

## **ABSTRACT**

*The rapid growth of coffee shops in Semarang has intensified business competition, requiring business owners to improve their performance through effective operational management strategies. However, there is still a gap between the implementation of quality management and supply chain integration and the achievement of optimal business performance. Therefore, this study aims to analyze the effect of Total Quality Management (TQM) and Supply Chain Integration (SCI) on business performance with operational performance as an intervening variable.*

*This study employs a quantitative approach using primary data collected through questionnaires distributed to 112 coffee shop owners and managers in Semarang using a purposive sampling technique. Data were analyzed using the Structural Equation Modeling (SEM) method. This research also adopts the Resource-Based View Theory as the theoretical foundation, which explains that effective management of internal resources can enhance a company's competitive advantage.*

*The results show that TQM and SCI have a positive and significant effect on both operational performance and business performance. Furthermore, operational performance is proven to mediate the relationship between TQM and SCI on business performance. These findings indicate that improving operational quality and supply chain integration can enhance operational efficiency and support sustainable business performance. Thus, the implementation of TQM and SCI becomes an important strategy for coffee shops to improve competitiveness and business sustainability.*

**Keywords** : *Total Quality Management, Supply Chain Integration, Operational Performance, Business Performance, Coffee Shop*

