

CHAPTER 1

INTRODUCTION

1.1 Research Background

The coffee shop business sector is now experiencing a booming trend in the world. Coffee drinking that was once considered a casual phenomenon has now become a constituent of the urban routine, a status symbol of social identity, a way of cultural engagement, and even an embodiment of personal values (International Coffee Organization, 2023). The trend is especially evident within the specialty and independent coffee establishment area, which is still attracting consumers through the unique quality of products offered and experiential value. The global coffee shop business is also increasing in terms of market worth that is advantageous to business. Based on the rising demand of coffee shop services, the coffee shop market, worldwide, was projected to amount to about USD 220 billion in 2024 and is projected to increase to about USD 290 billion by 2032 (Stellar Market Research, 2025).

The same phenomenon is also taking place in Indonesia. The fast increase in coffee shops is one of the indicators pointing to the transformation of coffee usage to an urban culture of life and forms of social interaction within the Indonesian society. The historical role of the coffee shops has been made an interactive social space where people can meet, work, and communicate, especially among young urban dwellers (Dhisasmito & Kumar, 2020). Due to the increased popularity of drinking coffee, new coffee shop enterprises have been created in many cities across Indonesia. The growing use of coffee, especially in the cities where coffee culture is transcending, has continued to grow throughout the years and has aided the constant growth of coffee shops in Indonesia according to many studies (Pane et al., 2025). Even though the COVID-19 pandemic has affected the coffee shop industry, it has been incredibly adaptable and resilient with the use of service innovations, including online ordering systems and service models of grab-

and-go to offer service. This has helped the industry to recuperate comparatively fast.

However, the coffee establishment business is setting in an upward trend of competition, which correlates with its superior growth. The current business environment has seen many market entrants with high expectations, but many have gone out of business over the shortest time possible due to absence of innovation, minimal differentiation and absence of long-term strategy (Ismoyo et al., 2025). This condition indicates that the growth of the coffee shop sector should be supported by systematic, creative, and sustainable business strategies, rather than merely following temporary market trends.

The cost efficiency is no longer the sole determinant of competitive advantage as the paradigm of global business transforms, but the ability to integrate sustainability in strategic value creation is increasingly identifying the competitive advantage of a company. Environmentally responsible practices have emerged as a very crucial strategic process in the hospitality and culinary service industries to improve the operational efficiency, strengthen the corporate image, and form long-term competitive advantages (Kusa et al., 2023; Misik & Nagy, 2025). Examples of sustainable activities in hospitality operations related to both organizational performance and environmental protection include energy and water efficiency and waste management, environmentally responsible use of resources to enhance the performance of the organization and to protect the environment. Despite these growing importance of sustainability in the industry, adoption of green practices by the small and medium-sized enterprises (SMEs) which include coffee shops is, surprisingly, quite limited. Structural barriers that most SMEs face such as lack of environmental knowledge, finances, and organizational capabilities thwart the successful application of sustainability initiatives (Hossain et al., 2025; Putri et al., 2025). These issues indicate that even with the strategic benefits of green practices, the process of implementing the same practices by small hospitality firms requires more managerial awareness, organizational preparedness, and resource development.

The coffee shop industry is one of the fields where the green practices are a series of operational regulations and procedures that are systematically arranged to minimize the environmental performance of business activities. Such measures bring into consideration the whole process in the business operation such as the acquisition of raw materials, manufacturing and delivery of beverages and disposal of used material. Green practices include energy and water efficiency, waste reduction and recycling, organic waste management, such as coffee grounds, use of raw materials, which are sustainable and reduction of hazardous chemicals and education and transparency to consumers and employees about the sustainable commitment of the business (Yariş & Yazıcıoğlu, 2022; Huang et al., 2025).

The body of literature on hospitality makes mention of the need to approach the concept of green practices as an integrated set of cross-operational practices, and not as a symbolic gesture. This approach will show that the sustainability of the operations of a coffee shop is established based on the extent, to which the business system, in its entirety, is correlated with the range of environmentally friendly practices. This integration leads to effectiveness in resource utilization, less environmental hazards, and strategy to the company. The readiness and perception of owners or managers as key decision makers are also closely related to the implementation of environmentally friendly practices in the context of SMEs. This is because the resource constraint often necessitates a measured and strategic choice that may be taken towards embracing green practices.

Table 1.1 Number of Cafés in Sukabumi City, 2020–2024

Year	Number of Cafés	Growth (%)
2020	66	-
2021	100	51.52%
2022	116	16%
2023	42	-63.79%
2024	165	292.86%

Source: Department of Youth, Sports, and Tourism of Sukabumi City, 2025, as cited in Pratama and Munawar (2025).

The dynamic growth of Cafés and coffee shops can also be seen in several urban areas in Indonesia. One example is Kota Sukabumi, where the number of cafés experienced significant changes during the 2020–2024 period. Based on data from the Department of Youth, Sports, and Tourism of Sukabumi City, as reported by Pratama and Munawar (2025), the number of cafés in Sukabumi increased from 66 units in 2020 to 100 units in 2021, and further increased to 116 units in 2022. However, the number decreased sharply to 42 units in 2023 before rising significantly to 165 units in 2024. This pattern shows that the café industry is not only growing, but also experiencing fluctuating business dynamics.

The fluctuation in the number of cafés indicates that the coffee shop industry faces intense competition and business sustainability challenges. Although the market shows strong growth potential, the decline in 2023 suggests that not all cafés businesses are able to survive in a competitive environment. Therefore, cafés and coffee shop owners or managers need to develop strategic capabilities that go beyond product quality and price competition. One strategic approach that can strengthen business differentiation and long-term sustainability is the adoption of green practices.

In the context of coffee shop businesses, green practices can be implemented through waste reduction, coffee grounds management, energy and water efficiency, the use of environmentally friendly packaging, and more responsible resource utilization. These practices are relevant because the increasing number of cafés and coffee shops may also lead to higher consumption of electricity, water, packaging materials, and raw materials. Therefore, the intention of owners or managers to adopt green practices becomes an important issue, especially because they play a central role in determining operational policies and innovation adoption in small and medium-sized coffee shop businesses.

The case of Sukabumi also supports the argument that the growth of coffee shop businesses in urban areas must be accompanied by adaptive and sustainable business strategies. As Pratama and Munawar (2025) explain, the increasing

number of cafés creates tighter competition in the coffee shop industry. In this study, green practices are positioned as a form of organizational innovation that can help coffee shops improve efficiency, strengthen business image, and respond to environmental concerns. Therefore, understanding the role of Perceived Innovation Characteristics, Attitude, and Perceived Behavioral Control is important in explaining the intention of coffee shop owners or managers to adopt green practices.

In the context of Padang City, coffee shops have also become part of the growing urban lifestyle and culinary business environment. Riswanto et al. (2024) explain that coffee shops have become increasingly popular in urban areas, including Padang City, as consumers seek convenient and cozy spaces to enjoy coffee beverages. However, the coffee shop industry in Padang is also highly competitive because new entrants continue to emerge and customer preferences keep changing. This condition requires coffee shop owners to strategically plan and manage their businesses in order to survive and develop in a dynamic market environment.

Furthermore, the coffee shop scene in Padang City is characterized by diverse business concepts, including traditional Indonesian coffee, specialty coffee, entertain coffee, co-working coffee, and creative coffee-based beverages. These coffee shops serve different customer segments, ranging from coffee connoisseurs to casual coffee drinkers, with varying preferences for taste, ambiance, and pricing ((Riswanto et al., 2024)). This indicates that Padang City is not only relevant as a location for studying coffee shop businesses, but also as a context where coffee-focused differentiation and business sustainability become increasingly important.

In this study, coffee-centric coffee shops refer to coffee shop businesses that place coffee as the main value proposition of their operations, whether through coffee product quality, coffee-based menu innovation, brewing experience, or customer experience related to coffee consumption. The existence of specialty coffee, traditional Indonesian coffee, and creative coffee-based beverages in

Padang supports the relevance of examining coffee-centric coffee shops in this study.

Therefore, Padang City provides an appropriate context for analyzing how coffee shop owners or managers intend to adopt green practices as part of sustainable business innovation. Although the growth of coffee shops may provide economic opportunities for local businesses, their daily operations also involve the use of electricity, water, raw materials, packaging, and other disposable materials. Restaurant and food service operations are known to contribute to waste generation, resource consumption, and energy use, making sustainable business practices increasingly important in this sector (Yarış & Yazıcıoğlu, 2022; Huang et al., 2025). For this reason, green practices such as waste reduction, coffee grounds management, energy and water efficiency, and the use of environmentally friendly packaging are important to be considered by coffee shop owners or managers in Padang City.

In this regard, the adoption of green practices becomes an important strategy for coffee shop businesses to reduce their environmental footprint while strengthening business competitiveness. Green practices may include environmentally friendly packaging, coffee waste management, energy and water efficiency, and the use of more sustainable raw materials. Besides supporting environmental protection, these practices can also enhance business reputation, strengthen market differentiation, and create added value for consumers who are increasingly concerned about sustainability (Yarış & Yazıcıoğlu, 2022); (Huang et al., 2025).

The urgency of this research lies in the need to understand green-practice adoption not merely as an environmental responsibility, but as a strategic innovation decision for coffee shop businesses facing increasing competition and operational pressure. Green practices require changes in how coffee shops manage resources, waste, packaging, equipment, and daily operating procedures; therefore, their adoption may involve financial considerations, operational adjustments, and

managerial commitment. For independent coffee shops, where strategic decisions are often concentrated among owners or managers, the decision to adopt or reject such practices can directly influence the business's ability to improve operational efficiency, differentiate its market position, and develop long-term sustainability. However, the presence of potential benefits does not automatically explain why some coffee shops intend to adopt green practices while others may not. Understanding how decision-makers evaluate green practices as an innovation, and how these evaluations relate to their intention to adopt them, is therefore important for identifying the strategic factors that can encourage more meaningful adoption in coffee shops in Padang City.

Although empirical data from Sukabumi City show a fluctuating pattern in the number of cafés, this phenomenon is still relevant for understanding the broader dynamics of coffee shop businesses in Indonesian urban areas (Pratama & Munawar, 2025). In the context of Padang City, the issue is not only related to business growth, but also to how coffee shop owners or managers respond to competition and sustainability challenges through the adoption of green practices. Therefore, this study focuses on Padang City to examine the intention of coffee shop owners or managers to adopt green practices by integrating the Diffusion of Innovation Theory and the Theory of Planned Behavior.

In the hospitality industry, the significance of strategic practices and innovation to enhance the sustainability and competitiveness of hospitality organizations has already been proved (Latip & Sharkawi, 2021; Yarış & Yazıcıoğlu, 2022). Adaptation of new practices, including green practices can lead to more efficient operations and creation of competitive advantages. However, most of the earlier studies have focused on the consumer attitudes or broad trends, so that they do not offer an elaborate outline of why some of the businesses fail to sustain their activities even in where there is an ideal market environment. SME owners or managers have perceptions and capabilities as key decision-makers which are highly correlated with the introduction of innovation (Khan et al., 2023; Latip & Sharkawi, 2021).

This research focuses on examining the intention of coffee shop owners or managers in Padang City to adopt green practices as a strategic response to competition and sustainability challenges. By focusing on owners and managers as key decision makers, this study seeks to explain how green practices can be considered as a form of organizational innovation that supports environmental responsibility, operational efficiency, and long-term business sustainability. Therefore, this study integrates the Diffusion of Innovation Theory and the Theory of Planned Behavior to explain the role of Perceived Innovation Characteristics, Attitude, and Perceived Behavioral Control in shaping the intention to adopt green practices.

The adoption and practice of environmentally friendly practices within studies are still focused on the consumers, travelers, or users of technologies as the research subjects, as it is reflected by the previous studies. Some studies, in turn, include business actors or organizational decision-makers in the context of SMEs and tourism sector, who are the ones who decide whether or not to adopt innovation or sustainable practices (Durman & Nadlifatin, 2024; Khan et al., 2023; Latip & Sharkawi, 2021). This has been the case with such studies that involve the owners or the managers. Nevertheless, overall, the body of studies, which explicitly study owners or managers as the target of study, remains rather small.

Rather, the earlier studies have focused on the consumer/user perspective as a source of innovation adoption explanation and intention to use (Singh et al., 2024; Sujood et al., 2022). The same can be attributed to other researches done within the sphere of technology and services in which users are considered as the priority rather than business actors as decision makers (Sevim et al., 2024; Kim et al., 2021; Kim et al., 2020). The research orientation is even more common among user behavior in the context of digital marketing than in the managerial perspective (Farajnezhad et al., 2021).

This situation implies research gap, especially in terms of the application of environmentally responsible practices in small-scale businesses, including coffee

shops. In practice, the primary determinant in the decision-making is that of the owner or manager perceptions, attitudes and willingness to initiate sustainable practices and innovation within small business. It, therefore, becomes imperative to carry out a study that specifically invites coffee shop owners or managers as the population of study in an attempt to have a more spurring insight into the factors that affect the intention to adopt green practice with a managerial and a company stance. Thus, to understand this process of decision making one has to apply a theoretical model that can justify the development of managerial perception and judgment along with adoption of innovation thereafter.

To achieve a better understanding of the integration of green practices, an appropriate theoretical background able to legitimize managerial actions and choices is necessary. One relevant approach Rogers (2003) developed was the Diffusion of Innovation Theory. According to this theory, the adoption of innovation by organizations is significantly influenced by how business actors perceive characteristics of innovation such as its relative advantage, value compatibility, complexity and trialability (Chou et al., 2012; Latip & Sharkawi, 2021). If these characteristics are rated positively, the likelihood that innovation will be adopted will be heightened. In addition, the Theory of Planned Behavior is an important framework for explaining the intention to carry out a behavior. In the context of green practices, the intention of owner or managers to adopt green innovations is determined not only by their attitude toward these practices but also their perceived behavioral control, that is, an organization's ability to implement them (Latip & Sharkawi, 2021)

The theoretical framework of Diffusion of Innovation conceptualizes that the adoption behavior of innovation characteristics is informed by business players' perceptions hence the selection of the Perceived Innovation Characteristics (PIC) variables in this study. Dimensions (relative advantage, compatibility, complexity and trialability) significantly predict managerial attitudes and intentions. In this sense, this study not only elucidates the development of perceptions, but also clarifies how those perceptions can be a driver for intentions to adopt these variables

in the model along with Attitude and Perceived Behavioral Control (PBC) and explains why they are likely to drive adoption intentions. In the literature of sustainable innovation adoption, the combination of DOI and TPB has been found to demonstrate a more predictive power which is identified specially referring to service sectors and SMEs (Durman & Nadlifatin, 2024; Latip & Sharkawi, 2021). This is especially true in the context of coffee shops in Indonesia, where ownership or management often make informed decisions about whether to implement practices that are environmentally friendly considering the strengths, risks and readiness of implementation.

The adoption of environmentally responsible practices is significantly influenced by PIC, as demonstrated by many different types of studies on the relationship between attitude formation and perception innovation characteristics. Additionally, it has been demonstrated that this intention is influenced by Perceived Behavioral Control (PBC). The relationship is further validated by the high level of significance for both the perceived innovation and control perceptions as influencing intentions to adopt new environmentally friendly practices across contexts, whether in the restaurant sector or for MSME (Yarış & Yazıcıoğlu, 2020; Latip & Sharkawi, 2021; Huang et al., 2025). Nevertheless, there is a lack of research that has been conducted specifically on this subject in Indonesian coffee shops, particularly those that emphasis the primary subjects of the research the owners or managers. The Strategic Decision Makers have become the most influential strategic decision-makers in the operation of their business as a result of all of this.

Despite both the rising importance of green practices for hospitality SMEs and a growing number of empirical studies, little attention has been directed towards coffee shop owners or managers as decision makers in emerging cities like Padang. In addition, previous studies have used a consumer focus instead of taking both consumers and business actors into account. Thus, leading to an incomplete understanding about managerial intentions to adopt eco-friendly practices. Due to the previously described phenomena, challenges and research gaps, this study is

essential. This study aims to test the intention to do a green practice in Padang City coffee shop using an integrative between Diffusion of Innovation Theory and Theory of Planned Behavior. The three main constructs of this research model are Perceived Innovation Characteristics (PIC), Attitude (AT) and Perceived Behavioral Control (PBC) in the development of BI.

In contrast to previous research, this study is characterized by the focused object was coffee shop SMEs in Padang City that use DOI and TPB to explain managerial intention, not consumer action. Thus, the title of this research is **“The Role of Perceived Innovation Characteristics, Attitude, and Perceived Behavioral Control on Intention to Adopt Green Practices in Coffee Shops.”**

1.2 Research Question

Based on the discussion above, this study addresses the following research questions:

1. How do Perceived Innovation Characteristics (PIC) influence the Intention to Adopt Green Practices (BI) in coffee shops in Padang City?
2. How do Perceived Innovation Characteristics (PIC) influence Attitude (AT) toward green practices in coffee shops in Padang City?
3. How does Attitude (AT) toward green practices influence the Intention to Adopt Green Practices (BI) in coffee shops in Padang City?
4. How does Perceived Behavioral Control (PBC) influence the Intention to Adopt Green Practices (BI) in coffee shops in Padang City?
5. What is the mediating role of Attitude (AT) in the relationship between Perceived Innovation Characteristics (PIC) and the Intention to Adopt Green Practices (BI) in coffee shops in Padang City?

1.3 Research Objectives

According to the previously discussed research questions, this study seeks:

1. Analyze the influence of Perceived Innovation Characteristics (PIC) on the Intention to Adopt Green Practices (BI) in coffee shops in Padang City.
2. Analyze the influence of Perceived Innovation Characteristics (PIC) on Attitude (AT) toward green practices in coffee shops in Padang City.
3. Analyze the influence of Attitude (AT) toward green practices on the Intention to Adopt Green Practices (BI) in coffee shops in Padang City.
4. Analyze the influence of Perceived Behavioral Control (PBC) on the Intention to Adopt Green Practices (BI) in coffee shops in Padang City.
5. Analyze the mediating role of Attitude (AT) in the relationship between Perceived Innovation Characteristics (PIC) and the Intention to Adopt Green Practices (BI) in coffee shops in Padang City.

1.4 Research Contribution

1.4.1 Theoretical Contributions

Theoretically, by integrating DOI and TPB, this study is the first of its kind in determining willingness to adopt environmentally friendly behaviours, especially within the coffee business environment. Previous studies have shown that the characteristics of a perceived innovation impact attitude formation and intention to adopt (Kim et al., 2021; Yarış & Yazıcıoğlu, 2020). Moreover, attitude and perceived behavioral control are considered essential determinants of behavioral intention among studies in hospitality and SME sectors (Sujood et al., 2022; Latip & Sharkawi, 2021). Additionally, TPB-based models and investigations concerning green innovation continue to prove successful in explaining pro-ecological conduct for service industries (Durman & Nadlifatin, 2024; Khan et al., 2023). Other studies highlight the role of innovation and sustainability in determining behavioral intention.

1.4.2 Practical Contribution

The results of this study provide valuable information for coffee shop owners related to factors that influence intention toward adopting environmentally

sustainable practices including perceived innovation characteristics, attitude and perceived behavioral control. According to past studies, green innovation in the hospitality sector can contribute to operational efficiency, corporate image, and competitive edge (Yarış & Yazıcıoğlu, 2020; Khan et al., 2023). In addition, small and medium enterprises & service industry (Durman & Nadlifatin 2024; Huang et al. 2025) can also leverage sustainable practices to increase long-term competitiveness and market differentiation. This will offer an evidence-based way to help coffee shop owners or managers integrate sustainability into their company strategy in a method that creates value and strengthens market position.

1.5 Scope of Research

The research is catered to the analysis of the Intention to Adopt Green Practices and coffee shop owners or managers act as research subjects in this study due to their central flavor for they play as strategic decision makers within the practical application of innovation and sustainability. The utilized variables are limited by a specific theoretical framework which defines Perceived Innovation Characteristics (PIC), Attitude (AT) as an intervening variable and Perceived Behavioral Control (PBC) as a commitment predictor for Behavior Intention (BI) with no external variable. The study was conducted to be limited geographically in Padang City as the research site. As a result, the outcome has poor generalizability to coffee shop firms in more or less similar market conditions. In terms of methods, this study adopts an explanatory quantitative design to determine the causal relationship between the variables contained in the structural model through SEM calculations. It does not include qualitative or exploratory methods. Especially how this study provides a in-depth, measurable and contextual evidence related to the desire of the coffee shop owners in Padang City to implement sustainability.

1.6 Systematic Writing

The systematics of writing in this study consists of five chapters, which have their respective functions and purposes of writing. The systematics of writing are as follows:

Chapter I Introduction

Contains the background, problem statement, research objectives, research contributions, research scope, and systematic writing.

Chapter II Literature Review

Discusses relevant theories on Perceived Innovation Characteristics, Attitude, Perceived Behavioral Control, and Behavioral Intention, as well as previous studies supporting the research framework.

Chapter III Research Methodology

Explains the research design, population and sample, data collection methods, operational definitions of variables, and data analysis techniques.

Chapter IV Results and Discussion

Presents the research findings, data analysis, and discussion by linking the results with theories and previous studies.

Chapter V Conclusion and Suggestions

Provides conclusions based on the research findings, limitations, suggestions for future studies, and practical implications for companies and stakeholders.

