

How Coffee Entrepreneurs in Kerinci Impact Local Economic Empowerment and Social Impact of Local Communities in terms of Financial Capital, Entrepreneurial Orientation, Government Policy and Entrepreneurial Ecosystem

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ABSTRACT

Purpose: In the Indonesian Kerinci region, this quantitative study explores the complex effects of coffee entrepreneurs on community well-being and local economic empowerment. This study examines the relationship between independent variables—financial capital, entrepreneurial orientation, government policy, and the entrepreneurial ecosystem—and their impact on dependent variables—entrepreneurial performance, economic empowerment, and community empowerment.

Design/methodology/approach: It is based on the Resource-Based View (RBV) theory. A survey of 180 coffee entrepreneurs was conducted, and Structural Equation Modeling with Partial Least Squares (SEM-PLS) was used to analyze the data.

Findings: The findings supported the importance of this link by showing that government policies, financial resources, entrepreneurial orientation, and the entrepreneurial ecosystem all have a beneficial impact on entrepreneurial performance, which in turn promotes community and local economic empowerment. Policy makers, coffee entrepreneurs, and industry stakeholders can benefit greatly from the findings, which highlight the significance of resource allocation, entrepreneurial qualities, and a conducive ecology in augmenting Kerinci's socio-economic advancement.

Keywords: Local Economic, Community Empowerment, Financial Capital, Entrepreneurial Orientation, Government Policy, Entrepreneurial Ecosystem

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I. INTRODUCTION

It is true that the industrial coffee sector is expanding and changing, helped along by creative thinking and technological breakthroughs. Using industrial waste as fertilizer in agriculture, especially coffee farming, is one of the major trends in the sector. According to a study, leftover organic compost from the textile sector can be utilized as fertilizer during the early stages of coffee plant growth as well as a substrate for coffee seedlings. Coffee plants developed satisfactorily in the treatments containing 8–16% organic compost, indicating the compost's potential as fertilizer (Neiva et al., 2019). Using agro-industrial byproducts in coffee processing is another trend. For example, dried coffee fermented residue has been utilized as a *Monascus* fermentation substrate because it has an antioxidant effect and is high in total phenols (Srianta et al., 2021).

The Fourth Industrial Revolution has brought about changes that the coffee sector is likewise adjusting to. An examination of the coffee industry's patterns over the non-contact era could provide light on the industry's advantages, disadvantages, opportunities, and threats in the current era (Yadava et al., 2022). Furthermore, in the era of business 4.0, the coffee business is seeing both possibilities and challenges. The manufacturers of smart factories, defined by advanced technology and relationships under the IoT (Internet of Things) and CRM (Customer Relation Management) concepts, are sought after by the new wave of Industry 4.0 (Simion & Avasilcai, 2020). The industrial cluster of micro and small-scale coffee businesses is still in the formation and initiative

phase (embryo) with regard to coffee production. The availability of raw materials, the expansion of market segments, the availability of credit for small and micro firms, the provision of supporting facilities, and the availability of labor are among the industry's opportunities and strengths (Aklimawati et al., 2015).

To further improve performance and delivery of premium coffee powders in the instant coffee industry, it is crucial to comprehend the characteristics of the compounds made utilizing various processes (Atuesta et al., 2016). Finally, a problem for upcoming trends is the way that roasting affects the aroma and flavor of coffee. Thus, a thorough comprehension of the roasting procedure is necessary (Velásquez & Banchón, 2023).

In addition to being a vital driver of the economic growth of the area, Kerinci's coffee business also has a significant impact on the quality of life for those who reside in coffee-growing regions (Stofya, 2023). Coffee entrepreneurs leave a lasting impression on the area as they make investments in their companies, adjust to changing consumer expectations, and engage with local communities (Kaido et al., 2021; Wahyuni et al., 2020). Thus, the purpose of this study is to identify the extensive effects of coffee entrepreneurship. For many years, the growth of coffee has played a significant role in Kerinci's cultural and economic environment. Situated in the verdant surroundings of Sumatra, Indonesia, Kerinci is well-known for its superior coffee beans, garnering global recognition and supporting a thriving coffee sector. In addition to providing jobs, the coffee industry in Kerinci has a major social and economic impact on the neighborhood as well as the lives of nearby business owners (Permadi et al., 2021; Syofya, 2022).

The goal of this study is to understand the complex effects that Kerinci's coffee entrepreneurs have on the local economy and the welfare of the communities that are impacted by the sector. The goal of this research is to provide a thorough understanding of how different factors, such as financial capital, entrepreneurial orientation, government policies, and the entrepreneurial ecosystem, interact to shape the fortunes of the coffee sector in Kerinci. Beyond just financial concerns, coffee businesses in Kerinci have a significant impact. It includes raising living conditions, providing employment opportunities, empowering local communities, and encouraging an entrepreneurial spirit among the populace (Lazuardi et al., 2021; Nguyen & Vo, 2021). The government's involvement is essential in determining the course of entrepreneurship in Kerinci since it actively shapes policies and offers assistance to the coffee sector.

In addition, the development and success of coffee firms is greatly influenced by the entrepreneurial ecosystem, which is defined by connections of collaboration, access to resources, and support systems. It is not just of academic importance to understand how these components interact and support local development, but it is also essential for development initiatives and policy formation (Lopez et al., 2021; Rusdianto et al., 2018; Sarkar et al., 2021).

The pressing need to fully comprehend how Kerinci's coffee entrepreneurs affect local economic empowerment and community welfare is what makes this research so urgent. Kerinci's coffee business, which is a vital source of income and culture, is at a crossroads. The coffee business is confronted with unparalleled potential and problems, so it is critical to investigate and quantify the complex impact of coffee entrepreneurship in the area. A large number of Kerinci locals depend heavily on the production of coffee for their livelihood. The region is susceptible to changes in the global economy and market dynamics. To reduce financial risks, it is therefore essential to comprehend the elements that affect local economic empowerment through coffee entrepreneurship.

Coffee businesses are seen as social development catalysts by the local populations in Kerinci. The prosperity of coffee operations affects employment, higher living standards, and the general well-being of the community (Sarkar et al., 2021). To find and take advantage of chances to enhance social impact, quick action is required. The development of the coffee business and its social ramifications can be aided or hindered by government policies and actions (Lopez et al., 2021). Policymakers can benefit from the study's findings by learning practical tactics to advance social welfare and economic empowerment in Kerinci.

The world market for coffee is changing quickly, and ethical and sustainable sources are becoming more and more crucial. For the region to remain competitive over the long run, it is essential to comprehend how local entrepreneurs in Kerinci adjust to these trends. Kerinci's coffee industry entrepreneurs require knowledge about how to make their companies sustainable. Making well-informed decisions for businesses can be aided by a quantitative examination of variables like financial capital and entrepreneurial orientation.

Because of these aspects, there is a pressing need for evidence-based insights that can advise local communities, government authorities, and stakeholders in the coffee industry. This research fills that gap. This study could lead to well-informed choices and policy modifications that would support social welfare, economic sustainability, and entrepreneurial resilience in Kerinci.

The relationship between financial capital, entrepreneurial orientation, government policies, and the entrepreneurial ecosystem in relation to local economic empowerment and social impact is not well studied in quantitative research (Febrian & Maulina, 2018; Fkun et al., 2023; Gah et al., 2020; Sussan & Acs, 2017; Taylor, 2011), despite the significant role that coffee entrepreneurs play in Kerinci's economy and society. In order to close this large knowledge gap, this study attempts to address the following important questions:

How much and to what extent do coffee entrepreneurs in Kerinci contribute to the social welfare and economic empowerment of their communities, and how do financial resources, entrepreneurial mindset, governmental regulations, and the entrepreneurial ecosystem all play a role in this?

A. Literature Review

1. Phenomenon and Grand Theory

Indonesia's Kerinci, in the center of Sumatra, has a long history of producing coffee, going all the way back to the Dutch colonial era. The local economy still depends heavily on coffee, and coffee entrepreneurs have had a significant impact on how the area has developed. Arabica coffee beans, highly valued for their distinct flavor, are the hallmark of Kerinci's coffee industry. Kerinci coffee is produced, processed, and marketed by local coffee entrepreneurs, most of whom run small, family-run firms. The Resource-Based View (RBV) Theory is consistent with this. According to the RBV hypothesis, a company's performance is based on its capacity to amass and make use of special, priceless, and non-replicable resources and competencies. According to this theory, businesses who have these resources can gain a stable competitive edge. In relation to Kerinci's coffee business venture (Barney, 1991). The RBV hypothesis can be used to evaluate how coffee entrepreneurs' financial resources—such as finance sources and infrastructure investments—might give them a competitive edge by raising output, improving product quality, and expanding their market presence. Greater financial resources may provide entrepreneurs with a competitive edge in expanding their companies and boosting the regional economy.

One could consider entrepreneurial orientation to be a special skill, given its hallmarks of creativity, risk-taking, and initiative. This theory can be utilized to comprehend how these entrepreneurial attributes can be leveraged by coffee entrepreneurs to obtain a competitive edge, which in turn affects the performance of entrepreneurs and the well-being of local communities (Alvarez & Barney, 2007). RBV theory can be used to evaluate how government assistance and legislation can be viewed as external resources that coffee business owners can use to strengthen their position in the market. Government initiatives like support programs and tax breaks can affect the resources available to coffee business owners, which in turn affects their productivity and social impact.

Coffee entrepreneurs can make use of specific resources such as collaborative networks and support services found in entrepreneurial ecosystems. This research can investigate the relationship between resource accessibility and entrepreneurial performance as well as local community empowerment by looking at the entrepreneurial ecosystem through the lens of RBV.

2. Financial Capital

One essential resource for coffee business owners in Kerinci is financial resources. Financial capital's essential elements—access to cash, infrastructure investment, and liquidity—have a direct bearing on the expansion and prosperity of coffee firms. Numerous research studies have emphasized the significance of finance accessibility for business owners. In the context of coffee entrepreneurship in poor nations like Kerinci, a lack of funding and credit options may prevent growth and innovation. Sufficient funds allow business owners to buy new machinery, make critical expenditures, and raise the caliber of their coffee goods (Morazzoni & Sy, 2022; Yusuff et al., 2018).

Reinvesting earnings in neighborhood infrastructure is a strategy that can benefit local communities and coffee business owners economically. According to (Berno, 2017; Hendrawan et al., 2023) research, the local coffee industry's overall quality and competitiveness are enhanced by entrepreneurs who invest in infrastructure, such as transportation and processing facilities. This, in turn, promotes community development and economic growth.

3. Entrepreneurial Orientation

A complex idea, entrepreneurial orientation encompasses traits like inventiveness, a willingness to take risks, and proactiveness. Together, these attributes have an impact on how coffee business owners in Kerinci behave and perform. Entrepreneurship in the coffee industry is heavily reliant on innovation for success. Innovative product creation, processing, and farming techniques can set coffee entrepreneurs apart and enable them to penetrate specialized markets. According to research by (Lazuardi et al., 2021; Nguyen & Vo, 2021; Parente-Laverde, 2020), creative coffee business owners have a greater chance of achieving better financial results, which supports economic empowerment.

Being willing to take measured chances is a crucial component of an entrepreneurial mindset. Coffee business owners are more likely to see growth and profitability if they are prepared to invest in technology, expand into new markets, and adjust to shifting consumer tastes. It has been demonstrated that this risk-taking tendency improves the financial performance of coffee companies (Šlogar & Andrijanić, 2023). Entrepreneurs that are proactive take an active role in both their local communities and industry. Their programs, which include

sustainable farming methods and community development projects, can raise the standard of living and general well-being of the local populace (Evers & Schulze-Böing, 2001; Santoso et al., 2020).

4. Government Policy

One important external component influencing the coffee entrepreneurial scene in Kerinci is government policy. Regulation, taxation, and assistance policies all have an impact on the prosperity of coffee companies as well as the way they empower the local economy and community. Investment and growth can be stimulated by government initiatives that offer tax breaks to coffee entrepreneurs. These incentives promote growth, cut operating costs, and eventually help the area become more economically empowered (Fkun et al., 2023; Gah et al., 2020).

Sustaining ethical standards, environmental sustainability, and quality standards in the coffee sector requires effective regulation. By guaranteeing ethical behavior and environmental accountability, these laws, if upheld and encouraged by the government, enhance the social impact of coffee entrepreneurship (Zulfikri, 2023).

Support initiatives from the government, like training, loan availability, and market facilitation, increase the ability and competitiveness of regional coffee business owners. According to (Nakabugo et al., 2022), these initiatives may promote community empowerment and entrepreneurial performance.

5. Entrepreneurship Ecosystem

Kerinci's entrepreneurship ecosystem consists of cooperative networks, market access, and support services. This ecosystem has a significant influence on the impact and level of success of local coffee entrepreneurs. The availability of support services, such as technical help, training, and market data, can enable coffee business owners to prosper. (Fkun et al., 2023) research highlights the value of support services in enhancing entrepreneurial performance by giving business owners the tools and information they require to be successful. For entrepreneurship to succeed and for economic emancipation, integration into local and international coffee markets is essential. Entrepreneurs can grow their reach, boost sales, and support the local economy with the aid of entrepreneurial ecosystems that provide market access (Audretsch & Belitski, 2021; Carvalho & Galina, 2015; Metcalf et al., 2021).

Knowledge sharing and resource pooling are promoted via collaborative networks that include coffee entrepreneurs, suppliers, processors, and marketing channels. These cooperative partnerships enhance the coffee industry's overall effect, boosting local communities' well-being and business owners' bottom lines (Acs et al., 2018; Sussan & Acs, 2017).

6. Entrepreneurial Performance

An essential dependent variable that captures the achievements and results of coffee businesses in Kerinci is entrepreneurial performance. The independent variables of financial capital, entrepreneurial orientation, government policy, and entrepreneurial ecosystem all have an impact on entrepreneurial performance. The financial performance of coffee firms is directly impacted by the availability of financial capital, including funding and infrastructure investment. According to (Rusdianto et al., 2018; Xinyue et al., 2022), financial capital and entrepreneurial success in the coffee business are positively correlated. Performance is directly correlated with entrepreneurial attitude, which is defined by inventiveness, a willingness to take risks, and proactiveness. Strong entrepreneurial approach increases the likelihood of greater profitability and growth for coffee entrepreneurs (Xinyue et al., 2022).

Enhancing entrepreneurial performance is possible through the support services and market accessibility offered by entrepreneurial ecosystems. Numerous studies have found that coffee entrepreneurs perform financially better when they are surrounded by a supportive ecosystem (Cao, 2022).

7. Economic Empowerment

One significant part of the influence of coffee businesses in Kerinci is economic empowerment. It is impacted by the entrepreneurial ecosystem, governmental regulations, and financial resources. The greater income and job opportunities that financial capital generates demonstrate how entrepreneurial performance drives economic empowerment. Infrastructure improvements made possible by financial resources support the economic growth of coffee-growing regions (Sakrawathi, 2020). Tax incentives, quality control, and assistance for coffee firms are examples of government policies that boost entrepreneurial performance. This, in turn, affects economic empowerment by attracting investment and advancing fair trade principles (Aaram & Shakespear, 2015; Febriansyah et al., 2020). By enhancing sales, enhancing market competitiveness, and stimulating the local economy, an entrepreneurial ecosystem that offers support services and eases market access enhances entrepreneurial performance and, consequently, its significance to economic empowerment (Febriansyah et al., 2020).

8. Community Empowerment

One significant result of coffee entrepreneurship in Kerinci is community empowerment, which is affected by financial resources, governmental regulations, and an entrepreneurial mindset. Financial capital enables investments in community development and local infrastructure projects, which enhance local inhabitants' quality of life and foster community empowerment (Berno, 2017; Hendrawan et al., 2023; Widjjaningsih et al., 2022). By raising the standard of living and promoting fair practices, government assistance initiatives, laws, and policies all help to empower communities through raising locals' well-being and standard of living (Sulisno & Abdullah, 2019). By actively participating in community activities and sustainable farming techniques that enhance the quality of life for local communities, proactive and socially conscious coffee entrepreneurs contribute to community empowerment (Dawis & Cahyani, 2022; Nuryanto et al., 2022).

9. Research Gaps

Although a number of facets of coffee entrepreneurship in Kerinci have been studied in the literature, little research has been done on how to apply the Resource-Based View (RBV) theory to the analysis of coffee entrepreneurs. The application of this theoretical framework to coffee entrepreneurs in the region is restricted, as it is mostly utilized in economic and industrial contexts. This study can fill the following research gaps by utilizing RBV theory:

There aren't many thorough studies using the Resource-Based View (RBV) theory to explain how Kerinci coffee entrepreneurs use special resources (like money, a strong entrepreneurial mindset, government support, and an entrepreneurial ecosystem) to gain a competitive edge. This enhances entrepreneurial performance and promotes economic and community empowerment. This gap indicates that further research is necessary to determine how these resources interact dynamically and what effect they have on coffee business and local development in Kerinci.

This study presents a conceptual framework based on a review of the literature, which states that financial capital, entrepreneurial orientation, entrepreneurial ecosystem, and government policy all work together to influence the social impact and local economic empowerment of coffee business in Kerinci. This work aims to fill the gaps in the literature by analyzing the link between these elements and give a thorough quantitative analysis of this problem, as illustrated in Figure 1 below.

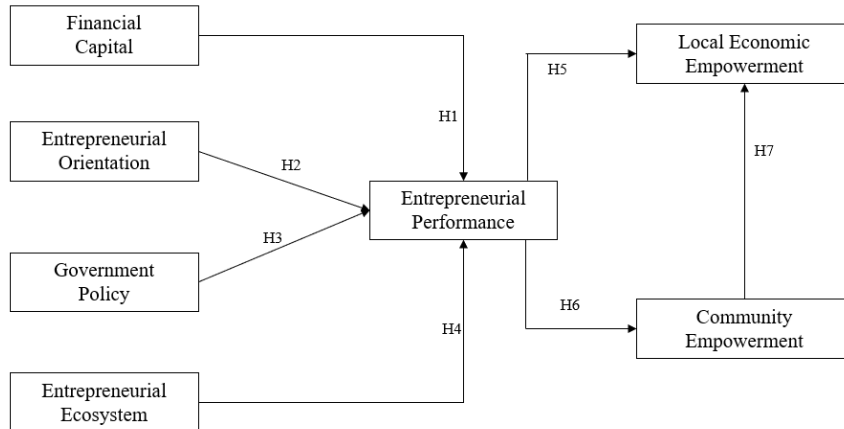


Figure 1. Conceptual and Hypotesis

II. METHODS

This study fits under the applied research category, which specifies the kinds of data and goal requirements. Consequently, surveys are employed as a means of data collecting in the quantitative research approach. This study's primary focus is on the role that coffee entrepreneurs have in the local economy of Kerinci Regency. First, documentation studies, literature reviews, and surveys (questionnaires) were used to gather the data for this study. Additionally, the Partial Least Squares technique with the Smart-PLS version 4 structural equation model was used to evaluate the data. Using the inductive method of literature review, the study's hypothesis was developed. In particular, using appropriate ways to promote the study of micro, small, and medium firms and entrepreneurship is made easier by the use of inductive and non-quantitative research methods (Dana & Dana, 2005).

The study's population consists of coffee entrepreneurs in Kerinci Regency, Indonesia. A stratified random selection technique was employed to guarantee representation from various sectors and areas, given the varied makeup of coffee entrepreneurs. By comparing the total indicators between 5 and 10 times greater than the 5 collected for the study, the sample size for SEM-PLS research is determined using the statistical techniques that are currently accessible. Over the course of the study, which ran from August 12, 2023, to September 20, 2023, the author distributed the survey offline with the assistance of fifteen of her own students who served as enumerators. However, the enumerators received training to ensure that all participants' perspectives regarding the research objectives were balanced. 250 questionnaires were initially circulated; however, 180 of them were completed, while the remaining 70 had incomplete responses, all due to the author's diligent efforts.

Table 1. Respondent Demographics

<i>Gender</i>	<i>N (180)</i>	<i>Percentage</i>
<i>Male</i>	<i>120</i>	<i>67%</i>
<i>Female</i>	<i>60</i>	<i>33%</i>
<i>Education</i>	<i>N (180)</i>	<i>Percentage</i>
<i>Bachelor's</i>	<i>81</i>	<i>45%</i>
<i>Master's</i>	<i>65</i>	<i>36%</i>
<i>Ph.D</i>	<i>34</i>	<i>19%</i>
<i>Business Experience</i>	<i>N (180)</i>	<i>Percentage</i>
<i>< 5 years</i>	<i>48</i>	<i>26%</i>
<i>6 – 10 years</i>	<i>39</i>	<i>21%</i>
<i>11 – 15 years</i>	<i>40</i>	<i>22%</i>
<i>16 – 20 years</i>	<i>26</i>	<i>14%</i>
<i>> 20 years</i>	<i>27</i>	<i>17%</i>
<i>Business Income</i>	<i>N (180)</i>	<i>Percentage</i>
<i>< 100 million</i>	<i>74</i>	<i>41%</i>
<i>100 million – 300 million</i>	<i>44</i>	<i>24%</i>
<i>300 million – 500 million</i>	<i>39</i>	<i>21%</i>
<i>> 500 million</i>	<i>23</i>	<i>16%</i>

The data displays the gender distribution of the polled individuals based on Table 1. Males made up 67% of the population, with females making up 33%. Men are overrepresented in many businesses, and this is reflected in the gender disparity in coffee entrepreneurship at Kerinci. Investigating the causes of this gender disparity and its possible effects on the coffee industry and nearby communities may make for fascinating study.

A bachelor's degree was held by the majority of respondents (45%) in terms of education. The following is the distribution of educational levels: 19% hold a Ph.D., and 36% have a Master's degree. These comparatively high educational requirements show that the coffee business owners in Kerinci have advanced degrees. This can suggest that they have a solid theoretical foundation to back up their company ventures, which could be advantageous for innovation and corporate strategy.

The respondents' range of business experience was not uniform. Two-thirds, or 26%, have worked in the coffee business for fewer than five years. 21% and 22%, respectively, had six to ten and eleven to fifteen years of experience. Furthermore, 14% and 17%, respectively, have 16 to 20 and more years of experience. The enormous range of competence in the coffee industry is demonstrated by this broad spectrum of experience levels. Investigating the potential effects of varying expertise levels on community involvement and corporate performance is crucial.

The bulk of firms make less than 100 million (local currency) annually in revenue. Just 16% of enterprises make more than 500 million, while 24% make between 300 million and 500 million, and 21% make between 300 million and 500 million. The financial diversity of Kerinci's coffee business owners is reflected in this income distribution. When evaluating these entrepreneurs' potential to boost the local economy and give communities more power, it is essential to comprehend their financial capability.

A. Data Analysis

Factor loading, correlation, multicollinearity assumptions, variable validity and reliability, and structural equation modeling for impact size were among the data analytic techniques used. Utilizing Smart-PLS 4, SmartPLS GmbH, Oststeinbek, Germany, this inquiry was assessed. It is possible to put the measured questionnaire results into practice.

Based on the literature, this study examines financial capital, entrepreneurial attitude, government policy and the entrepreneurial environment, entrepreneurial performance, economic empowerment, and community empowerment (Berno, 2017; Caló et al., 2019; Febrian & Maulina, 2018; Mustaghfiri, 2020; Ognjanović & Slavković, 2022; Widjianingsih et al., 2022). These variables were included in the questionnaire used to collect data. Because their study focused on social enterprises in Indonesia, the researchers used a non-probabilistic random sampling technique to choose the study's sample. The researchers invited the owners of the coffee shops in Kerinci Regency to fill out the questionnaire after they granted permission for data gathering. Table 2 displays the questionnaire together with descriptive statistics of the respondents' answers.

Table 2. Research Questionnaire

<i>Variabel</i>	<i>Items</i>	<i>Mean</i>	<i>S.D</i>
<i>Financial Capital</i>	<i>1. I have access to sufficient financial resources to grow my coffee business</i>	<i>3.636</i>	<i>0.989</i>
	<i>2. I assess the level of capital adequacy I have to manage my coffee business</i>	<i>3.485</i>	<i>1.019</i>
	<i>3. I feel the need to improve my access to financial capital to grow my business</i>	<i>3.535</i>	<i>0.978</i>
<i>Entrepreneurial Orientation</i>	<i>1. I have a tendency to look for new opportunities in my coffee business</i>	<i>3.556</i>	<i>1.056</i>
	<i>2. I feel I have the ability to take risks in managing my coffee business</i>	<i>3.404</i>	<i>1.072</i>
	<i>3. I assess my ability to create innovations in my coffee business</i>	<i>3.313</i>	<i>1.019</i>

<i>Government Policy</i>	<i>1. I feel local government policies support the development of coffee business in Kerinci</i>	<i>3.404</i>	<i>0.829</i>
	<i>2. I feel that government policies ease the licensing and regulatory process in my coffee business</i>	<i>3.313</i>	<i>1.063</i>
	<i>3. I assess the impact of government policies on coffee business growth in this region</i>	<i>3.404</i>	<i>1.021</i>
<i>Entrepreneurial Ecosystem</i>	<i>1. I feel connected to business networks and resources that support the development of my coffee business in Kerinci</i>	<i>3.636</i>	<i>1.004</i>
	<i>2. I rate the support I receive from existing education or training institutions in the entrepreneurial ecosystem in this region</i>	<i>3.475</i>	<i>0.989</i>
	<i>3. I have adequate access to information and resources that can help me manage my coffee business.</i>	<i>3.505</i>	<i>0.806</i>
	<i>4. I feel that the entrepreneurial ecosystem in Kerinci facilitates collaboration between coffee business players</i>	<i>3.782</i>	<i>1.028</i>
<i>Entrepreneurial Performance</i>	<i>1. I assess the financial performance of my coffee business over the past five years as having improved</i>	<i>3.717</i>	<i>1.058</i>
	<i>2. I feel that my coffee business has succeeded in achieving the sales targets that have been set</i>	<i>3.586</i>	<i>0.961</i>
	<i>3. I feel that my coffee business has optimized the use of resources and managed operational costs well</i>	<i>3.545</i>	<i>0.829</i>
	<i>4. I assess the long-term sustainability of my coffee business</i>	<i>3.636</i>	<i>0.888</i>
	<i>5. I feel that my coffee business has successfully expanded its market share or customers.</i>	<i>3.485</i>	<i>0.902</i>
<i>Economic Empowement</i>	<i>1. My coffee business has made a positive contribution to the local economy in Kerinci</i>	<i>3.505</i>	<i>1.019</i>
	<i>2. I see the role of my coffee business in creating jobs and reducing the unemployment rate in the region.</i>	<i>3.192</i>	<i>0.806</i>
	<i>3. My coffee business has helped local coffee farmers increase their income</i>	<i>3.717</i>	<i>1.058</i>
	<i>4. I feel that my coffee business has provided economic opportunities to the surrounding community</i>	<i>3.586</i>	<i>0.961</i>
	<i>5. I feel that my coffee business has increased the purchasing power of the people around me.</i>	<i>3.545</i>	<i>0.829</i>

<i>Community Empowerment</i>	<i>1. My coffee business is involved in activities or programs that empower local communities in Kerinci</i>	3.596	0.888
	<i>2. I feel that my coffee business has contributed to improving the quality of life of the surrounding community, such as their access to education and healthcare.</i>	3.404	0.902
	<i>3. My coffee business supports social initiatives and environmental hygiene activities in my community</i>	3.486	1.072
	<i>4. I involve the local community in my business decisions and social programs.</i>	3.574	1.072
	<i>5. My coffee business supports skills development and training for the surrounding community</i>	3.498	1.019
	<i>6. I feel my coffee business has strengthened social ties and cooperation in my community</i>	3.609	0.912

Table 1 displays the measurement items, mean values, and standard deviations for the different variables in the model. In this work, random sampling was employed, and the recommendations of (Hair Jr, Matthews, et al., 2017) were adhered to: when employing the SEM-PLS approach for research, it is crucial to make sure that no data is missing and to multiply the number of indicators by five or ten times the total number of indicators. The questionnaire was distributed to 250 individuals, and 180 of them returned it, suggesting that it satisfies Hair's standards. The study has thirty indicators, therefore multiplying by five would yield a minimal sample size of 150. Tabular data for the model's chosen variables includes the measurement items, mean values, and standard deviations. Comparable patterns in data sets are typically produced by applying SEM techniques, as demonstrated by a number of prior research initiatives (J. F. J. Hair et al., 2017).

III. RESULTS AND DISCUSSION

A. Assessment Framework

This study evaluated the superiority and high quality of the measurement model using the PLS-SEM approach in order to validate the validity of the analysis procedure's output and the dependence of variables. This study aims to assess each item of the chosen variables for discriminant validity, concurrent validity, and reliability in order to test and support the proposed hypothesis statements, in accordance with prior arguments (J. F. Hair et al., 2019; Hair Jr, Babin, et al., 2017; Hair Jr, Matthews, et al., 2017; Sarstedt et al., 2017). The measurement model is a part of the research framework that looks at how measurements relate to study latent variables. A model that measures the correlation between the data (indicators) gathered from surveys and research studies and the structure or components supporting the hypothesis is presented by the structural equation modeling approach, or SEM. Confirmatory factor analysis (CFA) was employed in this study to evaluate the competency and effectiveness of the proposed measuring model. Recent studies suggest that factor loadings ought to have a minimum threshold value of 0.7 (J. F. Hair et al., 2019). According to other research, the model fit index's Standardized Root Mean Square Residual for Structural Equation Modeling (SRMR) of 0.076 falls within an acceptable range (J. F. J. Hair et al., 2017).

Table 3. Good Research Model

<i>Variable</i>	<i>Q2</i>	<i>R2</i>
<i>Entrepreneurial Performance</i>	<i>0.591</i>	<i>0.618</i>

<i>Local Economic Empowerment</i>	<i>0.643</i>	<i>0.512</i>
<i>Community Empowerment</i>	<i>0.493</i>	<i>0.487</i>

Moreover, the study evaluated the predictive importance of the model (Q2), and the outcomes for the chosen variables demonstrated values greater than zero, confirming the predictive relevance of the model (J. F. Hair et al., 2019). the factors for entrepreneurial performance (Q2 = 0.591), community empowerment (Q2 = 0.493), and local economic empowerment (Q2 = 0.643). Similarly, because the resulting R2 value is 0.618, the R2 value explaining endogenous variables (financial capital, entrepreneurial orientation, government policy, and entrepreneurial ecosystem) to entrepreneurial performance is 61.8%, to local economic empowerment it is 51.2%, and to community empowerment it is 48.7%. These findings point to favorable outcomes (Chin, 1998).

B. Validity and reliability

The data collected for this study was successfully sorted and confirmed by the experts. The study filtered the feedback forms in order to evaluate validity and reliability even more. The study examined the HTMT (HeterotraitMonotrait) ratio, variance inflation factor (VIF), average variance extracted (AVE), Fornell and Larcker Criteria, and convergent and discriminant validity. To further gauge the dependability of the data, Cronbach alpha tests and composite reliability were employed. The reliabilities of the study's measurement scales fall within acceptable bounds. (J. F. J. Hair et al., 2017) have cited a dependability level of 0.7 in their literature.

Table 4. Validity and reliability

<i>Items</i>	<i>FCF</i>	<i>EOT</i>	<i>GPC</i>	<i>ESE</i>	<i>EEP</i>	<i>EEM</i>	<i>ECM</i>	<i>Outer VIF</i>
<i>FCF.1</i>	<i>0.829</i>							<i>2.662</i>
<i>FCF.2</i>	<i>0.879</i>							<i>2.522</i>
<i>FCF.3</i>	<i>0.874</i>							<i>2.060</i>
<i>EOT.1</i>		<i>0.820</i>						<i>1.666</i>
<i>EOT.2</i>		<i>0.901</i>						<i>2.298</i>
<i>EOT.3</i>		<i>0.873</i>						<i>2.100</i>
<i>GPC.1</i>			<i>0.845</i>					<i>1.257</i>
<i>GPC.2</i>			<i>0.848</i>					<i>2.382</i>
<i>GPC.3</i>			<i>0.869</i>					<i>1.839</i>
<i>ECE.1</i>				<i>0.938</i>				<i>2.661</i>
<i>ECE.2</i>				<i>0.859</i>				<i>2.403</i>
<i>ECE.3</i>				<i>0.780</i>				<i>2.106</i>
<i>ECE.4</i>				<i>0.863</i>				<i>1.772</i>

<i>EEP.1</i>					0.805		2.671
<i>EEP.2</i>					0.754		1.642
<i>EEP.3</i>					0.869		1.711
<i>EEP.4</i>					0.857		2.217
<i>EEP.5</i>					0.796		2.036
<i>EEM.1</i>						0.861	1.808
<i>EEM.2</i>						0.786	2.744
<i>EEM.3</i>						0.760	2.503
<i>EEM.4</i>						0.865	1.974
<i>EEM.5</i>						0.744	1.566
<i>ECM.1</i>							0.848
<i>ECM.2</i>							0.840
<i>ECM.3</i>							0.783
<i>ECM.4</i>							0.738
<i>ECM.5</i>							0.784
<i>ECM.6</i>							0.764
<i>Cronbach's alpha</i>	0.882	0.863	0.883	0.875	0.832	0.825	0.815
<i>Composite Reliability</i>	0.911	0.902	0.920	0.909	0.899	0.896	0.890
<i>AVE</i>	0.630	0.648	0.743	0.668	0.749	0.741	0.729

According to the results of the current study, every item dependability value in table 4 above is greater than the threshold limit. According to the results, the levels of internal consistency of financial capital, entrepreneurial orientation, government policy, entrepreneurial ecosystem, entrepreneurial performance, local economic empowerment, and community empowerment are all suitable, with a value of 0.80. Based on existing literature, an appropriate AVE value ought to exceed 50%. The model is deemed satisfactory because the AVE result is greater than the predetermined threshold value of 0.5, which establishes the minimum value for measurement scale acceptance (J. F. J. Hair et al., 2017). The VIF statistics outside the measurement model were likewise below the threshold value of 5, according to (J. F. J. Hair et al., 2017), producing satisfactory results. The VIF results do not show any serious difficulties related to multicollinearity. The results for every item are therefore satisfactory. The item factor loadings, dependability, AVE, and outer VIF are shown in Table 4.

The internal VIF values were evaluated in this study in order to address the multicollinearity issue. Our analysis has thereby demonstrated the issue of multicollinearity among the chosen variables.

Table 5. Discriminant Validity

<i>Variable</i>	<i>Entrepreneurial Performance</i>	<i>Local Economic Empowerment</i>	<i>Community Empowerment</i>
<i>Financial Capital</i>	2.421		
<i>Entrepreneurial Orientation</i>	1.532		
<i>Government Policy</i>	2.235		
<i>Ecosystem Entrepreneurial</i>	2.029		
<i>Entrepreneurial Performance</i>		2.091	1.574
<i>Community Empowerment</i>		1.974	

Satisfactorily, the internal VIF value provides a strong explanation of the link between the research variables. According to this, it doesn't matter if the variables are multicollinear. Hence, the variables in the model that represent financial capital, entrepreneurial orientation, government policy, the entrepreneurial ecosystem, entrepreneurial performance, and the empowerment of the local economy and community have sufficient convergent validity in this research. Table 5 displays the values that the internal VIF produced.

C. Hypothesis Test

The hypothesis is deemed significant when the 95% confidence level t-statistic value is higher than the t-statistic (>1.96). Software called SmartPLS bootstrap was utilized to produce the results seen here. Table 6 displays the constructs' hypothesis analysis as well as their means, t-values, p-values, beta values, and standard deviations. As a result, the conclusion was made using a p-value of 0.05.

Table 6: Hypothesis Tests Results

<i>Hypotesis</i>	<i>T-statistic</i>	<i>p-Values</i>	<i>Results</i>
<i>Financial Capital -> Entrepreneurial Performance</i>	4.658	0.000	<i>Accepted</i>
<i>Entrepreneurial Orientation -> Entrepreneurial Performance</i>	5.088	0.000	<i>Accepted</i>
<i>Government Policy -> Entrepreneurial Performance</i>	5.805	0.003	<i>Accepted</i>
<i>Ecosystem Entrepreneurial -> Entrepreneurial Performance</i>	2.643	0.001	<i>Accepted</i>
<i>Entrepreneurial Performance -> Local Economic Empowerment</i>	7.943	0.000	<i>Accepted</i>
<i>Entrepreneurial Performance -> Community Empowerment</i>	11.834	0.002	<i>Accepted</i>

<i>Community Empowerment -> Local Economic Empowerment</i>	9.528	0.000	Accepted
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This investigation involved the proposal of seven hypotheses, all of which have t-values over 1.96, indicating their reliability (Table 6). H1 is approved. Financial capital and entrepreneurial performance have a strong positive association, as seen by the statistically significant t-statistic and very low p-value ($p < 0.001$). Higher levels of entrepreneurial success, such as firm development and profitability, are typically attained by coffee entrepreneurs with more access to financial resources. This result emphasizes how crucial financial capital is to coffee enterprises in Kerinci. Next, H2 gets approved. A positive correlation between entrepreneurial performance and orientation is indicated by the very low p-value ($p < 0.001$) and the statistically significant t-statistic. Coffee business owners that possess qualities like initiative, risk-taking, and inventiveness typically succeed better. The aforementioned results underscore the significance of cultivating entrepreneurial attributes in order to augment the prosperity of coffee enterprises in Kerinci.

Moreover, H3 demonstrates that this idea is accepted. There is a positive correlation between government policies and entrepreneurial performance, as indicated by the low p-value ($p < 0.01$) and statistically significant t-statistic. Government initiatives that encourage investment and expansion in the coffee sector include assistance programs and tax breaks. These findings highlight how successful policies are in assisting Kerinci's coffee entrepreneurs. H4 is also acknowledged. There is a favorable correlation between entrepreneurial performance and the entrepreneurial ecosystem, as indicated by the low p-value ($p < 0.01$) and statistically significant t-statistic. The performance of coffee entrepreneurs is enhanced by a supportive ecosystem, which includes market access and support services. The importance of supportive services and cooperative networks in fostering entrepreneurship is shown by this study.

In our attempt to examine H5, we found that there is a positive correlation between entrepreneurial performance and local economic empowerment, which is supported by the statistically significant t-statistic value and extremely low p value ($p < 0.001$). Therefore, H5 is accepted. Greater regional economic empowerment is linked to higher entrepreneurial performance. These findings demonstrate how prosperous coffee companies support the local Kerinci economy.

Seeing as to why H6 is accepted There is a favorable correlation between community empowerment and entrepreneurial performance, as indicated by the low p-value ($p < 0.01$) and statistically significant t-statistic value. Entrepreneurs in the coffee industry that achieve success are more inclined to support empowerment and community development. This research emphasizes how successful coffee businesses have a wider social influence.

H7 is approved. There is a strong positive correlation between local economic empowerment and community empowerment, as seen by the statistically significant t-statistic and the extremely low p-value ($p < 0.001$). Initiatives promoting coffee entrepreneurship benefit communities and enhance local economic growth as a whole. The relationship between community and economic well-being is shown by these findings.

The study's findings, taken together, demonstrate that financial capital, entrepreneurial orientation, government policies, the entrepreneurial ecosystem, entrepreneurial performance, and local economic and community empowerment all have a positive correlation. H1 through H7 are acknowledged in the findings because they offer compelling evidence of the important contribution that coffee businesses make to the social and economic advancement of Kerinci, Indonesia.

D. Discussion

The study's findings complement and expand upon earlier research on local development and entrepreneurship, especially as it relates to the coffee sector. Our findings support earlier research by showing a positive correlation between financial capital and entrepreneurial performance, which highlights the importance of financial capital in entrepreneurship (Daat et al., 2021; Febrian & Maulina, 2018; Mansour et al., 2018; Yao & Meng, 2022). The significance of financial resources for coffee entrepreneurs in Kerinci is highlighted by this relationship.

Additionally, research emphasizing the value of entrepreneurial qualities in enhancing business outcomes is consistent with the beneficial influence of entrepreneurial orientation on entrepreneurial success (Abdullahi et al., 2017; Chen et al., 2007; Ferreira et al., 2020; Goyal & Mishra, 2023). Our results support the notion that innovativeness, risk-taking, and proactiveness are qualities that help coffee entrepreneurs operate better.

This study adds to the body of knowledge regarding the effects of government policies on economic development. Our findings support the positive effects of government policies on entrepreneurial performance, which in turn contributes to economic empowerment. Government policies, such as tax incentives and support

programs, have been identified as catalysts for economic empowerment (Bobek et al., 2022; Han et al., 2013; Saikia & Deka, 2017).

Additionally, this study is consistent with previous research that emphasizes the beneficial role that entrepreneurial ecosystems have in promoting community development and entrepreneurial success (Acs et al., 2018; Bărbulescu et al., 2021; Islam, 2020; Sussan & Acs, 2017). These results highlight the value of a positive ecology in the coffee industry for improving community empowerment and entrepreneurial performance.

RBV theory offers a theoretical framework through which to view our results. RBV holds that a company's distinctive and valued resources and competencies are how it gains a competitive edge (Barney, 1991). The RBV framework in our study aids in the explanation of the associations that we saw. According to the RBV, which emphasizes the importance of tangible resources, there is a positive correlation between financial capital and entrepreneurial performance (Supriandi, 2022; Zamora, 2012). In this instance, financial capital functions as a useful tool that promotes investment and growth, giving businesses a competitive edge.

Within the scope of the RBV, entrepreneurial orientation might be considered a unique capability. Our research provides evidence for this by demonstrating the special skills and favorable effects that coffee entrepreneurs with a strong entrepreneurial attitude possess. Within the framework of the Resource-Based View, Government policies are considered external resources that enhance a firm's competitive advantage (Lehner, 2011). The importance of outside resources on the profitability of coffee businesses is demonstrated by our study's finding that government policies and entrepreneurial performance are positively correlated.

The assets and skills available to coffee business owners are embodied in the entrepreneurial environment. The correlation that exists between an ecosystem and entrepreneurial performance is positive, indicating that entrepreneurs can leverage ecosystem resources and competencies to gain a competitive edge.

The field situation in Kerinci, where coffee entrepreneurship is a significant factor in local growth, would be affected practically by the study's conclusions. Tables of data indicate that coffee entrepreneurs can have a major impact on community welfare and economic empowerment if they have access to funding, entrepreneurial skills, and a supportive governmental environment.

The data describes actual situations where coffee entrepreneurs support the local economy in Kerinci, a region well-known for producing coffee, by investing in infrastructure, hiring people, and taking part in community development initiatives. The study's findings highlight how crucial it is to keep encouraging coffee entrepreneurs and to develop laws that make it easier for them to obtain funding and other resources and relevant to research by (Syofya, 2022).

Furthermore, the results of the study highlight the necessity of capacity-building programs to promote an entrepreneurial mindset, motivate coffee business owners to be creative, take calculated risks, and actively participate in community development activities. The good effects of coffee entrepreneurship in the area may be amplified by these measures.

E. Implication

1. Theory Implications

The Resource-Based View (RBV) philosophy of strategic management is significantly impacted by the study's conclusions. According to RBV, a firm's success and competitive advantage are dependent on its special and valued assets. This study reaffirms the fundamental RBV principles in the context of coffee entrepreneurship in Kerinci. According to the RBV, there is a positive correlation between financial capital, entrepreneurial attitude, government policy, and the entrepreneurial ecosystem and entrepreneurial performance. This shows that these resources help create a competitive edge. The relevance of resource heterogeneity in the RBV framework is highlighted by this research, which also expands the application of RBV to community development and coffee entrepreneurship.

Additionally, this study adds to the body of knowledge regarding how entrepreneurship affects society. This study looks at how entrepreneurial efforts and resources impact local communities, whereas RBV usually focuses on economic outcomes. Recognizing the contribution of coffee businesses to community empowerment is one of the theory's implications in this situation. This study adds to the theoretical foundation of social entrepreneurship by demonstrating how, in line with social entrepreneurship theory, entrepreneurial acts can benefit the development of local communities. These results improve our understanding of the role of resources in producing beneficial social outcomes by confirming that resources like financial capital and ecosystem support are critical in boosting the social impact of entrepreneurship.

Practical Implications

The study's conclusions offer helpful recommendations for many parties, including:

1. Legislators: They ought to enact laws encouraging coffee business owners. This entails offering tax breaks, making financing more accessible, and offering initiatives to develop capability. These actions can promote social welfare and economic progress.

2. Coffee business owners: Through mentoring and training, they should concentrate on fostering entrepreneurial inclinations like creativity and risk-taking. Additionally, obtaining funding from grants, loans, and investments is crucial for the growth and profitability of a business.
3. Local community: By working together, communities can assist coffee entrepreneurs and raise living conditions, create jobs, and develop infrastructure. Additionally, in order to strengthen their sense of social empowerment, coffee entrepreneurs ought to get involved in community development initiatives.

F. Limitations

Despite the fact that this study offers insightful information, it is crucial to acknowledge its limitations:

1. The research is predicated on cross-sectional data that was gathered at a particular moment in time. Consequently, the study fails to incorporate possible long-term dynamic changes and interactions.
2. The information in the data comes from survey respondents' self-reports. The accuracy of the results may be impacted by response bias introduced by this method.
3. With 180 coffee businesses, the sample size is somewhat tiny. The results may not apply to all coffee entrepreneurs in the Kerinci region, despite the fact that they offer insightful information.

This research focuses exclusively on the coffee entrepreneurial environment in Kerinci, Indonesia. It's possible that the conclusions won't apply directly to different areas or businesses.

IV. CONCLUSION

In summary, the research indicates that coffee entrepreneurs in Kerinci play a significant role in promoting community welfare and local economic empowerment. According to the study's findings, financial resources, an entrepreneurial mindset, governmental regulations, and the entrepreneurial ecosystem all have a big impact on how well entrepreneurs do, which in turn helps communities and local economies flourish.

These observations are consistent with the Resource-Based View (RBV) hypothesis, which highlights the significance of distinct resources and competencies in attaining a competitive edge. This study adds to the body of literature by emphasizing resource heterogeneity among entrepreneurs and expanding the use of RBV to the realm of coffee entrepreneurship.

Since Kerinci is still a significant coffee-producing location, this study offers a basis for sensible policy development and decision-making, which will eventually promote the industry's sustainable growth and the welfare of the surrounding community. This study adds to our understanding of the dynamic relationship between coffee entrepreneurship and socio-economic growth in a particular regional setting, despite its limitations.

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