing, namely on the environmental, social, and economic performance of sustainable development (Takala & Pallab, 2000; quoted in Wagner, 2010).

With the current number of coffee shops and more and more competitors, coffee shop business people must be able to overcome the challenges of the changing business environment and have a high ability to innovate in running the business. Based on the statement above, the researcher is interested in conducting a study with the title "Analysis of competitive advantage factors on business performance with sustainability performance as a moderating variable" (Kotabe & Murray, 2004; Saeidi et al., 2015).

*Literature Review*
*Business performance*

Performance is a general term used to indicate part or all of the actions or activities of an organization in a period (Mulyadi, 2001 in Hanuma & Kiswara, 2011). Performance according to the meaning of language is performance. According to Sari & Andreas (2019), performance is the result of work that can be achieved by a person or group of people in an organization, following their respective authorities and responsibilities, to achieve the goals of the organization concerned legally, not violating the law and following morals and ethics.

Business performance, this concept has undergone many developments from conventional concepts to concepts that are considered more modern, and have a better ability to measure the performance of a business. This study uses 4 business performance indicators taken from research by Meutia (2013), namely:

1) Sales development; is how the level of sales that occurs in a business is being worked on.
2) Capital growth; is the level of capital growth experienced by a company, namely the increasing capital compared to the capital at the beginning of the business.
3) Customer growth; is how the company's performance can increase the number of customers in the company.
4) Profit growth; is how business performance can develop profits earned both per month and per year.

*Sustainability performance*

Referring to Merewijk & Werre (in Aras & Crowther, 2008), there is no specific definition of corporate sustainability and every organization needs to find its definition according to its goals and objectives. This is also expressed by Salimath & Jones III (2011): "There is no consensus on a unified definition of sustainability. Furthermore, the measurement and interpretation of this construct appear to be idiosyncratic to specific aims or research interest". This statement shows that until now there is no standard definition of sustainability, especially in the context of the company (Naciti, 2019; Govindan et al., 2013). Therefore the measurement and interpretation of these constructs depend on the aims and interests of the researchers.

The purpose of measuring corporate sustainability is also very diverse depending on its importance. Faupel & Schwach (2011), citing Figge & Hahn (2004), states "The objective of a sustainability measure is to assess the contribution of an entity (eg, company) to sustainability comprising all three dimensions: environmental, social and economic". sustainability measurement is to assess the contribution of an entity (ie a company) to sustainability which involves three dimensions namely environmental, social and economic). One of the most frequently used approaches to measuring corporate sustainability is the triple bottom line approach. The approach involves three dimensions, namely:

1) *Environmental* (environment); measure the impact on resources such as air, water, waste emissions.
2) *Social* (social); related to corporate governance, motivation, incentives, security and health, human resource development, human rights, and ethical behavior.
3) *Economic* (economy); refers to measuring the maintenance or improvement of a company's success, for example, technology and innovation, collaboration, knowledge management, purchasing, processes, and sustainability reporting.

*Competitive advantage*

Every company in competition has a desire to be superior to its competitors. Generally, companies implement this competitive strategy explicitly through the activities of the various functional departments of the company. According to Barney et al. (2008), a company achieves a competitive advantage if the company implements a value-creating strategy that is not done by other companies at the same time. According to Setiawan & Ine Agustin (2008), competitive advantage arises when consumers think that they receive more value from the transactions they do compare to a competitor. In this study, competitive advantage is classified into several variables, namely: Innovation (X1), Store Atmosphere (X2), Business Network (X3), Know-How (X4), and Product Quality (X5) which are explained as follows:

*Innovation*

The word innovation comes from English innovation which means change. Innovation can be defined as a process of human activity or thought to find something new related to input, process, and output, and can provide benefits in human life. Input-related innovations are defined as patterns of human thought or ideas that are contributed to new findings. The innovations related to the process are mostly oriented to methods, techniques, or ways of working to produce something new. Furthermore, innovations related to output based on this definition are more aimed at the results that have been achieved, especially the use of thinking patterns and methods or work techniques carried out. The three elements in the innovation form a unified whole (Burhan & Rahmanti, 2012). This study uses 4 innovation indicators taken from research by Lasalewo et al. (2016), and Arumsari & Marka (2018), namely:

1) A new product; is how a company makes a new product that is acceptable to customers.

2) Man-made products; is a product that is managed or produced by a company that is quickly accepted by customers.
3) Product Line; is a marketing strategy to sell several types of products, a product line consists of several types of products with various variations in size, color, quality, or price.
4) Develop new Technology; is how companies take advantage of the times, namely through technology. Technological developments can be utilized in the fields of marketing, finance, and others.

*Store atmosphere*

According to Kotler & Armstrong (2015), argues "Atmosphere is a planned atmosphere that is following the target market and which can attract consumers to buy". The atmosphere in a store can affect the emotions or feelings of consumers so that it can lead to the purchase process. The store atmosphere is an important factor for shopping centers to be able to make consumers feel interested in coming to visit and comfortable in shopping. The arrangement of the store in such a way, of course, can attract the attention of visitors and give a positive or negative impression of a shopping center. According to Putri (2014), in Alfin & Nurdin (2017), "This atmosphere is a major component of store image and can be defined as the dominant sensory effect created by the store design. According to Levy, et al in Alfin & Nurdin (2017), Store Atmosphere can be classified into two dimensions, namely InStore Atmosphere and OutStore Atmosphere.

- *InStore Atmosphere*
  *InStore atmosphere* is arrangements in the room such as internal layout (indoor facilities consisting of table layout for visitors' chairs, the layout of the cashier's desk, and layout of lights, air conditioning), sound (live music, music from the sound system), odor (smells presented in the room), texture (physical appearance of the materials used for tables and chairs in the room and the walls of the room), and interior (arrangement of spaces including the area of space, roads, design, arrangement of desks, painting arrangements, and indoor lighting systems).
- *OutStore Atmosphere*
  *OutStore atmosphere* is outdoor arrangements such as external layout (location of visitor parking, layout of signage, and strategic location), texture (physical appearance of the materials used by buildings and outdoor facilities which include textures of outdoor building walls and board textures). outdoor name) and exterior design (the arrangement of the restaurant's outdoor spaces includes the design of the outdoor signage, the placement of the entrance, the shape of the building seen from the outside, and the outdoor lighting system).

*Business network*

The view of Brehm and Rahm as published by Rajbianto (2010), emphasizes the social network, which argues that social capital is a network of cooperation among citizens that facilitates finding solutions to the problems they face. Cohen & Prusak (2002) in Rajbianto (2010), argue that social capital is a collection of active relationships among humans, trust, mutual understanding, and shared values and behaviors that bind members in a network and community that allows cooperation. A business network is related to the ability of an entrepreneur to do business with the government, suppliers, other entrepreneurs, and customers.

*Know-How*

Knowledge is the result of knowing, and this occurs after people have sensed a certain object. Sensing occurs through the human senses, namely the senses of sight, hearing, smell, taste, and touch. Most of the human knowledge is obtained through the eyes and ears (Notoatmodjo, 2014). This study uses 4 know-how indicators taken from research by Lasalewo et al. (2016), namely:
1) Management Knowledge; is how the level of ability/insight of the company's management in managing the company.
2) Creativity; is how companies are creative to improve company performance.
3) Skills in Problem solving; is how the company when company has problems and how to act.
4) Training and Education; is training and education that has been carried out by management to improve company performance.

*Product quality*

One of the advantages of competition, one of which is the quality of products that can meet consumer desires. If it does not meet the specifications, the product will be rejected. Even if the product is still within the specified tolerance limits. Product quality is an important thing that every company must strive for if they want their products to compete in the market. Good product quality is a consumer expectation that must be met by the company because good product quality is the key to the development of company productivity. According to Kotler & Keller (2009), quality is the totality of features and characteristics of a product or service that depend on its ability to satisfy stated or implied needs. This study uses 4 product quality indicators taken from research by Lasalewo et al. (2016), namely:
1) Product Performance; is how the product can satisfy customers so that customers have high loyalty.
2) Product Certification is how the company certifies products so that customers feel safe and comfortable to enjoy the product.
3) Quality Design is a product design that can arouse customer tastes.
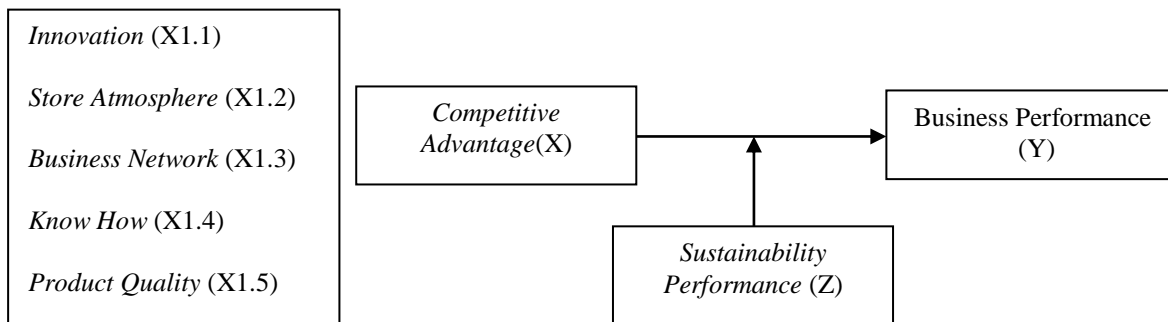4) Product durability is a product that can last a long time.

*Conceptual framework*



Figure 2. Conceptual framework

**Research Methods**

This research uses quantitative descriptive research. Quantitative descriptive research is a type of research that aims to describe systematically, factually, and accurately the facts and characteristics of a particular object or population (Sinulingga, 2013). The nature of this research is research with an explanation level. Sugiyono (2011), stated that explanation level research is research that intends to explain the position of the variables studied and the relationship between one variable and another. This research will be conducted at Coffeenatics Jl. Teuku Cik Ditiro No. 8K Medan. The research was conducted from October 2020 to December 2020.

The population in this study were all customers who had visited Coffeenatics who made purchases 2 times. With a large enough population, this study limits the number of samples to 50 customers. The sampling technique is done randomly or randomly. The method that will be used to collect the data needed in this research is by: asking questions/statements through a list of questions/statements to selected respondents, namely Coffeenatics Customers. The types of data in this study are primary data (assistance of questionnaires or questionnaires to many respondents using google docs with online distribution and secondary data (library studies in the form of books, journal articles, and data on the internet related to this research). The method of data collection is done by giving questions to respondents with a questionnaire guide. The questionnaire was made using a scale of 1-5 to obtain interval data and was scored with the following values:

Table 1
Likert scale instrument

| No. | Alternative Answer | Score |
|-----|--------------------|-------|
| 1 | Strongly Agree (SS) | 5 |
| 2 | Agree (S) | 4 |
| 3 | Indecisive (R) | 3 |
| 4 | Disagree (TS) | 2 |
| 5 | Strongly Disagree (STS) | 1 |

Source: Sugiyono (2011)

**Results and Discussion**

*Results*
*Descriptive statistics*

Based on the characteristics of the respondents, Coffeenatics customers in this study were divided by gender, education, occupation, and age of the customers, which are summarized below:

Table 2
Characteristics of respondents by gender

| Information | Frequency | Percent |
|---|---|---|
| Gender | | |
|     Man | 35 | 70.0 |
|     girl | 15 | 30.0 |
|     Total | 50 | 100.0 |
| Education | | |
|     S2 | 8 | 16.0 |
|     S1 | 37 | 74.0 |
|     high school | 5 | 10.0 |
|     Total | 50 | 100.0 |
| Profession | | |
|     Lecturer | 5 | 10.0 |
|     College student | 22 | 44.0 |
|     civil servant | 1 | 2.0 |
|     Employees | 17 | 34.0 |
|     Student | 4 | 8.0 |
|     Entrepreneur | 1 | 2.0 |
|     Total | 50 | 100.0 |
| Age | | |
|     <26 | 25 | 50.0 |
|     26-35 | 21 | 42.0 |
|     36-45 | 4 | 8.0 |
|     Total | 50 | 100.0 |

Source: SPSS 25 Processing Results (2021)

Table 2 in this study shows that the characteristics of respondents by gender are dominated by men with a percentage of 70% and women by 30%. DominationMen are caused by the product offered by Coffeenatics, namely coffee where men prefer coffee to women and also men prefer hanging out in coffee shops.

Table 2 also shows that the characteristics of respondents based on education, Coffeenatics customers in this study were dominated by customers with undergraduate education with a percentage of 74%, postgraduate education at 16%, and high school education at 10%. The dominance of undergraduate education shows that customers at Coffeenatics are mostly visited by customers who have an undergraduate education. This is because students who have homework tend to do it by looking for a place to hang out. After all, it can be done with other students.

Table 2 shows that the characteristics of respondents based on the work of Coffeenatics customers in this study were dominated by student customers with a percentage of 44%, employees as large as 34%, and so on. Students and employees dominate based on work, this shows that students like to gather in coffee shops for various purposes such as doing final assignments, campus assignments, and others. While employees often gather at the coffee shop because it is a place to rest, especially in the field of sales.

Table 2 shows the characteristics of respondents Based on the age of the customers, Coffeenatics in this study was dominated by customers aged under 26 years with a percentage of 50%, ages 26-35 years at 42%, and ages 36-45 years at 8%. Young people/millennials dominate the customers who visit Coffeenatics. In everyday life, there are five groups of generational groupings (oblinger, 2010) namely Matures (born under 1945), Baby Boomers (born between 1947-1964); Generation Xers (born 1965-1980); Generation Y/ millennials (born 1981-1995) and Post Millennials (1995-present). Millennials are one of the largest population groups in the composition of the population in Indonesia. Data in the Central Statistics Agency (BPS, 2016) shows that there are 90 million Indonesians in the

millennial generation (aged 20-34 years) and it is predicted by BPS that in 2020 there will be 34% of the millennial generation who will fulfill the population of Indonesian citizens.

*Validity and Reliability Test*
*Validity test*

Validity is when the instrument measures what it is supposed to measure. The significance test is seen by comparing the value of the t-count significance with the variable significance value of 0.05 as a condition for whether the questionnaire is valid or not. Based on the results of the calculations in Table 3 below, by looking at the KMO and Bartlett's Test value of 0.560 with a significance value of 0.000. So it can be concluded that all the questionnaires proposed in this study are valid.

Table 3
KMO and Bartlett's Test

| KMO and Bartlett's Test | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .560 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 72.229 |
| | df | 21 |
| | Sig. | .000 |

Source: SPSS 25 Processing Results (2021)

Table 4
Rotated Component Matrix

| Component Matrix | | |
|---|---|---|
| | Component | |
| | 1 | 2 |
| *Innovation* | .622 | .418 |
| *Store Atmosphere* | .288 | .882 |
| *Business Network* | .827 | .260 |
| *Know How* | .146 | .776 |
| *Product Quality* | .114 | .765 |
| *Business Performance* | .881 | .138 |
| *Sustainability Performance* | .672 | .239 |
| Extraction Method: Principal Component Analysis. | | |
| a. 3 components extracted. | | |

Source: SPSS 25 Processing Results (2021)

From the results of the rotated component matrix, it can be seen that the questionnaire in this study consists of 2 components, each of which has a value above 0.05. Then all indicators are categorized as valid.

*Reliable test*

Reliability test is a tool used to measure each questionnaire submitted to respondents declared reliable or not. Questionnaires are declared reliable if the answers from respondents to the questionnaires given are distributed by producing consistent or stable answers for each indicator in each of the variables proposed in the study. The reliability test was carried out by looking at the terms of Cronbach's alpha. If the value of Cronbach's alpha > 0.60 then the variable is said to be reliable. The results of the reliability test for this research variable can be seen in Table 5 below:

Table 5
Reliability Test

| No | Variable | Cronbach's Alpha | Minimum Cronbach's Alpha | Note: | Conclusion |
|---|---|---|---|---|---|
| 1 | *Innovation* | 0.660 | 0.60 | 0.660 > 0.6 | Reliable |
| 2 | *Store Atmosphere* | 0.851 | 0.60 | 0.851 > 0.6 | Reliable |
| 3 | *Business Network* | 0.803 | 0.60 | 0.803 > 0.6 | Reliable |
| 4 | *Know How* | 0.799 | 0.60 | 0.799 > 0.6 | Reliable |
| 5 | *Product Quality* | 0.760 | 0.60 | 0.760 > 0.6 | Reliable |
| 6 | *Sustainability Performance* | 0.761 | 0.60 | 0.761 > 0.6 | Reliable |
| 7 | *Business Performance* | 0.820 | 0.60 | 0.820 > 0.6 | Reliable |

Source: SPSS 25 Processing Results (2021)

*Classic assumption test*

The classical assumption test used in this study consisted of 3 parts, namely normality test, heteroscedasticity test, and multicollinearity test.

*Normality test*

The normality test can be seen in the P-Plot table, namely, the data points must follow the increase in the data according to a straight line on the P-Plot graph. So here are the results of the classical assumption test using normality test data with a statistical table with a P-Plot graph:
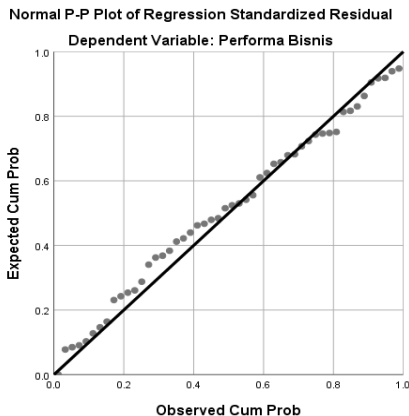


Figure 3. Normal P-Plot

Based on the results of the normal P-Plot image above, it can be concluded that all data are distributed normally.

*Multicollinearity test*

Multicollinearity test is a test used to determine whether or not there is a strong correlation between independent variables. If in a model there is a high correlation between the independent variables, then the relationship between the independent variable and the dependent variable will be disturbed. A good multiple regression equation is an equation that is free of multicollinearity. To test for multicollinearity disorders, you can use VIF (Variance Inflation Factor) and tolerance values. A multiple regression model is said to be free from multicollinearity interference if it has a VIF value < 10 and has a tolerance value above 0.1. The results of the multicollinearity test can be seen in Table 6 below.

Table 6
Multicollinearity test

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | *Innovation* | .918 | 1.089 |
| | *Store Atmosphere* | .943 | 1.060 |
| | *Business Network* | .843 | 1.187 |
| | *Know-How* | .878 | 1.138 |
| | *Product Quality* | .845 | 1.183 |

Source: SPSS 25 Processing Results (2021)

Based on Table 6, it can be seen that the two variables above have a VIF value less than 10 and a tolerance value above 0.1. This means that in this multiple regression model, all variables are free from multicollinearity disorders.

*Heteroscedasticity test*

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another observation. If the residual variance from one observation to another observation remains, it is called homoscedasticity and if it is different it is called heteroscedasticity. A good regression model is one with homoscedasticity or no heteroscedasticity. There are several ways to detect the presence or absence of Heteroscedasticity:

"Looking at the graph plot between the predicted value of the dependent variable (dependent), namely ZPRED and the residual SRESID. Detection of the presence or absence of heteroscedasticity can be done by looking at the presence or absence of certain patterns on the scatter plot graph between SRESID and ZPRED where the Y axis is the predicted Y and the X axis is the residual (Y predicted – Y actually) that has been studentized". Basic Analysis:

1) If there is a certain pattern, such as the dots forming a certain regular pattern (wavy, widening, then narrowing), it indicates that heteroscedasticity has occurred.
2) If there is no clear pattern, and the points spread above and below the number 0 on the Y axis, there is no heteroscedasticity.
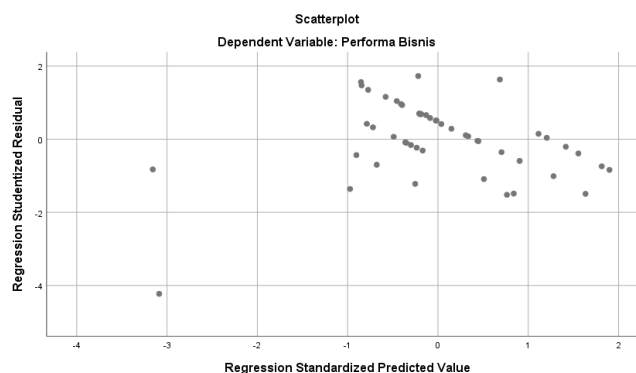


Figure 4. Heterodekacity test

Based on the picture above, it can be concluded that all questionnaire data does not experience heteroscedasticity. From the scatter plot graph, it can be seen that the points spread randomly and spread well from top to bottom the number 0 on the Y axis. It can be concluded that there is no heteroscedasticity in the regression model, so the regression model is feasible to be used to predict dynamic capability variables, orientation market, entrepreneurial orientation, and competitive advantage as dependent variables.

*Hypothesis testing results*

*First stage analysis model*
*t-test (Partial)*

The partial test conducted in this study was to determine the relationship of each independent variable to the dependent variable. The relationship of each variable can be seen in the following table:

Table 7
Multiple regression results

| Coefficientsa | | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | | |
| Model | B | Std. Error | Beta | t | Sig. |
| 1 (Constant) | 3.687 | 3.079 | | 1.198 | .238 |
| *Innovation* | .431 | .108 | .405 | 3.975 | .000 |
| *Store Atmosphere* | .015 | .092 | .017 | .166 | .869 |
| *Business Network* | .488 | .099 | .526 | 4.945 | .000 |
| *Know How* | .077 | .117 | .069 | .659 | .513 |
| *Product Quality* | .091 | .110 | .088 | .827 | .413 |

a. Dependent Variable: Business Performance
Source: SPSS 25 Processing Results (2021)

Based on the results of the multiple linear regression analysis carried out with the SPSS program above, the following regression equation is obtained:

Y = 3.687+ 0.431 (*Innovation*) + 0.015 (Store Atmosphere) + 0.448 (Business Network) + 0.077 (Know how) + 0.091 (Product Quality) + e

So the decision making in this simple regression test is as follows:
1) The constant is 3,687, meaning that the consistent value of the business performance variable is 3,867
2) The X1 regression coefficient of 0.431 states that for every 1% addition to the value of innovation, the value of business performance increases by 0.431. Based on the significant value of the coefficients table, it is obtained a significance value of 0.000 0.05 so it can be concluded that the innovation variable (X1) has a significant effect on the business performance variable (Y). It can be concluded that H0 is rejected, H1 is accepted. This means that there is a positive and significant influence between the innovation variables on business performance. The more Coffeenatics makes product innovations, the more it will improve its business performance and be able to compete with other coffee businesses.
3) The X2 regression coefficient of 0.015 states that for every 1% addition to the value of store atmosphere, the value of business performance increases by 0.015. Based on the significant value of the coefficients table obtained a significance value of 0.869 0.05 so it can be concluded that the store atmosphere variable (X2) does not affect the business performance variable (Y). It can be concluded that H0 is accepted, H1 is rejected. This means that there is a positive but not significant effect between the store atmosphere variable on business performance.
4) The X3 regression coefficient of 0.488 states that for every 1% addition to the value of the business network, the value of business performance increases by 0.488. Based on the significant value of the coefficients table, it is obtained a significance value of 0.000 0.05 so it can be concluded that the business network variable (X3) has a significant effect on the business performance variable (Y). It can be concluded that H0 is rejected, H1 is accepted. This means that there is a positive and significant influence between the business network variables on business performance.
5) The X4 regression coefficient of 0.077 states that for every 1% addition to the know-how value, the business performance value increases by 0.077. Based on the significant value of the coefficients table, it is obtained a significance value of 0.513 0.05 so it can be concluded that the know-how variable (X4) does not affect the business performance variable (Y). It can be concluded that H0 is accepted, H1 is rejected. This means that there is no positive and significant influence between the know-how variables on business performance.

6) The X5 regression coefficient of 0.091 states that for every 1% addition to the value of product quality, the value of business performance increases by 0.091. Based on the signature value from the coefficients table, it is obtained a significance value of 0.138 0.05 so it can be concluded that the product quality variable (X5) does not affect the business performance variable (Y). It can be concluded that H0 is accepted, H1 is rejected. This means that there is no positive and significant effect between product quality variables on business performance.

*F-Test (Simultaneous)*

Simultaneous test/F-test was carried out to determine the level of significance through the alpha value <0.05 of *innovation*, *Store Atmosphere, Business Network, Know-How,* and *Product Quality* simultaneously on business performance. The results of the F test in this study are shown in Table 8 below.

Table 8
Simultaneous hypothesis testing results

| ANOVAa | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 69.909 | 5 | 13,982 | 12.165 | .000b |
| | Residual | 50,571 | 44 | 1.149 | | |
| | Total | 120,480 | 49 | | | |

a. Dependent Variable: Business Performance
b. Predictors: (Constant), Product Quality, Innovation, Store Atmosphere, Know-How, Business Network
Source: SPSS 25 Processing Results (2021)

Based on the simultaneous test conducted, it can be seen that all independent variables (*innovation, store atmosphere, business network, know-how,* and *product quality*) affect the dependent variable (business performance) with a significance value of 0.000.

*Coefficient of Determination (R2)*

The coefficient of determination in this study is to see the variance of the independent variables (*innovation, store atmosphere, business network, know-how, and product quality*) describes the dependent variable (business performance). The results of the Coefficient of Determination (R2) test are as follows:

Table 9
Coefficient of determination (R2)

| Model Summaryb | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .762a | .580 | .533 | 1.072 |

a. Predictors: (Constant), Product Quality, Innovation, Store Atmosphere, Know How, Business Network
b. Dependent Variable: Business Performance
Source: SPSS 25 Processing Results (2021)

Based on the results obtained in the table above, the value of the coefficient of determination is Adjusted $R^2$ = 0.533 or $R^2$ = 53.3%, which means the independent variable *innovation, store atmosphere, business network, know-how, and product quality* able to explain the dependent variable of business performance by 53.3% while the remaining 46.7% is influenced by other variables not examined.

*Second stage analysis model*

The second research model uses moderating variables, namely independent variables that will strengthen or weaken the relationship between other independent variables and the dependent variable (Afifah et al., 2015; McCole et al., 2010; Widhiadnyana & Wirama, 2020). This study tested the regression using the moderating variable test, namely the Interaction Test.

Moderate Regression Analysis, namely, regression analysis with moderating variables using the interaction test or MRA (Multiple Regression Analysis). Multiple Regression Analysis (MRA) is a special application of multiple regression where the regression equation contains elements of interaction (multiplication of two or more independent variables) with the following regression equation:

Table 10
Statistic test results between marketing performance variables in moderating the relationship between variables *innovation, store atmosphere, business network, know-how,* and *product quality* against business performance

| Coefficientsa | | | | | | |
|---|---|---|---|---|---|---|
| | | Unstandardized Coefficients | | Standardized Coefficients | | |
| Model | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 66,864 | 21.168 | | 3.159 | .003 |
| | Innovation | 4.731 | 1.177 | 4.449 | 4.018 | .000 |
| | Store Atmosphere | .409 | .780 | .448 | .524 | .603 |
| | Business Network | 1,908 | .675 | 2,057 | 2.828 | .007 |
| | Know How | 1.104 | 1.157 | .986 | .955 | .346 |
| | Product Quality | 1,139 | .828 | 1.105 | 1.376 | .177 |
| | Sustainability Performance | 3.304 | .953 | 5.041 | 3.465 | .001 |
| | Mod1_Innovation x SP | .199 | .054 | 6.429 | 3.656 | .001 |
| | Mod2_Store Atmosphere x SP | .017 | .035 | .612 | .497 | .622 |
| | Mod3_Business Network x SP | .070 | .032 | 2,564 | 2.189 | .035 |
| | Mod4_Know How x SP | .046 | .053 | 1,529 | .874 | .388 |
| | Mod5_Product Quality x SP | .044 | .037 | 1.466 | 1.190 | .241 |

a. Dependent Variable: Business Performance
Source: SPSS 25 Processing Results (2021)

From the results of these calculations, equation 2 is obtained as follows:

Y = -66,864 + 4,731 (Innovation) + 0.409 (Store Atmosphere) + 1,908 (Business Network) + 1,104 (Know How) + 1,139 (Product Quality) + 3,304 (Sustainability Performance) + 0.119 (Innovation* Sustainability Performance) + 0.017 (Store Atmosphere* Sustainability Performance) + 0.070 (Business Network* Sustainability Performance) + 0.046 (Know How* Sustainability Performance) + 0.044 (Product Quality* Sustainability Performance) + e.

Based on Table 10. it is known that the variable *sustainability performance* (Z) is not a moderating variable and does not strengthen the effect of *Store atmosphere, know-how, and product quality* because it is not significant. Variable*sustainability performance* (Z) is a moderating variable on the effect of innovation and business network on business performance.

*Discussion*
*The effect of competitive advantage on business performance*

The results of this study are the significance value of the coefficients table obtained by the significance value of the variables which are the determinants of competitive advantage, namely *innovation, store atmosphere, business network, know-how, and product quality*. The results showed that 2 variables have a significant effect on business performance, namely innovation and business network where the significance value is less than 0.05. While other variables such as store atmosphere*, know-how,* and *product quality* inversely proportional where the three variables do not significantly affect business performance.

The results of this study indicate that business performance increases when the ownerCoffeenatics innovate both in terms of products, finance, marketing, and others. In addition to innovation, Coffeenatics owners should also pay attention to take advantage of good communication with the government, suppliers, other entrepreneurs, and customers. This indicates that respondents want products that are different from products offered by other coffee shops because the majority of respondents are millennials who usually have a curiosity about new things or who have innovations.

Meanwhile, improvements to the interior and exterior design, knowledge, and skills, as well as product quality, are not significant in improving business performance at Coffeenatics. This is because the customers who become respondents are students and employees on average. Students usually look for a gathering place to do assignments and work on campus that requires a good internet signal without thinking about whether the place has good coffee products or not. In addition to students, the second-largest respondent is employees where usually field employees are looking for a coffee shop for a stopover. This research is in line with research conducted by Arumsari & Marka (2018); Meutia (2013), who found the results of innovation research have an effect on competitive advantage in improving sales performance which will also have an impact on business performance.

*The effect of sustainability performance on business performance*

The results showed that judging from the coefficients table obtained a significance value of 0.000 <0.05 so it can be concluded that the sustainability performance variable (Z) affects the business performance variable (Y). The results of this study indicate that H0 is rejected, H1 is accepted. This means that there is a positive and significant influence between the sustainability performance variables on business performance. This shows that Coffeenatics' commitment to maintaining its economic activities and commitment to environmental and social concerns will be able to improve the company's business performance. The commitment that must be made is to pay for maintaining the environment and solving social problems. This research is in line with research conducted by previous research, namely research conducted by Rahmanti (2018), in which the sustainability performance variable has a positive and significant effect on company performance. But partially, what can significantly improve the company's performance is social sustainability.

*The influence of competitive advantage on business performance with sustainability performance as moderating variable*

The results of this study are the significance value of the coefficients table obtained by the significance value of the variables which are the determinants of competitive advantage, namely *innovation, store atmosphere, business network, know-how, and product quality* on business performance with variables *sustainability performance* as a moderating variable. The results of the study show that there are 2 variables whose influence on business performance is moderated by *sustainability performance* with significant results > 0.05, namely the variables of innovation and business network. This shows that *sustainability performance* strengthens the influence of innovation on business performance. This indicates ifCoffeenatics paying attention to the social and economic environment will be able to strengthen the influence of the company's innovation activities to improve the company's performance in competing with other similar companies.

In addition to strengthening the influence of innovation on business performance, *sustainability performance* can also significantly strengthen the influence of the business network on business performance. This means that if the company carries out activities that can improve the sustainability of its performance from an economic, environmental, and social perspective, it will strengthen the influence of the business network on business performance. While the variable *sustainability performance* cannot moderate the influence of store atmosphere*, business network, know-how,* and *product quality* on business performance. This indicates that the effect of *sustainability performance on* the three variables is not significant in improving business performance.

**Conclusion**

Based on the results of tests carried out partially, it can be concluded that the innovation variable (X1) and business network (X3) have a significant effect on the business performance variable (Y). This shows that Coffeenatics is increasingly making product innovations by carrying out activities to produce new products and artificial products, and categorizing products into several types of products with various sizes, colors, quality, or prices as well as utilizing new technology in product development. By doing this, it will improve its business performance and can

compete with other coffee businesses. The results also show that if the company maintains a good relationship with the government, suppliers, other entrepreneurs, and customers will be able to significantly affect business performance and will be able to compete with other coffee businesses well. While the variable *store atmosphere* (X2), *know-how* (X4), and *product quality* (X5) have no significant effect on business performance.

Based on the signature value from the coefficients table, it is obtained a significance value of 0.000 0.05 so it can be concluded that the sustainability performance variable (Z) has a significant effect on the business performance variable (Y). This shows that if Coffeenatics maintains the company's economic conditions, environmental and social conditions will have a significant effect on improving the business performance of the business.

Moderation results show that *sustainability performance* able to moderate/strengthen the influence of innovation and business network variables. On business performance. This shows that innovating products and making good relations with stakeholders, will improve business performanceCoffeenatics and business performance will be stronger if it is accompanied by maintaining economic, environmental, and social conditions. While the sustainability performance variable cannot moderate the influence of store atmosphere*, know-how,* and *product quality* on business performance.

Based on the conclusion of this study, the researcher advises Coffeenatics to innovate by utilizing existing technology because it can improve business performance in conducting competitive competition with competitors, establishing relationships with governments, suppliers, other entrepreneurs, and customers. able to improve business performance significantly or significantly and be able to maintain *Sustainability* Performance by committing to maintain the economy, environment, and society because it can strengthen the influence of innovation and business network on business performance.

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