

The Influence of Work Spirit, Innovation Ability, Leadership Style on Jepara Coffee Entrepreneur Performance

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Abstract

Objective: This study aims to examine the influence of work motivation, ability to innovate, and leadership style on entrepreneurial performance. This study focuses on entrepreneurs who are members of coffee associations in Jepara Regency to find out the factors that significantly affect their business performance.

Methodology/Approach: A quantitative research approach was used, with data collected through a questionnaire survey. The population consisted of 60 entrepreneurs who were members of the Jepara Coffee Association and were selected using a non-probability sampling technique, namely a saturated sample where the entire population was sampled. Data analysis was conducted using Partial Least Square (PLS) to evaluate the relationship between variables.

Results/Findings: The results showed that leadership style and work motivation have a positive and significant influence on entrepreneurial performance. However, the ability to innovate was not found to have a significant influence on the performance of entrepreneurs in the coffee shop sector. This suggests that motivation and leadership factors are more important drivers of performance in this context.

Limitations: This study is limited by the use of non-probability sampling and a relatively small sample size of 60 respondents, which may limit the generalizability of the findings. In addition, this study only focuses on coffee association entrepreneurs in Jepara, so its applicability is limited to other sectors or regions.

Contribution: This study contributes to the existing literature by providing empirical evidence on the key factors influencing entrepreneurial performance in Jepara coffee paguyuban, highlighting the role of leadership style and work motivation.

Novelty: The novelty of this study lies in its focus on coffee shop entrepreneurs in a specific regional context, where it was found that the ability to innovate does not play a significant role in improving performance, thus challenging the traditional view that innovation is always a key factor in entrepreneurial success.

Keywords: *Work Spirit, innovation ability, leadership style, business performance*

1. Introduction

The Covid-19 disaster that has hit since 2019 has caused the economy to decline dramatically. People who cannot continue to wait until this covid disaster improves or ends by just staying silent, because of this there are finally a lot of new Micro, Small and Medium Enterprises. Jepara Coffee Association as a group of Micro, Small and Medium Enterprises (MSMEs) in Jepara, has an important role in supporting the local economy through the development of coffee products. Coffee entrepreneurs are individuals or groups of people who run a business or business in the coffee sector, which includes various activities related to the production, processing, and marketing of coffee products. The problem faced by coffee entrepreneurs in Jepara is the low productivity and selling value of coffee, although areas such as Cemandak have great potential for export coffee development. Coffee production is still relatively small, only around 1,000 tons per year from a total land area of 2,000 hectares, and the selling price of coffee is still low, at IDR 22,000 per kilogram (Dian, 2022). Exacerbating this condition

is the suboptimal quality of coffee due to inappropriate harvesting practices, where coffee is often harvested before the beans are fully ripe. Overcoming this challenge requires improving the quality of coffee flavor, better harvest management, improved processing technology, and the establishment of farmer cooperatives to stabilize prices and facilitate communication and product development. Entrepreneurial performance plays an important role in the success of Small and Medium Enterprises (SMEs) entrepreneurs, as it is a key indicator in determining business competitiveness and sustainability in a competitive market. Therefore, improving entrepreneurial performance in SMEs is critical to maintaining this contribution and ensuring sustainable growth.

MSME actors must pay attention to their business performance in order to survive and excel in competition. Performance is the result of work both in quality and quantity achieved by the company in carrying out its business in accordance with the objectives that have been set. (Suindari & Juniariani, 2020). Good performance must support each employee, the company tries to direct its employees so that they can achieve the company's predetermined goals in accordance with its vision and mission. (Ekhsan et al., 2022). Morale is the main basis for someone entering an organization, in an effort to improve performance. Work enthusiasm is a psychological state of a person to work hard, fast and better in an organization (Basri & Rauf, 2021). Someone who has high morale has his own reasons for working will have the quality of perseverance in the face of difficulties to fight frustration. Sidik (2023) stated that work enthusiasm partially and significantly affects employee performance. Morale can increase if the desire for motivation and encouragement to work will be formed if someone has a desire or interest in doing their job. Someone who really wants to work, will work well even without supervision from their superiors and also they will work not because of feelings of fear but rather from within themselves to work higher will consider work as something fun not a miserable thing. (Basri & Rauf, 2021).

Innovation is an important factor in improving the performance of MSMEs (Komariah et al., 2022). Innovation cannot be separated from the entrepreneurial spirit that will be realized in the act of running a business. It is not easy for companies to improve business performance, without innovation (Nurdina & Aripriabowo, 2022). Entrepreneurs have the ability to innovate in various product designs, which also have the ability to increase the value of the products or goods they make. (Alfulailah & Soehari, 2020).. According to the study of Georgellis et al. (2000), entrepreneurs with innovation capacity and good planning tend to be more successful in growing their businesses and surviving in dynamic markets. Innovation enables SMEs to respond to changing consumer needs and competitive pressures, while careful planning prepares the business for business risks. As a growing sector, SMEs need to innovate and improve performance to remain relevant and competitive. Alfulailah & Soehari (2020) stated that innovation has a positive and significant effect on business performance, which means that with innovation both in terms of products and business processes, it will be able to improve business performance. On the contrary, Nurdina & Aripriabowo (2022) This is because the product innovation produced is easily imitated by competitors so that the innovation made by SMEs is not something special so that innovation has no effect on market share growth, sales growth, profit growth and asset growth.

Leadership style in entrepreneurship also plays a major role in driving SME performance. Leadership style is the style needed by leaders in socializing through their subordinates in order to advance work impulses (Fenny & Setyawan, 2024). The right leadership style will spur enthusiasm and motivate employees to work even harder, so as to improve employee performance (Agustin, 2020). Research by Bagheri (2017) shows that entrepreneurial leadership can increase innovative behavior and opportunity recognition in small and medium scale businesses. This helps SMEs to stay relevant and able to compete in a fast-moving industry. Thus, a leadership style that supports employee innovation and empowerment will have a positive impact on overall performance. Entrepreneurial leadership that is able to motivate and guide employees can also encourage innovative work behaviors, improving work-related psychological well-being (Wang & Kim, 2023). Fenny & Setyawan (2024) stated that leadership style has a significant effect on employee performance. This is in line with the results of other studies showing that entrepreneurial leadership has a positive influence on employee innovative behavior, which in turn improves business performance in the face of competitive market challenges

(Wang & Kim, 2023). On the contrary, Mardiani & Sepdiana (2021) that leadership style has no effect on performance.

This study aims to determine the extent to which morale affects business productivity and success, examine the impact of innovation capability in driving business growth, and assess how leadership style affects motivation, guidance and team management in coffee businesses. In addition, this study also aims to evaluate the simultaneous influence of these three factors on entrepreneurial performance, in order to provide insights that can be used to optimize management strategies and support the growth of coffee businesses in Jeparu.

2. Literature review and hypothesis/ess development

2.1. Resource Based View Theory

Resource Based View (RBV) theory is the company's wealth, both physical and non-physical, where to be able to achieve a sustainable competitive advantage, resources must have economic added value which has characteristics that are difficult to imitate and not easy to replace (Dasuki, 2021). RBV emphasizes strategic choices, optimizing human resources, managing, identifying, developing and using key resources to maximize firm value. RBV analyzes and interprets organizational resources to understand how the organization achieves sustainable competitive advantage (Aisyah et al., 2022). Resources that cannot be easily transferred or purchased, which require an extended learning curve or major changes in organizational climate and culture, are more likely to be unique to the organization and, therefore, more difficult for competitors to replicate.

2.2. Entrepreneurial Performance

Company performance in general is a measure of the success rate of small companies (Fatimah & Azlina, 2021). In a free sense, performance can be interpreted as an achievement of a work result that is in accordance with the standards that apply to each organization. Business performance is the company's ability at a certain time. MSME performance is the final result of MSME work that is achieved as a whole, taking into account the results of work, goals, and objectives that have been set (Azizah et al., 2023). Business activities are generally established with one of the objectives being to increase capital, increase assets, and others. This illustrates that these business activities are growing or developing. The level of performance of an organization is associated with its success in implementing the strategy (Maulatuzulfa & Rokhmania, 2022)..

2.3. Work Spirit

Work spirit plays an important role in influencing entrepreneurial performance, especially in improving productivity, innovation and business growth. Research shows that high work spirit can drive work engagement, which is positively associated with innovative behavior and business growth. J. Gorgievski et al. (2014) found that work engagement improves entrepreneurial performance through subjectively increasing innovative behavior and business growth. Other research by Abun et al. (2022) confirmed that entrepreneurial spirit and a positive work environment can significantly improve individual performance in organizations, where entrepreneurial mindset also plays a major role in improving individual performance. In addition, work spirit associated with motivation and leadership also positively contributes to job satisfaction and overall performance in an entrepreneurial context. Hamdan (2018) showed that leadership and motivation contribute significantly to job satisfaction, which in turn improves performance in self-employment. High work spirit can encourage innovation, increase job satisfaction, and ultimately improve entrepreneurial performance through various mechanisms such as work engagement and good leadership. Research on the effect of work spirit on entrepreneurial performance shows that work spirit, both in the form of work engagement and motivation, plays an important role in improving entrepreneurial performance. High work engagement has been shown to be positively associated with innovative behavior and business growth, while excessive workaholicism can reduce performance due to its negative effects on stress and work-life balance. (J. Gorgievski et al., 2014). In addition, entrepreneurial-spirited leadership and strong work motivation have also been found to increase employee job satisfaction, leading to an increase in overall

organizational performance (Hamdan, 2018). A work environment that supports employee innovation also contributes to achieving better performance, where leadership support and a conducive work environment play an important role in driving entrepreneurial innovation and productivity (S. Yang & Wu, 2021). In addition, entrepreneurial spirit, characterized by risk-taking courage and the drive to innovate, has also been shown to have a positive impact on business performance, especially in the context of SMEs in East Java, although it is also influenced by community cultural factors and entrepreneurial orientation (Koesmono, 2019). Thus, high work spirit and a supportive environment are critical in driving optimal entrepreneurial performance.

H1: Work spirit affects business performance.

2.4. Innovation Capability

Innovation capability is a key factor in driving business growth and success. Innovation by entrepreneurs has been shown to be positively associated with improved business performance. For example, innovation capabilities at the small and medium enterprise (SME) level contribute to improved business performance by facilitating the development of more innovative and efficient products (Yan, 2014). In addition, other studies highlight that successful innovation by entrepreneurs depends on their ability to plan ahead and take risks, leading to successful business development and faster growth (Georgellis et al., 2000). Innovation capability also acts as a mediator between entrepreneurial competence and firm competitive advantage. This means that the development of innovation by the organization is an important step to strengthen the relationship between entrepreneurial competence and firm competitiveness (Hwang et al., 2020). Furthermore, research shows that entrepreneurs with high innovation capabilities are better able to adapt to rapid environmental dynamics, and this is critical in maintaining superior business performance (Baron & Tang, 2011). Entrepreneurial innovation ability plays an important role in shaping business success and growth, especially in the face of a dynamic and competitive business environment. Research shows that entrepreneurs with high innovation capabilities tend to be more successful in responding to market changes and generating creative ideas that can be developed into new products or services. This innovation enables businesses to introduce more unique and competitive products, which in turn drives business growth and expands market share (Avlonitis & Salavou, 2007). In a study of SMEs in Malaysia, innovation by entrepreneurs had a significant impact on perceived business growth and performance relative to competitors, although the impact on direct financial performance may be more limited. (Falahat et al., 2018). Entrepreneurs' innovation capabilities can also strengthen the relationship between entrepreneurial orientation and firm performance. By innovating quickly and efficiently, firms can accelerate the development of new products that are better suited to market needs, ultimately improving overall business performance. This speed of innovation has been shown to be one of the important factors in optimizing the performance of entrepreneurial-oriented firms (Shan et al., 2016).

H2: Innovation capability affects entrepreneurial performance.

2.5. Leadership Style

Leadership style plays an important role in determining the success of an entrepreneur's business. One of the key findings is that transformational leadership is proven to be more effective in improving business performance than transactional or laissez-faire leadership styles. Transformational leadership style encourages greater innovation, proactivity and risk-taking, thus contributing to improved performance of small and medium-sized businesses (C. Yang, 2008). Leadership that encourages creativity and the ability to innovate within work teams can increase employee innovative behavior, which in turn drives better business performance (Bagheri et al., 2022). Leadership styles that support employee innovation and empowerment, such as transformational and authentic leadership, have a significant impact on improving entrepreneurial performance. These leadership styles help create an environment conducive to growth and innovation in entrepreneurial businesses. Leaders who possess entrepreneurial capabilities, such as creativity and opportunity capture prowess, are proven to enhance employees' innovative capabilities and encourage higher innovative behaviors in the organization. Research shows that entrepreneurial leadership not only improves organizational performance directly,

but also through mechanisms such as increased employee self-efficacy in terms of innovation (Newman et al., 2018).

H3: Leadership style affects entrepreneurial performance.

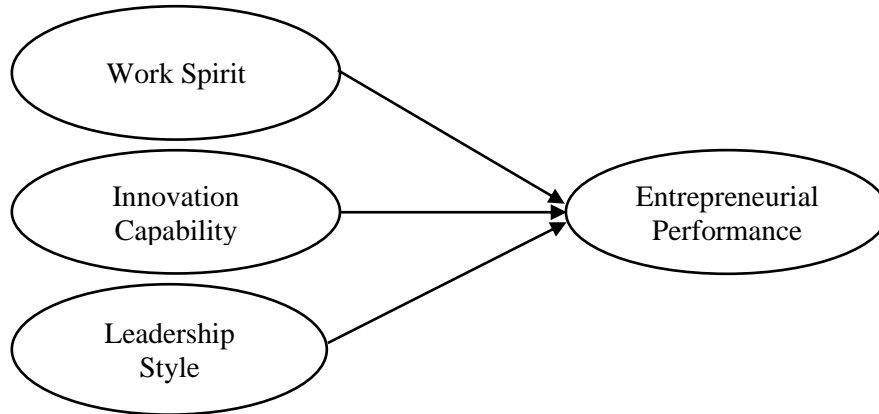


Image 1. Research Model

3. Methodology

This research uses quantitative data. The research population includes 60 entrepreneurs in the coffee association in Jepara. The sampling technique used *nonprobability* sampling, namely saturated samples where the entire population was sampled. Data collection was carried out using a structured questionnaire. Indicator measurement uses a Likert scale with a range of 1 (strongly disagree) to 5 (strongly agree). Due to the small sample size, the data were analyzed using PLS-SEM with SmartPLS software. PLS-SEM was chosen because it has advantages over covariance-based modeling and is able to produce robust results for small sample sizes (Abdillah & Hartono, 2015).

Work enthusiasm is measured through indicators of enthusiasm, strength to fight frustration, quality to endure, group spirit (Pratama & Wardani, 2018). Innovation capability is measured through indicators of product innovation capability, process innovation capability (Wiyono, 2020). Leadership style is measured through indicators of decision-making ability, motivating ability, communication ability (Hermawan et al., 2020). business performance is measured through indicators of this variable indicator, namely profitability, productivity, income (Sebikari, 2019)

4. Results and discussion

4.1. Respondent Characteristics

Of the 60 respondents who have been distributed, information related to coffee owners in Jepara is obtained, 88.52% are male and 11.48% are female, the length of time the business has been established is mostly 5 years by 83.61% and the other 10 years by 16.39%. Then the last education is mostly high school 49.18%, college 39.34%, junior high school 9.84%, elementary school 1.64%.

4.2. Outer Loading

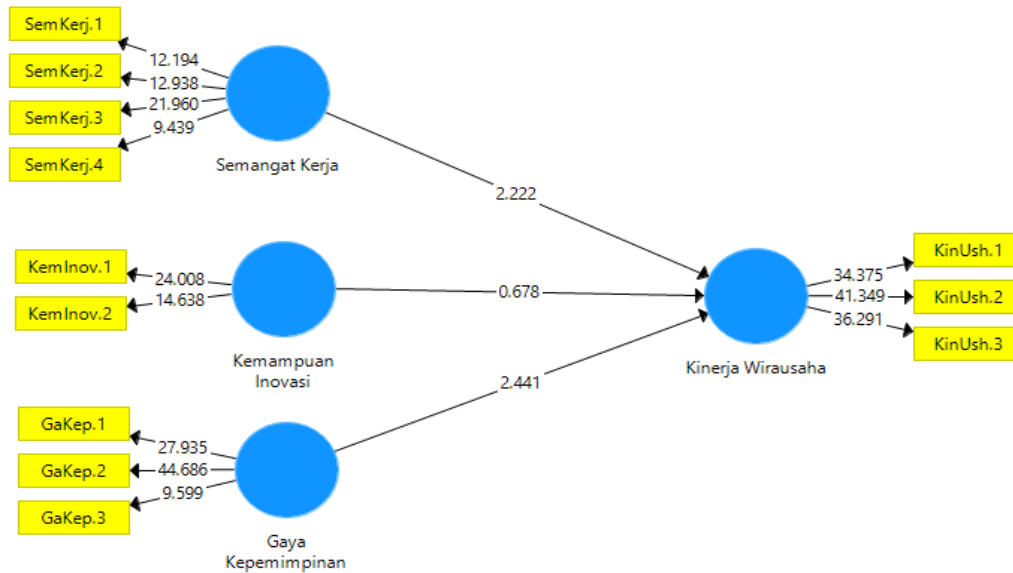


Image 2. Outer Model
Source: Primary Analysis Data (2024)

The outer model shows how manifest and observed variables represent latent variables to be measured. In this model analysis specifies the relationship between latent variables and their indicators.

4.3. Validity Test Analysis

Table 1. Convergent Validity Analysis Results

Question Item	leadership style	innovation capability	business performance	work spirit
GaKep1	0.905			
GaKep2	0.944			
GaKep3	0.824			
KemInov1		0.895		
KemInov2		0.841		
KinWira1			0.928	
KinWira2			0.937	
KinWira3			0.941	
SemKe1				0.807
SemKe2				0.808
SemKe3				0.888
SemKe4				0.783

Source: Primary Analysis Data (2024)

The findings in Table 1, show that the 4 variables used in this study such as business performance, work enthusiasm, innovation ability, leadership style in each question representing each

variable has a loading factor value > 0.7, so it can be stated that the questions representing each variable are eligible for research.

Table 2. Average Variance Extruted (AVE) Analysis Results

Variables	Average Variance Extracted (AVE)
Leadership style	0.796
Innovation capability	0.754
Entrepreneurial performance	0.875
Work ethic	0.677

Source: Primary Analysis Data (2024)

Based on the presentation of Table 2, it can be seen that the AVE value of the entrepreneurial performance variable is > 0.5 or 0.875, for the work enthusiasm variable value > 0.5 or 0.677, for the innovation ability variable value > 0.5 or 0.754, for the leadership style variable value > 0.5 or 0.796. This shows that each variable has good *discriminant validity*.

Table 3. Results of Cross Loading Analysis

Question Item	Leadership Style	Innovation Capability	Business Performance	Work Spirit
GaKep1	0.905	0.700	0.660	0.767
GaKep2	0.944	0.576	0.667	0.700
GaKep3	0.824	0.557	0.422	0.561
KemInov1	0.658	0.895	0.578	0.756
KemInov2	0.525	0.841	0.477	0.603
KinWira1	0.699	0.589	0.928	0.629
KinWira2	0.639	0.513	0.937	0.653
KinWira3	0.543	0.615	0.941	0.663
SemKe1	0.603	0.745	0.585	0.807
SemKe2	0.627	0.700	0.556	0.808
SemKe3	0.732	0.646	0.603	0.888
SemKe4	0.558	0.494	0.532	0.783

Source: Primary Analysis Data (2024)

The results that have been obtained in Table 3, show that the value of each question item both entrepreneurial performance, work enthusiasm, innovation ability, leadership style produces a cross loading value > large in comparing between variables on the questions used to represent them.

4.4. Reliability Test Analysis

Table 4. Composite Reliability Analysis Results

Variables	Composite Reliability
Leadership style	0.921
Innovation capability	0.860
Entrepreneurial performance	0.954
Work ethic	0.893

Source: Primary Analysis Data (2024)

The Composite Reliability value generated on each business performance variable, work enthusiasm, innovation ability, leadership style > 0.7 where the Composite Reliability value of the entrepreneurial performance variable > 0.7, namely 0.921, work enthusiasm > 0.7, namely 0.893, innovation ability > 0.7, namely 0.860, leadership style > 0.7, namely 0.921. Judging from the Composite Reliability value on each variable which is > 0.7, it shows that the four variables are reliable.

Table 5. Cronbach's Alpha

Variables	Cronbach's Alpha
Leadership style	0.874
Innovation capability	0.677
Entrepreneurial performance	0.928
Work ethic	0.840

Source: Primary Analysis Data (2024)

Based on Table 5, the results of the Cronbach's Alpha variable entrepreneurial performance, work enthusiasm, leadership style > 0.7 indicate that each of these variables has met the *Cronbach's Alpha* value requirements. Meanwhile, the ability to innovate < 0.7, which is 0.677, this result shows that the variable does not meet the requirements of the *Cronbach's Alpha* value.

4.5. Model Goodness of Fit Analysis

Table 6. R Square Results

Model	R Square	R Square Adjusted
entrepreneurial performance	0.532	0.507

Source: Primary Analysis Data (2024)

Based on the data in Table 6, it is known that the influence of work enthusiasm variables, innovation ability, leadership style on entrepreneurial performance is 0.532 or 53.2%. And the remaining 0.468 or 46.8% is still influenced by other factors.

4.6. Hypothesis Test Analysis

Table 7. Results of Direct Effect Testing (Path Coefficients)

Model	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Work spirit -> self-employment	0.365	0.372	0.164	2.222	0.027
Innovation capability -> entrepreneurial performance	0.103	0.104	0.152	0.678	0.498
Leadership style -> entrepreneurial performance	0.322	0.324	0.132	2.441	0.015

Source: Primary Analysis Data (2024)

Based on Table 7, partially on the work enthusiasm variable on entrepreneurial performance with t statistics 2.222 > t table 2.000 or *p value* 0.027 < 0.05, the work enthusiasm variable has a positive and significant effect on entrepreneurial performance. In the innovation ability variable on entrepreneurial performance with t statistics 0.678 < t table 2.00 and *p value* 0.498 > 0.05, the innovation ability variable has no effect on entrepreneurial performance. In the leadership style variable on entrepreneurial performance with t statistics 2.441 > t table 2.00 and *p value* 0.015 < 0.05, the leadership style variable has a positive and significant effect on entrepreneurial performance.

4.7. The Effect of Work spirit on Business Performance

The results showed that work spirit has a positive and significant influence on entrepreneurial performance among coffee entrepreneurs in Jepara Regency. This finding illustrates that the higher the work spirit possessed by entrepreneurs and their employees, the better the business performance achieved. High work spirit is usually characterized by motivation, commitment and dedication in carrying out business activities, which will ultimately have an impact on productivity, service quality and the ability to achieve business targets. In the context of coffee entrepreneurs, work spirit can encourage innovation in products, improved service to customers, and operational efficiency. It can also create a more conducive working atmosphere, so that each individual in the team is more encouraged to give his or her best contribution, which in turn will increase competitiveness and business success in the market.

In addition, high work spirit can enhance the entrepreneur's ability to deal with challenges and changes that occur in the coffee industry. When entrepreneurs and their teams have strong enthusiasm in running a business, they tend to be more adaptable to changes in market trends, consumer demands, or new technologies. This will allow them to remain competitive, even in dynamic and uncertain market conditions. In the case of coffee entrepreneurs in Jepara Regency, high work spirit may have encouraged them to continuously improve their products, maintain the quality of the coffee produced, and provide better service to customers, resulting in significantly improved business performance. Work spirit can also create a more positive and productive work environment. When business owners and employees share the same passion, the work atmosphere becomes more harmonious, collaborative, and focused on achieving common goals. This positive work environment contributes to improved overall team performance, as each member feels valued and supported in his or her work. For coffee entrepreneurs in Jepara, this means they can rely on a solid and motivated team to run business operations effectively, which will ultimately lead to improved performance and sustainable business growth.

Analysis of previous research shows that work motivation has a significant relationship with entrepreneurial performance. Several studies support the conclusion that strong motivation can lead to improved entrepreneurial performance. Fodor & Pinteá (2017) found that the positive effect on entrepreneurial performance is related to positive emotions at work, where the higher the positive affect, the better the entrepreneurial performance. In addition, another study mentioned that motivation acts as a key determinant in starting a business and influences the long-term success of entrepreneurs, especially in aspects such as business sustainability and growth. (Chedli, 2016). Gatewood et al. (2002) also found that positive feedback on entrepreneurial ability can increase expectations of higher performance in the future, although it does not directly affect job quality. Overall, work motivation, both from internal factors such as positive emotions and external factors such as feedback, exerts a significant influence on entrepreneurial performance.

4.8. The Effect of Innovation Ability on Business Performance

The results show that innovation capability does not have a significant influence on entrepreneurial performance among coffee entrepreneurs in Jepara Regency. Although innovation is often considered a key factor in improving business competitiveness and growth, in this case, the coffee entrepreneurs' innovation capability did not directly contribute to their improved performance. This could be due to several factors, such as local markets that may be less sensitive to innovation, or entrepreneurs' greater focus on business stability and sustainability rather than product or service innovation. In addition, limited resources, knowledge, or access to innovative technologies may also hinder the influence of innovation on performance. In the context of coffee businesses in Jepara, entrepreneurial success may depend more on other factors such as leadership, operational management, or marketing networks, rather than innovation capability itself.

In addition, the absence of a significant effect between innovation capability and entrepreneurial performance in this study may also indicate that innovations made by coffee

entrepreneurs in Jepara may not be optimal or focused on the right aspects. Innovations that are not in line with market needs or that do not support efficient production and distribution processes may lead to suboptimal results. For example, if innovations are only focused on the product without considering local consumer tastes or cost efficiency, they will not have a positive impact on business performance. Thus, it is important for entrepreneurs to ensure that the innovations implemented are relevant to market dynamics and can actually increase productivity or product attractiveness in the eyes of consumers.

Previous research shows that innovation does not always have a significant impact on business performance, especially in certain sectors. Taleb et al. (2023) found that although innovation ability mediates the relationship between entrepreneurial resources and microenterprise performance, its effect varies depending on the business context and available resources. This suggests that innovation alone may not be enough if not supported by adequate resources. In addition, Hwang et al. (2020) showed that innovation competence at the organizational level does not always have a direct impact on competitive advantage in the absence of mediating variables that strengthen the relationship. This supports the finding that innovations made by coffee entrepreneurs in Jepara Regency may not have been effective in improving their entrepreneurial performance. Other studies have also shown that although entrepreneurial orientation and innovation capability are positively related to business performance, there are situations where innovation has no significant effect. For example, the study of Avlonitis & Salavou (2007) by highlighting that under certain conditions, firms with a strong entrepreneurial orientation but without unique innovation can still survive and perform well.

4.9. The Effect of Leadership Style on Business Performance

The results of the study which show that leadership style has a positive and significant effect on entrepreneurial performance in coffee entrepreneurs in Jepara Regency reflect the importance of the leader's role in advancing the business. An effective leadership style can motivate and direct employees to achieve common goals, create a productive work environment, and increase innovation and competitiveness. In the context of coffee entrepreneurship, leaders who apply transformational leadership styles, for example, can inspire employees to work better, take initiative in product development, and adapt to market changes. This contributes to increased productivity and business growth. In addition, leadership that supports openness and effective communication encourages active participation from the entire team, which ultimately leads to improved overall business performance. These results confirm that good leadership not only provides direction, but also creates synergy between leaders and employees in achieving the success of coffee entrepreneurship in Jepara.

Previous research shows that leadership style has a significant effect on employee performance (Fenny & Setyawan, 2024). This is in line with the results of other studies which show that entrepreneurial leadership has a positive influence on employee innovative behavior, which in turn improves business performance in the face of competitive market challenges. (Wang & Kim, 2023). Another study by Paudel (2020) showed that transformational leadership style is more effective in improving entrepreneurial orientation and business performance, compared to transactional leadership style. These studies support the finding that a good leadership style can significantly improve entrepreneurial performance, including in the context of coffee entrepreneurs in Jepara Regency.

5. Conclusion

5.1. Conclusion

Based on the results of research conducted on coffee entrepreneurs in Jepara Regency, it was found that leadership style and work enthusiasm have an influence on entrepreneurial performance. This shows that entrepreneurs who apply an effective leadership style, as well as have high work spirit, are able to achieve better business performance. Good leadership is able to direct and motivate teams to achieve business goals, while strong work spirit encourages entrepreneurs to continue to innovate and work more productively. However, this study also found that innovation ability does not have a significant influence on entrepreneurial performance. Although innovation is often considered an important element in business development, in the context of this study, innovation capability did not contribute significantly to improving the performance of coffee entrepreneurs in Jepara. In conclusion,

leadership and work spirit factors are more dominant in determining entrepreneurial performance than innovation capability.

5.2. Limitations

Although this study provides significant findings regarding the influence of leadership style and work spirit on entrepreneurial performance, there are several limitations that need to be considered. First, this study used a non-probability sampling method, which means that the sample was not randomly selected. This may affect the representativeness of the sample to the coffee association population in Jepara Regency as a whole, so the results of the study may not be generalizable to a wider population.

Second, the sample size used in this study is relatively small, at only 60 respondents. The limited sample size may limit the statistical power and accuracy of the research results, so the results may not adequately represent the entire population of coffee entrepreneurs in the region. Further research with a larger sample size may be needed to strengthen these findings.

Third, this study used a quantitative approach with a questionnaire survey, which tends to provide a limited view of the variables studied. The questionnaire may not be able to delve deeply into other factors that influence entrepreneurial performance, such as the qualitative aspects of leadership style or the social dynamics within the organization. Further research using qualitative approaches, such as interviews or case studies, could provide a more comprehensive understanding of the relationship between the variables.

Finally, this study only focuses on coffee association entrepreneurs in one region, namely Jepara Regency. This geographical limitation may make the results of the study difficult to apply to other sectors or regions with different characteristics, both in social, cultural, and economic aspects. Therefore, it is necessary to conduct additional research in various regions or other business sectors to obtain a broader picture and stronger generalization.

5.3. Suggestion

Based on the results of the study which show that leadership style has a positive and significant influence on entrepreneurial performance, coffee shop entrepreneurs in Jepara Regency are advised to focus more on developing an effective leadership style. They can attend leadership training or learn from experienced business mentors to be able to better motivate the team and direct the business in a more productive direction.

Then also strengthen work spirit. Coffee entrepreneurs should also strengthen work spirit in running their business. One way this can be done is by creating a positive work environment, providing appropriate incentives for employees, and setting clear goals to achieve optimal performance. Keeping work spirit high will have a significant impact on improving productivity and overall business performance.

In addition, coffee entrepreneurs are also advised to develop measurable innovations. Although the research shows that innovation capability does not have a significant influence on entrepreneurial performance in this context, entrepreneurs are still advised not to abandon innovation completely. Innovation can still be beneficial if done in a measured manner and in accordance with market needs. Entrepreneurs can adopt relevant innovations, such as product diversification or service improvement, to remain competitive in an evolving market.

While suggestions for future research, to increase external validity, future research can involve more respondents and expand the research area. By involving more entrepreneurs in various regions, the research results can be more representative and relevant to understanding the factors that influence entrepreneurial performance in a more diverse context, both geographically and in the business sector.

Future research could add mediating or moderating variables to test the relationship between the variables. For example, adding variables such as job satisfaction as mediation or economic conditions as moderation may help further explain how and under what conditions leadership style or work spirit impact entrepreneurial performance. With these suggestions, future research is expected to

produce richer findings and can be applied more broadly to improve entrepreneurial performance in various sectors.

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