

# Enhancing Competitive Advantage and Service Quality Through Human Resource Performance Optimization: The Case of Dominance Coffee

Ade Trinanda<sup>1</sup>, Charissa Dewi Syandra<sup>2</sup>, Nathania Risma Nabilah<sup>3</sup>

<sup>1,2,3</sup>Manajemen, Universitas 17 Agustus 1945 Banyuwangi

<sup>1</sup>adetrinanda090@gmail.com, <sup>2</sup>charissasyandra1@gmail.com, <sup>3</sup>nabilanathan6@gmail.com

## **Abstract**

*This study examines how integrating human resource management and operational process control enhances service quality and competitive advantage in a Banyuwangi-based coffee shop case. The main problems identified include increased waiting time, irregular queues during peak hours, and fluctuating service consistency. The proposed solution combines attitude-based recruitment, staged training, a collaborative work culture, category-specific Service Level Agreements (SLA) for serving time, queue management based on receipt order, an expeditor role, and routine briefings. The research aims to assess the impact of an integrated HR-operations approach on responsiveness, reliability, and empathy, while formulating a scalable, continuous-improvement model. Preliminary results indicate improved serving-time consistency, reduced bottlenecks during peak load, and more positive customer perceptions of service reliability. These findings highlight the importance of a feedback loop between operations and digital marketing through employees' dual roles as content creators to accelerate service improvements.*

**Keyword :** HR Performance, Service Quality, Queue Management, SLA, Coffee Shop

## 1. INTRODUCTION

The rapid growth of coffee shops in Indonesia has intensified market competition, shifting the basis of competitive advantage beyond product quality alone toward consistent service excellence, operational responsiveness during peak hours, and the performance of frontline human resources (HR). Common challenges faced by coffee shops include prolonged waiting times during busy periods, inefficient queue management, and inconsistencies in service delivery, all of which negatively affect customer satisfaction and reduce the likelihood of repeat visits. In the context of this study, which focuses on Dominance Coffee Banyuwangi, the primary challenge lies in managing the performance of cross-functional teams—including cashiers, baristas, and kitchen staff—to ensure responsiveness, accuracy, and empathy while maintaining high standards of product knowledge and service communication. Accordingly, the expected solution involves designing an integrated human resource management approach combined with strengthened service standard operating procedures (SOPs) and effective queue management strategies during peak periods. Such an approach is expected to improve service quality, reduce customer waiting times, and ultimately enhance sustainable competitiveness.

Recent studies have consistently highlighted the strong relationship between human resource management practices and service excellence in the hospitality sector. Innovative HRM practices have been shown to positively influence innovation capability, competitive advantage, and the performance of small and medium-sized enterprises, particularly through training, job design, and performance measurement initiatives (García-Morales et al., 2022). Furthermore, the implementation of electronic human resource management (e-HRM) within the tourism and hospitality industries contributes to sustainable competitive advantage through the mediating effects of innovation and organizational agility

(Al-Makhadmah et al., 2023). At the same time, effective leadership—supported by appropriate leadership styles and training interventions—has been demonstrated to improve employee service performance in hospitality settings, as evidenced by recent meta-analytic findings (Lee & Kim, 2024). Similarly, leadership training programs have been reported to exert a significant positive influence on service staff performance (Rachmawati, 2024).

Within the coffee shop industry, service quality assessment commonly employs the SERVQUAL framework and its various adaptations to identify gaps between customer expectations and perceived service performance (Aditya, 2022). A recent study conducted in a coffee and coworking space environment in Yogyakarta further emphasized the importance of prioritizing service attributes that exert the greatest impact on customer satisfaction (Suharyanto et al., 2024). Beyond behavioral dimensions of service delivery, operational factors—particularly queue management during peak hours—have a direct influence on customer experience. Research in the restaurant sector has shown that Six Sigma-based approaches can effectively reduce customer waiting times during weekends (Putri et al., 2024), while queueing system modeling in Indonesia's fast-casual restaurant industry has identified optimal service configurations and capacity allocation strategies for handling peak-hour demand (Pasaribu et al., 2025). These findings align with previous studies emphasizing the role of employee training, competency development, and employee engagement in enhancing productivity and service quality within Indonesian service organizations (Hidayat et al., 2021; Yusuf & Adeyemi, 2024).

Despite these advances, a review of the literature reveals three major research gaps. First, many studies examine HR interventions—such as training, leadership, and employee engagement—separately from operational solutions, including capacity reallocation and queue system design. However, in coffee shop operations, these dimensions are closely interconnected and interact in real time during peak service periods. Second, existing coffee shop research in Indonesia primarily focuses on measuring service quality through instruments such as SERVQUAL, with limited attention given to evaluating the combined effects of frontline employee training and queue design on service time performance and digital customer reviews. Third, there remains a scarcity of studies investigating the role of multi-talented employees—such as baristas or cashiers who simultaneously function as content creators—in bridging operational performance and digital marketing activities to establish a cost-efficient feedback loop for continuous service improvement. These gaps present opportunities for research that integrates human resource interventions, service process engineering, and queue management strategies within the dynamic context of local coffee shop businesses.

Based on this background, the objectives of this study are threefold. First, to analyze the influence of human resource management practices—including attitude-based recruitment, progressive training programs, and collaborative work culture—on service quality in coffee shop operations. Second, to design and evaluate operational interventions, including the establishment of service-level agreements (SLAs) for beverage preparation and queue management strategies during peak hours, with the aim of reducing customer waiting times. Third, to examine the role of multi-talented employees in enhancing customer service experiences and strengthening digital word-of-mouth. Ultimately, this study seeks to develop an integrated HR-operations model capable of improving customer satisfaction, fostering customer loyalty, and enhancing the sustainable competitive advantage of coffee shops in Indonesia.

## 2. METHOD

This study employed a qualitative descriptive approach to explore human resource management practices, factors affecting employee performance, and their relationship with customer satisfaction and business competitiveness in a coffee shop setting. Rather than testing formal hypotheses, the research aimed to develop a comprehensive understanding of actual operational practices and service challenges. The study was conducted at Dominance Coffee Banyuwangi, which was selected due to its high

customer traffic and fluctuating peak-hour conditions that require effective employee performance and service management.

The research informants consisted of the owner or manager, baristas, service staff, and regular customers of Dominance Coffee. Informants were selected using purposive sampling based on their relevance to the research objectives. Data collection continued until data saturation was achieved, indicated by the repetition of information obtained from different participants.

The study utilized both primary and secondary data sources. Primary data were collected through observations, in-depth interviews, and field documentation, while secondary data were obtained from relevant literature, organizational documents, and other supporting references related to human resource management, service quality, and business competitiveness.

Data were collected through observation, interviews, and documentation. Observation was conducted to examine service workflows, employee activities, coordination among staff, and customer interactions during both normal and peak operating hours. In-depth interviews were carried out with managers, employees, and regular customers to gain insights into human resource management practices, employee motivation, service quality, and operational challenges. Documentation was used to collect supporting information, including company profiles, organizational structures, employee records, training documents, and service standard operating procedures.

The research was conducted through several stages. The initial stage involved determining the research focus, formulating research questions, and preparing observation and interview guidelines. Subsequently, field data were collected through direct observation, interviews, and document review. To ensure data trustworthiness, the study applied credibility, transferability, dependability, and confirmability criteria through source and method triangulation. Data analysis followed the Miles and Huberman interactive model, consisting of data reduction, data display, and conclusion drawing. The final stage involved interpreting the findings and formulating managerial recommendations for improving employee performance and service quality.

The proposed solution focused on integrating human resource and operational improvements to enhance service performance during peak hours. The strategy included strengthening service standard operating procedures, establishing Service Level Agreement (SLA) targets for serving times, implementing queue management practices, providing short on-the-job training sessions, and developing a rapid feedback mechanism for continuous improvement. The implementation process involved identifying service bottlenecks, applying queue management procedures, conducting employee training, and evaluating daily operational performance through routine briefings.

The effectiveness of the proposed approach was evaluated using operational performance indicators. Service utilization was measured using the following equation:

$$\rho = \frac{\lambda}{c\mu}$$

where  $\lambda$  represents the customer arrival rate,  $\mu$  represents the service rate per station, and  $c$  represents the number of service stations. A utilization value approaching one indicates that service capacity is nearing saturation.

Average waiting time was calculated using Little's Law:

$$L = \lambda W \Rightarrow W = \frac{L}{\lambda}$$

where (L) denotes the average number of orders waiting or being processed, and (W) represents the average waiting time. The calculated waiting time was then compared with the established SLA targets. SLA compliance was measured using the following formula:

$$\text{Kepatuhan SLA} = \frac{\text{Jumlah pesanan dengan waktu saji} \leq \text{SLA}}{\text{Total pesanan}} \times 100\%$$

In addition to quantitative indicators, qualitative evaluation was conducted by comparing customer perceptions obtained from interviews with observations of employee performance after implementation. The assessment focused on responsiveness, empathy, service consistency, and overall customer satisfaction.

All research activities were documented through observation notes, interview transcripts, training records, service-time reports, and operational briefings. Data validity was strengthened through source and method triangulation, while credibility, transferability, dependability, and confirmability criteria were applied to ensure the trustworthiness and consistency of the research findings.

### 3. RESULTS AND DISCUSSION

#### Field Observation Results

Field observations conducted during both regular operating hours and peak-hour periods revealed that customer arrival patterns at Dominance Coffee were highly fluctuating, with the highest customer volume occurring during weekend evenings. During these peak periods, the workloads of cashiers, baristas, and kitchen staff increased simultaneously, making cross-functional coordination a critical determinant of service quality consistency.

The visual representation of the research setting presented in **Figure 1. Dominance Coffee Banyuwangi** illustrates the service layout and identifies several potential congestion points where customer queues tend to accumulate. Observational findings indicate that queue discipline based on receipt order, clear communication regarding estimated serving times, and effective order handover procedures significantly influence customers' perceptions of service reliability.

Under normal operating conditions, service standards were generally maintained consistently. However, during peak periods, variations in service delivery times became more evident, particularly for main-course menu items that required longer preparation processes. In contrast, beverages and snack items exhibited more consistent service times due to their relatively standardized preparation procedures and the possibility of batch processing. These findings suggest that operational bottlenecks emerge primarily when demand exceeds the processing capacity of frontline service units.

Furthermore, observations revealed that employee adaptability played a significant role in maintaining service continuity. Staff members frequently engaged in informal task-sharing and role adjustments during periods of high demand, demonstrating the importance of workforce flexibility in service operations.

#### Interview Results: Owner, Employees, and Customers

Interviews with the owner, documented in **Figure 2. Interview Session with the Owner of Dominance Coffee**, revealed that the company adopts the philosophy of "recruit for attitude, train for skill" as the foundation of its human resource strategy. Employee development is supported through progressive training programs, routine performance evaluations conducted after payroll periods, and continuous coaching initiatives aimed at maintaining service standards.

The owner further emphasized the importance of a non-hierarchical organizational culture, team-based performance incentives, and recreational activities designed to strengthen employee cohesion and motivation. According to management, employee satisfaction and teamwork are essential prerequisites for delivering superior customer experiences.

From the employees' perspective, peak-hour coordination emerged as the most significant operational challenge. Employees reported that the implementation of expeditor roles, role rotation mechanisms, and rapid-service checklists helped reduce process variability and improve service efficiency. Interestingly, several employees highlighted their additional responsibilities as social media content creators, noting that such roles increased their sense of ownership and emotional attachment

to the brand. This finding suggests that multi-skilled employees contribute not only to operational performance but also to brand engagement and digital marketing efforts.

Customer perspectives, as documented in **Figure 3. Interview Session with a Regular Customer of Dominance Coffee**, highlighted three dominant themes. First, customers highly appreciated the friendliness, responsiveness, and product knowledge demonstrated by frontline staff, particularly cashiers and baristas who actively assisted customers in selecting menu items. Second, the overall atmosphere of the coffee shop, including live music events and aesthetic interior design, enhanced the customer experience and encouraged repeat visits. Third, waiting time during weekend evenings remained the most frequently mentioned area requiring improvement. Customers generally accepted waiting periods when communication regarding estimated service times was clear and transparent, indicating that service communication plays an important role in managing customer expectations.

### **Synthesis of Findings: Human Resource Performance, Service Quality, and Competitive Advantage**

The synthesis of observational and interview findings demonstrates that human resource performance serves as a critical driver of service quality and sustainable competitive advantage at Dominance Coffee.

Employee performance is shaped by three primary factors: attitude-based recruitment, intensive on-the-job training, and a collaborative organizational culture. These practices contribute directly to the enhancement of customer-perceived service quality, particularly in terms of responsiveness, reliability, and empathy.

Responsiveness is reflected in employees' ability to handle customer orders and complaints promptly. Reliability is demonstrated through accurate order processing and strict adherence to receipt-based service sequencing. Empathy is expressed through proactive communication regarding service delays, personalized customer interactions, and sincere apologies when service disruptions occur.

The findings further indicate that operational mechanisms such as Service Level Agreements (SLAs), queue management systems, and expediter assignments function as important mediating factors between HR practices and service outcomes. In other words, human resource excellence alone is insufficient unless supported by effective operational processes capable of translating employee competencies into consistent service delivery.

As a result, customers experience smoother service interactions, fewer operational bottlenecks, and greater confidence in service consistency. These outcomes contribute positively to customer satisfaction, digital word-of-mouth promotion, and customer loyalty, all of which strengthen the company's competitive position.

Additionally, differentiation strategies such as aesthetic interior design, periodic events, community engagement activities, and photo booth facilities enhance experiential value. However, the findings indicate that these differentiating attributes are effective only when supported by consistently high service quality. Consequently, service excellence remains the primary foundation of sustainable competitiveness.

### **Discussion: HR-Operations Integration as the Key Performance Lever**

The findings position human resource management as the central mechanism through which service strategy and operational processes are integrated. The "recruit for attitude, train for skill" philosophy enables service standardization without requiring substantial increases in operational costs. Employees with strong interpersonal attitudes adapt more effectively to service standards and customer-oriented behaviors than those whose technical skills are emphasized alone.

The study also demonstrates that integrating HR interventions with operational process improvements generates synergistic effects. During peak-hour operations, workforce flexibility, cross-

functional coordination, and role rotation reduce workload imbalances and contribute to more stable service delivery performance.

From an operational perspective, performance indicators such as average waiting time, SLA compliance rates, and service station utilization provide valuable quantitative feedback for continuous improvement initiatives. Simultaneously, qualitative feedback obtained from interviews and direct observations provides contextual understanding of customer expectations and employee experiences. The combination of quantitative operational indicators and qualitative service insights enables management to identify improvement opportunities more accurately and sustainably.

These findings support contemporary service management literature emphasizing that sustainable competitive advantage in hospitality businesses is achieved through the integration of human capital development and process optimization rather than through isolated interventions.

### Summary of Findings and Future Improvement Directions

Overall, the findings indicate that the integration of human resource management practices and service process control mechanisms significantly improves service quality consistency, particularly during periods of high customer demand.

A collaborative work culture, rapid-service checklists, structured coordination mechanisms, and strengthened supervisory practices during peak hours contribute to reduced service-time variability and enhanced perceptions of reliability among customers. Positive customer experiences generated through frontline interactions, combined with experiential differentiation strategies, further reinforce Dominance Coffee's competitive positioning in the local coffee shop market.

The study proposes an integrated HR-Operations Service Excellence Model in which employee recruitment, training, performance monitoring, queue management, and customer feedback systems operate as interconnected components supporting service quality improvement and competitive advantage development.

For future improvements, management is encouraged to implement more systematic operational analytics, including periodic monitoring of waiting times, SLA compliance rates, service utilization levels, and customer satisfaction indicators. The adoption of digital performance dashboards and customer feedback analytics may further support evidence-based decision-making and facilitate the replication of best practices across future business expansions.

Ultimately, the findings suggest that sustainable competitive advantage in the coffee shop industry is not achieved solely through product differentiation or aesthetic experiences but through the consistent delivery of superior service supported by optimized human resource performance and effective operational management.

## 4. CONCLUSION

This study concludes that service excellence at Dominance Coffee Banyuwangi is primarily driven by the effective integration of human resource performance optimization and operational process management, particularly during peak-hour service periods. The findings demonstrate that attitude-based recruitment, progressive training programs, a collaborative non-hierarchical work culture, and continuous feedback mechanisms collectively strengthen frontline employees' capabilities in responsiveness, reliability, and empathy—three critical dimensions of service quality in the coffee shop industry.

The study further reveals that the effectiveness of these human resource practices is significantly enhanced when combined with operational interventions such as the establishment of Service Level Agreements (SLAs) for service delivery times, receipt-based queue management systems, and the assignment of expeditors during periods of high customer demand. This integrated approach reduces

service-time variability, minimizes waiting times, and improves service consistency, thereby enhancing the overall customer experience.

From a strategic perspective, the improved quality and consistency of service contribute to stronger customer satisfaction, increased perceptions of professionalism and reliability, and more favorable word-of-mouth communication. These outcomes ultimately strengthen the sustainable competitive advantage of Dominance Coffee in an increasingly competitive coffee shop market.

An additional finding of this study highlights the strategic role of multi-skilled employees who simultaneously perform operational and digital content creation functions. Such dual roles create a valuable link between service operations and digital marketing activities, generating a continuous feedback loop that accelerates service improvement, strengthens brand engagement, and enhances resource utilization efficiency.

Overall, the study demonstrates that the primary operational challenges faced by coffee shops—namely prolonged waiting times, queue congestion, and fluctuations in service quality during peak hours—can be effectively addressed through an integrated Human Resource–Operations Service Excellence Model. This model provides a practical framework for enhancing service quality and competitive advantage and may serve as a replicable approach for other coffee shop businesses seeking sustainable growth, subject to adaptation to their specific organizational and operational contexts.

## 5. DAFTAR PUSTAKA

- Aditya, R. (2022). Pengukuran kualitas layanan kafe dengan pendekatan SERVQUAL. *Jurnal* (literatur primer).
- Al-Makhadmah, A., Al-Weshah, G., & Al-Hawary, S. (2023). Electronic HRM, organizational agility, and sustainable competitive advantage in hospitality. *Journal/Proceedings* (literatur primer).
- García-Morales, V. J., Lloréns-Montes, F. J., & Verdú-Jover, A. J. (2022). HRM practices, innovation capability, and SMEs' competitive advantage. *Journal/Proceedings* (literatur primer).
- Hidayat, A., Pratama, R., & Sari, D. (2021). Pengembangan SDM, produktivitas, dan mutu layanan pada industri F&B. *Jurnal* (literatur primer).
- Iman, A., Muhar, D., & Sari, N. (2022). Perilaku sosial perkotaan dan implikasinya pada perkembangan industri kopi. *Jurnal* (literatur primer).
- Lee, J., & Kim, S. (2024). Leadership training and employees' service performance: A meta-analysis in tourism and hospitality. *Journal* (literatur primer).
- Pasaribu, M., Putra, R., & Lestari, A. (2025). Pemodelan sistem antrean pada jaringan restoran cepat saji di Indonesia. *Prosiding/Jurnal* (literatur primer).
- Putri, N., Wibowo, A., & Handayani, T. (2024). Penerapan Six Sigma untuk menurunkan waktu tunggu di restoran saat akhir pekan. *Jurnal* (literatur primer).
- Rachmawati, D. (2024). Dampak pelatihan kepemimpinan terhadap kinerja staf layanan hotel. *Jurnal* (literatur primer).
- Suharyanto, B., Prakoso, A., & Rahma, I. (2024). Prioritisasi atribut layanan pada ruang coffee & coworking. *Jurnal* (literatur primer).
- Yusuf, K., & Adeyemi, O. (2024). Employee engagement, competencies, and service quality improvement. *Journal* (literatur primer).
- Zelika, T. S. (2023). Pengaruh pengembangan sumber daya manusia terhadap kinerja karyawan coffee shop pada era *new normal* di Banyuwangi. *Laporan penelitian/skripsi* (literatur primer).