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## **Examining the Impact of Transformational Leadership, Digital Innovation, and Sustainable Strategies on Mixue's Business Success in Greater Jakarta Area**

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### **ABSTRACT**

This study explores the role of transformational leadership, digital transformation, and innovation in Mixue's business performance sustainability within Indonesia's competitive food and beverage sector. Since its market entry in 2020, Mixue has grown rapidly by providing affordable, quality products that resonate with young consumers. However, sustaining this growth demands new strategies to address challenges from competitors introducing diverse offerings and digital engagement models. This research finds that transformational leadership fosters adaptability, digital transformation enhances customer engagement and operational efficiency, and continuous innovation secures relevance. Using a quantitative approach with data from Mixue customers, the findings affirm the positive impact of these factors on sustainable business performance. This study highlights the need for an integrated approach to leadership, technology, and innovation for enduring success.

*Keywords* - transformational leadership, digital transformation, innovation, sustainable business performance, competitive food industry

### **INTRODUCTION**

Mixue, originating from China, entered the Indonesian market in 2020, quickly establishing itself with a unique approach focused on affordability and consistency in quality. This strategic model allowed it to become a popular choice for Indonesian youth, who seek accessible yet quality refreshments. Mixue's success led to rapid expansion across major cities, making it a visible brand in the highly competitive Indonesian food and beverage market. Despite this initial success, Mixue now faces challenges that signal a need for sustainable business strategies (Loon et al., 2019). For Mixue, achieving long-term growth depends on embracing transformational leadership, digital transformation, and fostering a culture of continuous innovation.

The rise of Mixue in Indonesia can be attributed to its successful adaptation to local preferences and affordability, positioning it as a household name among young consumers. Early success was facilitated by Mixue's ability to replicate its brand's strong performance from China to Indonesia. With a focus on cost efficiency and marketing appeal, Mixue expanded rapidly, growing its outlet network across the country. However, as market competition rises and consumer preferences evolve, Mixue must now rethink its strategies for sustaining customer engagement. Studies indicate that companies facing rapid growth must emphasize innovation and adaptability to avoid stagnation (Christensen et al., 2018). As such, Mixue's continued success depends on strategic shifts to maintain relevance in Indonesia's dynamic market.

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Despite a strong start, Mixue is currently facing growth plateaus. Industry analysts have noted that reduced customer traction and a limited scope of innovation are beginning to hinder its progress. Competitors have started to introduce more diverse product lines, personalized digital experiences, and innovative marketing strategies that resonate with Indonesia's increasingly digital and experience-focused consumers. Research suggests that a failure to keep pace with digital innovation and shifting customer preferences can result in a decline in market relevance, as observed in other fast-growing sectors (Cascio & Montealegre, 2016). Addressing these challenges will require Mixue to invest in digital engagement, product innovation, and renewed customer experience strategies.

Transformational leadership, digital transformation, and innovation emerge as critical elements in Mixue's potential recovery and sustainable growth in Indonesia. Transformational leadership plays a pivotal role in fostering an adaptable organizational culture, where employees are motivated to innovate and adapt to change. This leadership style aligns well with businesses facing competitive pressure and aiming for long-term sustainability (Ghasabeh et al., 2015). Digital transformation, especially through enhanced customer engagement tools and social media presence, could amplify Mixue's reach and modernize its operational efficiency. Meanwhile, continuous innovation in product offerings and service experiences is crucial to standing out in a crowded market (Rana et al., 2022).

Empirical studies show that transformational leadership significantly contributes to an organization's agility and resilience by promoting a culture of continuous learning and adaptability (Nguyen et al., 2021). By implementing digital transformation strategies, companies can offer tailored customer experiences and streamline operational efficiencies, ultimately driving customer satisfaction and loyalty (Soni et al., 2022). For Mixue, these strategies are particularly relevant, as digital transformation could help integrate feedback loops for product innovation and customer experience improvements. Similarly, innovation—whether through diversified product lines or enhanced digital engagement—serves as a critical component in maintaining Mixue's brand vitality in an increasingly competitive landscape.

To secure its long-term growth, Mixue must actively integrate transformational leadership, digital transformation, and innovation into its business model. Transformational leadership can inspire the cultural flexibility necessary to navigate rapid changes, helping Mixue maintain agility in response to evolving market trends. Digital transformation will equip the company with tools to engage customers more effectively, enabling a more personalized and appealing brand presence. Finally, by embedding innovation in its core strategy, Mixue can ensure a fresh and relevant brand appeal, fostering customer loyalty. Collectively, these strategies position Mixue not only for recovery but also for sustainable leadership in Indonesia's food and beverage industry.

## LITERATURE REVIEW

### **Transformational Leadership on Sustainable Business Performance**

In line with previous research that explains how transformational leadership fosters enthusiasm and innovation, enabling staff members to create environmentally friendly products, this study will examine the impact of transformational leadership on sustainable corporate performance. By emphasizing sustainability and aiming to motivate team members to prioritize green projects, this leadership style encourages long-term company growth while enhancing team performance. (Zain

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et al., 2023). The term "transformational leadership" describes the actions of a leader who inspires followers to achieve environmental goals and objectives and enhances their efforts to improve environmental performance. (Bhatti et al., 2023). A critical factor in promoting sustainability in corporate performance is transformational leadership. While encouraging each team member to propose and implement environmentally friendly operational changes, this leadership style emphasizes the overall performance of the group. Long-term success is facilitated by leaders who inspire their followers to exchange ideas to improve sustainable corporate practices through open communication. (Zhao & Huang, 2022). Hence, the hypothesis arising from this study is:

**H1:** Transformational leadership has a positive impact on the sustainability of business performance.

### **Digital Transformation on Sustainable Business Performance**

Through the application of efficient contemporary technology, digital transformation enables businesses to reduce costs, increase revenue, and strengthen their competitive advantage. By effectively leveraging this technology, businesses can enhance productivity and streamline processes. (Senadjki et al., 2024). Businesses that adopt digital transformation can use it as a tool to boost employee productivity and accelerate the pace of change. This is expected to improve company performance through various advantages and efficiencies, enabling sustainable operations. (Siswanti et al., 2024).

By enhancing corporate processes and fostering distinctive organizational skills, digital technology impacts all aspects of operational activities, including management, sales, and production. In addition to assisting businesses in collecting large volumes of high-quality data, tools such as sensors, data analytics tools, virtual reality, and digital platforms significantly improve online communication both within the company and with channel partners. This promotes the use of complementary resources, reduces information asymmetry, and strengthens teamwork in corporate sustainability efforts. (Xu et al., 2023). Based on this understanding, the hypothesis formulated by the researcher is as follows:

**H2:** Digital transformation has a positive impact on the sustainability of business performance.

### **Innovation on Sustainable Business Performance**

According to previous studies, innovation in the development or implementation of new strategies to integrate human and physical resources with business operations, production, and marketing processes—all aimed at reducing negative impacts on the environment and society—helps improve sustainable business performance. (Zhao & Huang, 2022). Adopting eco-friendly technology can help organizations enhance productivity, reduce production costs, and improve internal procedures. Company managers need to understand the importance of this approach to gain a competitive edge while meeting the needs of stakeholders and the market. Such developments also encourage long-term growth, ultimately improving the overall performance of the business. (Zain et al., 2023). An increasing level of environmental sustainability will be driven by businesses' growing understanding of the green economy. Eco-friendly product and process innovations exemplify efforts aimed at using sustainable resources, recycling waste, and reducing pollution and energy consumption. (Rahman & Shah, 2023). Hence, the hypothesis arising from this study is:

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**H3:** Innovation has a positive impact on the sustainability of business performance.

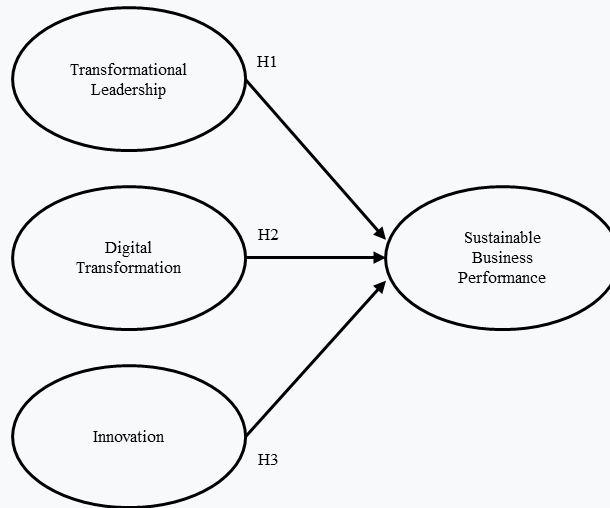


Figure 2.1 Research Method

## METHODOLOGY

This study is quantitative research from the perspective of analytical type, utilizing data processing results. It employs both primary and secondary data. Google Forms, an online tool provided by Google, was used to collect primary data. This tool allows users to quickly create closed-ended forms, questionnaires, or surveys that include multiple questions with various response options, including rating scales. The software SmartPLS version 4.0 will be used to manage the data collected through the Google Forms questionnaire, and the PLS-SEM (Partial Least Square – Structural Equation Modelling) method will be applied for analysis. (Hair et al., 2019). The study's population comprises customers who visited and placed orders at Mixue in Indonesia. A non-probability selection with a purposive sampling approach is used to select the sample based on predetermined criteria, specifically customers who have visited and placed orders at Mixue in Indonesia. In multivariate research using the partial least squares – structural equation modeling (PLS-SEM) method, it is recommended to determine the sample size by using the formula (5 x number of indicators) to (10 x number of indicators). (Hair et al., 2019). The sample calculation in this study resulted in a required sample size of 85 to 170. The sample chosen for this study, based on the minimum requirement of 85 and a maximum of 170, is 100.

## RESULTS

### Profile of respondents

Based on Table 1, out of 100 respondents, 52.5% are female. The majority of respondents (44.4%) are aged between 18-27 years. Most respondents (51.3%) reside in Jakarta. Approximately 47.5% hold a bachelor's degree and are the most frequent consumers of a particular product. By occupation, students make up the largest group at 34.4%, with 28.1% of customers reporting visits to the restaurant 4–6 times in the past six months. This data was collected using Google Forms.

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TABLE 4.1.  
RESPONDENT PROFILES

Criteria	Categories	Percentage
Gender	Male	47.5%
	Female	52.5%
Age	18 - 27	44.4%
	28 - 43	34.4%
	44 - 59	15.6%
	≥60	5.6%
Domicile	Jakarta	51.3%
	Bogor	15.6%
	Tangerang	13.1%
	Bekasi	8.1%
Educational Background	Senior High School	35.6%
	Bachelor Degree	47.5%
	Master Degree	11.3%
	Doctoral Degree	5.6%
Occupation	Government Employees	26.3%
	Private Employees	23.1%
	Student	34.4%
	Entrepreneur	8.8%
	Housewife	7.5%
Number of Visit	1 – 3	28.1%
	4 – 6	23.1%
	7 – 9	24.4%
	≥10	24.4%

## Outer Loading

In this study, the measurement model and validity testing were assessed using loading factor values, convergent validity, and discriminant validity. The loading factor value should exceed 0.7, and the Average Variance Extracted (AVE) should be greater than 0.5. In this study, the loading factors demonstrated values above 0.7. Data reliability was tested using Cronbach's alpha and composite reliability to verify consistency. Data is considered reliable if the composite reliability (CR) value is 0.7 or higher. The validity and reliability results for a sample of 100 are presented in Table 4.2.

TABLE 4.2.  
VALIDITY AND RELIABILITY RESULT

Constructs	Outer Loading
Transformational Leadership: AVE : 0.673, CR : 0.879	
TL1	0.805
TL2	0.816
TL3	0.818
TL4	0.842

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TL5	0.819
Digital Transformation: AVE : 0.730, CR: 0.816	
C1	0.846
C2	0.859
C3	0.859
Innovation AVE: 0.671, CR: 0.846	
IN1	0.803
IN2	0.850
IN3	0.762
IN4	0.858
Sustainable Business Performance: AVE: 0.664, CR: 0.874	
SBP1	0.797
SBP2	0.824
SBP3	0.785
SBP4	0.841
SBP5	0.826

Moreover, this study assesses discriminant validity based on the Heterotrait and Fornell-Larcker criteria. According to the Fornell-Larcker criterion, the square root of each construct's AVE is higher than its maximum correlation with any other construct in the model. (Hair Jr. et al., 2019).

TABLE 4.3.  
FORNELL-LARCKER CRITERION

	DT	IN	SBP	TL
DT	<b>0.854</b>			
IN	0.694	<b>0.819</b>		
SBP	0.736	0.758	<b>0.815</b>	
TL	0.674	0.709	0.732	<b>0.820</b>

The highlighted values (diagonal values) and the correlations between constructs in the off-diagonal positions are displayed in Table 3 of this study: 0.880, 0.883, and 0.839. This approach outperforms conventional methods for assessing discriminant validity compared to the Heterotrait-Monotrait (HTMT) ratio criteria, as these values are significantly lower than the Fornell-Larcker and cross-loading criteria, with 0.85 as an appropriate threshold level. (Hair Jr. et al., 2019). With a threshold of no more than 0.90, discriminant validity assesses the extent to which various constructs differ from each other based on empirical standards. If the HTMT score exceeds 0.90, it indicates a lack of discriminant validity, suggesting that the constructs are conceptually identical. In this study, all constructs have HTMT values below 0.90, confirming that each variable in this investigation represents a distinct construct, as shown in Table 4.3.

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TABLE 4.4.  
HETEROTRAIT-MONOTRAIT RATIO

	DT	IN	SBP	TL
DT				
IN	<b>0.839</b>			
SBP	0.870	<b>0.880</b>		
TL	0.797	0.823	<b>0.833</b>	

## Variance Inflation Factor Test

The hypothesis in this study is directional; therefore, a one-tailed hypothesis test is conducted with a 5% significance level. The hypothesis can be considered significant if the resulting p-value is <0.05 and the t-statistic is >1.645 (one-tailed). Table 4.5 presents the results of the hypothesis testing for this research.

TABLE 4.5.  
VIF TEST

	VIF
Digital Transformation	2.214
Innovation	2.430
Transformational Leadership	2.307

## The coefficient of determination

Table 4.6 presents the R-square value of the Sustainable Business variable as 0.684, indicating that 68.4% of the variance in revisit intention can be explained by the other variables in this study. The remaining 31.6% of the variance in revisit intention is attributable to factors not included in this study.

TABLE 4.6.  
R-SQUARE

	<i>R-square</i>
Sustainable Business Performance	0.684

## Hypothesis Testing

The hypothesis in this study is directional; therefore, a one-tailed hypothesis test is conducted with a 5% significance level. The hypothesis can be considered significant if the resulting p-value is <0.05 and the t-statistic is >1.645 (one-tailed). Table 4.6 presents the results of the hypothesis testing for this research.

TABLE 4.7.  
HYPOTHESIS TESTING

Hypothesis	<i>Path Coefficient</i>	<i>T-Statistic</i>	<i>p-value</i>	Result
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H1: Transformational Leadership has a positive effect on Sustainable Business	0.279	2.238	0.034	Supported
H2: Digital Transformation has a positive effect on Sustainable Business Performance	0.307	3.097	0.003	Supported
H3: Innovation has a positive effect on Sustainable Business Performance.	0.347	3.117	0.003	Supported

## DISCUSSION

Use either SI (MKS) or CGS as primary units. (SI units are strongly encouraged.) English units may be used as secondary units (in parentheses). This applies to papers in data storage. For example, write “15 Gb/cm<sup>2</sup> (100 Gb/in<sup>2</sup>).” An exception is when English units are used as identifiers in trade, such as “3.5-inch disk drive.”

Avoid combining SI and CGS units, such as current in amperes and magnetic field in oersteds. This often leads to confusion because equations do not balance dimensionally. If you must use mixed units, clearly state the units for each quantity that you use in an equation.

## CONCLUSION

Finally, you are responsible for language as editors will not check it. Do a spell and grammar check. This is available in Word. If English is not your native language, get a professional proof-reader to help if possible.

The word “data” is plural, not singular. The subscript for the permeability of vacuum  $\mu_0$  is zero, not a lowercase letter “o.” In American English, periods and commas are within quotation marks, like “this period.” A parenthetical statement at the end of a sentence is punctuated outside of the closing parenthesis (like this). (A parenthetical *sentence* is punctuated within the parentheses.) A graph within a graph is an “inset,” not an “insert.” The word “alternatively” is preferred to the word “alternately” (unless you really mean something that alternates). Use the word “whereas” instead of “while” (unless you are referring to simultaneous events). Do not use the word “essentially” to mean “approximately” or “effectively.” Do not use the word “issue” as a euphemism for “problem.”

Be aware of the different meanings of the homophones “affect” (usually a verb) and “effect” (usually a noun), “complement” and “compliment,” “discreet” and “discrete,” “principal” (e.g., “principal investigator”) and “principle” (e.g., “principle of measurement”). Do not confuse “imply” and “infer.”

Prefixes such as “non,” “sub,” “micro,” “multi,” and “ultra” are not independent words; they should be joined to the words they modify, usually without a hyphen. There is no period after the “et” in the Latin abbreviation “*et al.*” (it is also italicized). The abbreviation “i.e.,” means “that is,” and the abbreviation “e.g.,” means “for example” (these abbreviations are not italicized).



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## ACKNOWLEDGMENT

The preferred spelling of the word “acknowledgment” in American English is without an “e” after the “g.” Use the singular heading even if you have many acknowledgments. Avoid expressions such as “One of us (J.Q.A.) would like to thank ... .” Instead, write “J. Q. Author thanks ... .” Sponsor and financial support acknowledgments are placed in the unnumbered footnote on the first page.

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