

ABSTRACT

The rapid growth of the coffee shop industry in Semarang requires each coffee shop to improve both its operational performance and business performance. This study aims to analyze the impact of Total Quality Management (TQM) and Supply Chain Integration (SCI) on business performance, with operational performance serving as a mediating variable. The research adopts a quantitative approach, involving 113 respondents, including managers or owners of coffee shops in Semarang that have been operating for at least two years. Data was collected through questionnaires and analyzed using Structural Equation Modeling (SEM) with the assistance of SEM AMOS software.

The results of the study indicate that TQM has a positive and significant effect on both operational performance and business performance. Similarly, SCI also shows a positive and significant impact on operational performance and business performance. Operational performance plays a significant mediating role in the relationship between TQM and SCI with business performance. The implications of this study suggest that the proper implementation of TQM and SCI can enhance operational efficiency, which in turn contributes to improved business performance in coffee shops in Semarang.

Keywords: Total Quality Management, Supply Chain Integration, Operational Performance, Business Performance, Structural Equation Modeling (SEM).