

The Influence of Itsar Relational Capability on the Business Performance of Batik Msmes in Central Java Province

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Abstract

This study aims to explore a new conceptual model that can fill the limitations of previous studies and research gaps between organizational learning centered on the concept of itsar relational capability. This type of research is explanatory research or research that is intended to explain the relationship between research variables (causality), namely adaptive learning, generative learning, itsar relational capability and business performance. The population in this study is The population in this study is Batik MSMEs in Kendal Regency, Demak Regency, Semarang Regency, Salatiga City, Semarang City and Grobogan Regency, where the business has been running for at least five years, with a sample size of 150 people. To analyze the data in this study, Structural Equation Modeling (SEM) based on SmartPLS software was used. The results of this study can be concluded as follows: adaptive learning and generative learning have been proven to increase itsar relational capability; adaptive learning, generative learning, itsar relational capability have been proven to increase business performance; Itsar relational capability will be very effective in increasing business performance if supported by adaptive learning and generative learning.

Keywords: Adaptive Learning; Generative Learning; Itsar Relational Capability; Business Performance.

Abstrak

Penelitian ini bertujuan mengeksplorasi model konseptual baru yang dapat mengisi keterbatasan studi terdahulu dan kesenjangan penelitian antara organizational learning yang



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berpusat pada konsepsi itsar relational capability. Jenis penelitian ini adalah explanatory research atau penelitian yang bersifat menjelaskan hubungan antar variabel penelitian (kausalitas) yaitu adaptive learning, generative learning, itsar relational capability dan kinerja bisnis. Populasi dalam penelitian ini adalah UMKM Batik di wilayah Kabupaten Kendal, Kabupaten Demak, Kabupaten Semarang, Kota Salatiga, Kota Semarang dan Kabupaten Grobogan, dimana usaha yang dilakukan sudah berjalan minimal lima tahun, dengan jumlah sampel sebanyak 150 orag. Untuk menganalisis data dalam penelitian ini digunakan Structural Equation Modeling (SEM) berbasis software SmartPLS. Hasil penelitian ini dapat disimpulkan sebagaimana berikut : adaptive learning dan generatif learning terbukti meningkatkan itsar relational capability; adaptive learning, generatif learning, itsar relational capability terbukti meningkatkan kinerja bisnis; Itsar relational capability akan menjadi sangat efektif dalam meningkatkan kinerja bisnis jika didukung dengan adaptive learning dan generatif learning.

Kata Kunci: *Adaptive Learning; Generative Learning; Itsar Relational Capability; Kinerja Bisnis.*

1. Introduction

The era of globalization and industry 4.0 has a major impact on companies to improve the quality of resources and capabilities they have in managing a business. The resources owned by the organization are too easy to imitate for competing companies, to improve and more effective substitute resources, are not the basis for achieving competitive advantage. The easier it is to imitate technology and with rapid changes in competitors, regulations and society, organizational knowledge emerges as the main source of sustainable competitive advantage, through interaction and communication between individuals and business units.

The scale of business in Central Java is grouped into large businesses, medium businesses, small businesses and home businesses. Large businesses are businesses that have more than 100 employees. Medium businesses have between 20 and 70 employees. Small businesses have between 5 and 15 employees and home businesses are businesses with between 1 and 4 employees.

Micro, Small, and Medium Enterprises (MSMEs) Law states that small, micro and medium enterprises aim to grow and develop their businesses in order to build a national economy based on a just economic democracy. Small and medium enterprises have an important contribution to the economic development of a country and are a source of state revenue ([Al-Haddad et al., 2019](#)). One of the MSMEs that is of concern to the government is the MSMEs in the Batik industry sector. Batik MSMEs, which are part of one of the MSMEs in Indonesia, have so far become one of the strategic industries as drivers of the Indonesian economy. The development of MSMEs from the Batik industry sector that has occurred in Indonesia has experienced a quite encouraging increase, this has been proven to increase by more than 300 percent in a period of 3.5 years.

The opportunity to develop Batik MSMEs has gained momentum after UNESCO designated Batik as a world cultural heritage in 2009. This recognition from UNESCO can at least create its own appeal for batik MSMEs, so that it is more real in the eyes of the world and strategic for the existence of Batik in Indonesia. Therefore, the Indonesian batik industry is a force to penetrate the domestic and international markets.

MSMEs have a fairly large number and contribute to increasing Indonesia's GDP, but most of them still face various problems including human resource capacity, access and mastery of information technology, access to knowledge, alternative funding, access to global markets and supply chain management. Meanwhile, MSMEs need to have digital-based competitiveness in the industrial revolution, as well as collaborate with other external parties such as banks and associations or associations ([Sulistyo, 2021](#)).

Facing a competitive market, MSMEs must make radical changes, shorter life attitudes and uncertain profit potential. Thus, MSMEs need to be more intensive

in carrying out organizational learning, innovation and higher proactivity in order to improve performance ([Soininen, et.al., 2013](#)). To create sustainable company performance (customer loyalty), companies no longer take a transactional but relational approach. [Brodie, et.al., \(2013\)](#) explained that with the movement in marketing, companies have begun to abandon the transactional marketing approach, making companies only focus on sales. Companies must develop strategies that support sales such as promotions and pricing.

This approach basically only focuses on the short term, so it will be very different from the relational approach. The relational approach is an approach that focuses on creating and building long-term relationships with customers. While the focus of the relational approach is long-term by creating relationships with customers, it is hoped that there will be continuous customer loyalty so that it can have an impact on company performance.

While intellectual capital as a set of knowledge and information in a company or organization can help increase the value of products and services, for companies through intelligence rather than just through the use of financial capital. It is proven that intellectual capital can represent total intangible assets known as knowledge assets ([Allameh, 2018](#)). The development of information technology has fostered a new economy, where information and science and technology are the main sources of work productivity. While in the new economy, productivity grows from the ability to educate human resources to acquire expertise and skills based on new knowledge, intellectual capital, organizational learning and knowledge management, all of which are very important concepts in management theory. Human resources are the main factor and the most critical intangible value of a company's intellectual capital, especially SMEs ([Bontis, 1998](#)). However, there are

studies that show that intellectual capital is positively and significantly related to organizational performance ([Bontis, 1999](#)).

Performance is a comparison between actual work results and established work standards, so that performance will focus more on the work results produced ([Dessler, 2009](#)). Company performance refers to how well an organization achieves market-oriented goals and financial goals ([Yamin et al, 1999](#)). Organizational performance is a description of the level of achievement of task implementation in an organization in realizing the goals, objectives, mission and vision of the organization.

Organizations must have a strategic asset to face existing challenges and competition. Knowledge plays a central role in increasing productivity, creating sustainable competitive advantages, creating and protecting company intangibles ([Iqbal, 2019](#)). Knowledge is a source of achievement, maintenance and sustainability of economic growth and competitive market advantages ([Migueluez and Moreno, 2017](#)).

Organizational learning is a prerequisite for the success of organizational change and performance ([Che Rose et.al., 2009](#)). Organizational learning is a dynamic process that allows organizations to quickly adapt to changes that result in the production of new behaviors and skills to improve organizational efficiency. Organizational learning can only occur when groups have the willingness to try to learn, interact and share their knowledge with others.

Several previous researchers have expressed controversy about organizational learning and performance. Organizational learning is an antecedent factor of organizational performance ([Olejarski, et.al., 2019](#)). The same thing was expressed by ([Oh & Han, 2018](#)) that organizational learning has a very small influence on improving performance, because the organizational learning process

depends on the quality of exploration and exploitation of knowledge possessed by human resources. There are several researchers who have expressed the influence of organizational learning on performance as revealed in research ([Olejarski, et.al., 2019](#); [Young, 2019](#)) stating that organizational learning has an influence on improving performance. Different results were expressed by [Namada \(2017\)](#) and [Tortorella, et.al., \(2019\)](#) who stated the opposite that organizational learning has no influence on performance. Organizational learning is considered a key factor whose validity has been proven in meeting the needs of the company ([Argyris and Schon, 1996](#); [Sharma and Bhatnagar, 2005](#)). The company will have a competitive advantage against organizations that learn slowly ([Goh and Richards, 1997](#)). Several studies such as [Baker and Sinkula \(1999\)](#), [Bontis \(1998\)](#), [Tippins and Sohi \(2003\)](#) and [Jimenez-Jimenez and Sanz-Valle \(2011\)](#) found a positive relationship between organization and organizational performance.

Based on the views of [Argyris and Schon \(1996\)](#), [March \(1991\)](#), organizational learning methods can be divided into adaptive or single loop learning and generative or double loop learning. If exploitative learning is identical to adaptive learning, then explorative learning is identical to generative learning. According to [Redding \(1994\)](#) and [Marquardt \(2002\)](#) organizational learning methods consist of adaptive learning methods, action learning methods and anticipatory learning methods. This anticipatory learning method is related to changes in rules, norms and other activities in order to find something new (innovative) which is very useful for the development of small and medium enterprises in Indonesia.

Adaptive learning or exploitative learning is routine learning and is carried out little by little based on repeated results. This learning process is quite motivating for joint adjustments in deepening knowledge and business planning and operation

capabilities. While anticipatory learning is basically the same as generative learning. The ability to take on new perspectives on reality or see things from a new angle is referred to as double-loop learning ([Argyris and Schon, 1996](#)), generative learning or anticipatory learning ([Marquardt, 2002](#)). This type of learning is generally considered a prerequisite for creative thinking, innovation and the ability to project and prepare for future scenarios.

In order to help resolve the research gap between organizational learning and performance, interventions are needed to improve performance. The interventions implemented are to increase the potential of human resources by developing Social Capital Theory, a Resource Based Theory (RBT) model supported by Islamic values. Social capital is the existence of a set of values and norms of information adopted by members of a group that collaborates with it ([Reimer et al., 2008](#)). This shows that social capital is the values, norms inherent in individuals to be able to relate to others. Resources Based Theory (RBT) discusses the resources owned by the company and how the company can manage and utilize its resources. Based on Resources Based Theory (RBT), tangible and intangible resources owned by organizations, especially small and medium enterprises, must be valuable, rare and difficult to imitate. This will depend heavily on strategic capabilities [Barney, \(1991\)](#) which include technology, finance, people, organization and innovation.

The relational approach is an approach that focuses on creating and building long-term relationships with customers. Therefore, by creating relationships with customers, it is expected that there will be continuous customer loyalty which will have an impact on company performance. Measuring customer satisfaction in the context of conventional marketing generally uses the basis of general exchange theory, such as social exchange theory. Relationship marketing theory has marked

a new paradigm in marketing management science, which views consumers as parties who are actively involved in the formation and development of business relationships ([Kucukkancabas et al., 2009](#)).

Social Capital Theory and Resource Based Theory (RBT) supported by Islamic values refer to concepts contained in Sufism, the concept of itsar is one of them. Unlike other Sufism concepts that receive attention and are known, for example: zuhud, mahabbah, khauf, raja', taubat, fana', hulul, ittihad, rida, tawakkal, and so on, the concept of itsar is not as popular as other Sufism concepts. Seeing the benefits of itsar to be understood and practiced in the 21st century AD is important to know. The combination of social capital values, RBT and Islamic values gives rise to a new concept of Itsar Relational Capability, namely the company's ability to build business relationships with relationships that are characterized by Islamic law, prioritizing mutual interests, where increasing Itsar Relational Capability can improve business performance. Previous studies have also emphasized that the strength of social capital and business networking significantly contributes to MSME sustainability and competitiveness. Therefore, the integration of Itsar Relational Capability in this study is expected to provide a deeper understanding of how Islamic-based relational values can enhance the sustainability and performance of MSMEs ([Fu'adi & Anisa, 2022](#)).

2. Theoretical Background

Resource Base Theory (RBT)

[Wernerfelt, \(1984\)](#) was the first figure to put forward the Resource-Based Theory (RBT). This theory states that good resources in a company will have an impact on the company's long-term performance and will make the company more superior in competing with competitors. Competitive advantage can be created if the company has valuable and rare resources. So that the resources owned by the

company are not easily replaced, imitated and will last a long time ([Perusahaan et al., 2021](#)).

[Wernerfelt, \(1984\)](#) explained that the RBT view is that companies will excel in business competition and achieve good financial performance by owning, controlling and utilizing important strategic assets (tangible and intangible assets). [Belkaoui, \(2025\)](#) stated that a potential strategy to improve company performance is to combine tangible and intangible assets. RBT is a thought that has developed in the theory of strategic management and competitive advantage of companies that believes that companies will achieve excellence if they have superior resources. So the RBT approach is a resource owned by the company that influences the company's performance which will ultimately increase the company's value.

RBT explains that the sustainable competitive advantage of an organization is achieved based on unique, rare, valuable, difficult to imitate, non-tradable and non-substitutable resources ([Barney, 1991](#)). The fact is that an organization can achieve sustainable competitive advantage through the resources it has, and these resources cannot be easily purchased, transferred or copied. Although RBT focuses on the organization's ability to maintain a combination of resources that cannot be owned or built in the same way by other parties.

There are four criteria for a very valuable organizational resource, namely important to meet stakeholder needs, rare, feasibility, and durability. However, what is important is to show that valuable resources are only resources that contribute to superior competitive advantage, because they are able to meet stakeholder needs better. Resources become valuable when only a few similar organizations have them, while these resources are important to meet stakeholder needs. Resource feasibility shows how much profit the organization gets as a competitive advantage. Durability shows how long the organization's resources depreciate. The slower the

resource depreciates, the more valuable the resource is. Furthermore, Efendi et al., (2024) emphasized that organizational factors such as motivation, compensation, and internal environment also function as key intangible resources that strengthen interpersonal relations and collective performance within firms. This perspective aligns with RBT, which views relational and human factors as strategic resources that contribute to sustainable competitive advantage.

Capability

Capability is a series of abilities needed to use resources. The company's ability to own, distribute and improve resources is important in creating competitive value ([Barney, 1991](#)). The company will have a competitive advantage if it has better service values than the service values provided by its competitors. Thus, to achieve competitive advantage, the company does not only have one type of resource and capability, but must have many resources and capabilities ([Barney, 2002](#)).

Company capability is something that the company can do as a result of resources working together in a team. Capability is a transformation process owned by the organization. Organizational capability has a pattern of interaction, coordination and cooperation. The function of company capability is to utilize resources, create, produce and offer production results to the market through repetitive action patterns. Recent studies also emphasize that organizational capability is not only related to the effective use of resources but also to the ability to adapt to technological and market changes in a dynamic environment ([Teece, 2021](#); [Zahra et al., 2020](#)). In other words, resources are assets owned, while capabilities are the ability to create value with owned resources. Capabilities include

the process of collecting and processing information, networks between consumers and after-sales services, coordination between production and suppliers.

The concept of dynamic capabilities proposed by [Teece, \(2021\)](#) defines dynamic capabilities as a company's process of using specific resources to integrate, reconfigure, profit and release resources to match and create market changes. This perspective has been strengthened by recent findings that view learning capability as the core of dynamic capabilities, linking knowledge creation and innovation performance in small and medium-sized enterprises ([Ali et al., 2022](#); [Agyapong & Boamah, 2023](#)). Dynamic capabilities as an organizational process in using resources to address changes in the market. These processes include product development routines, alliance and acquisition capabilities, resource allocation routines, knowledge transfer and replication routines. Dynamic capabilities can consist of various forms, such as learning, product development and acquisition.

Social Capital Theory

([Putnam, n.d.](#)) said that social capital functions as a glue for each individual, in the form of norms, trust and networks, so that mutually beneficial cooperation occurs, to achieve common goals. Social capital is also understood as knowledge and understanding shared by the community, as well as patterns of relationships that allow a group of individuals to carry out productive activities. Social capital is a series of values or social norms that are internalized by group members, which allow cooperation between members. Social capital as a tool for understanding social action theoretically combines sociological and economic perspectives. The pillars of social capital are trust, the existence of networks, and ease of cooperation. Productive employees use their social relationships to carry out tasks and work effectively. Success in social relationships ultimately benefits the organization as a whole. Recent research also confirms that social capital fosters trust-based

collaboration and knowledge exchange that enhances organizational performance, particularly in micro and small enterprises ([Chen et al., 2021](#); [Alraouf, 2023](#)). The interests of the organization to ensure that organizational resources are directed to developing and maintaining effective relationships between employees and management.

Itsar Relational Capability

Itsar is prioritizing others over oneself ([Al Usaimin, 2002](#)). A person is said to have an itsar personality in everyday life if they are able to view the needs and interests of others as more important than their own personal interests ([Al Usaimin, 2002](#)). Al-Itsar can be interpreted as a concept of social behavior that treats others as they treat themselves ([Al-Munawwir Dictionary, 1997](#)). In general, the definition of Itsar according to the three scholars is the act of prioritizing others over oneself in worldly matters voluntarily because they only hope for the afterlife.

Itsar is the main attitude and behavior that can be done by humans who are able and not only sympathize and empathize with others, but are also able to sacrifice and give something of value to others even though they are also in need solely because of Allah SWT. The source of the emergence of the itsar attitude can be concluded that it comes from two factors, namely internal and external. Internal factors include; a healthy mental condition and good religious maturity. Because of these two things, humans can have good empathy, be confident, be honest and help others solely because of Allah SWT. While external factors are the family environment and education. This will make someone have a behavioral pattern that is formed from habits that are cultivated by family norms that like to help others.

Generous attitudes also emerge from learning outcomes from the environment and become habits that are carried out. The two factors above are closely related to each other, and cannot be separated as the basis for someone to have itsar. The

complete indicators of itsar are as follows: caring (caring about the rights and welfare of others), sharing (willingness to share), cooperative (willingness to work together) helping (willingness to help), donating & generosity (generous behavior), honesty (honesty in behavior and speech), parsimony (simplicity), and heartfelt (sincere without expecting anything in return) ([Hidayati, 2016](#)).

Itsar Relational Capability in this study is a derivation derived from two major theories, namely Social Capital Theory, Resource Based Theory (RBT) which is associated with and Islamic values. First, the company's capability in the RBT theory is one of the important internal factors in managing the resources already owned by the company, so that the company is able to achieve competitive advantage. One form of resource owned by a company is dynamic capability. Relational capability is the company's ability to interact with business partners, and is able to understand specific information related to networks to gain benefits. Thus, there is another feature in relational capability, namely the development of the company's ability to collaborate and manage mutually beneficial business relationships. The indicators of relational capability are as follows ([Nuryakin, et.al., 2018](#)):

- a. Personal ties with buyers
- b. Information about the product quality with international standard
- c. Long-term relationship oriented
- d. Relationship on mutual benefits with customers

Business Performance

Business performance is the result of market success or when the market position is achieved ([Day and Wensley, 1988](#)) and can fundamentally change over time ([Rust, et.al. 2004](#)). Therefore, business performance measures must be able to explain the company's overall business performance, both in the present and the future. Explicitly, the concept of performance is a whole that includes financial and

non-financial measures, so that business performance will help marketers to fully understand the consequences of their strategies ([Clark & Pride, 1994](#)). Thus, in this business performance, it can include both financial entities and market business performance in this study.

The company as a business entity operates to achieve the company's target goals. Assessing the company's business performance is important for both shareholder management, government and other stakeholders, as an indicator in measuring the degree of success in achieving performance. Each stakeholder has different interests and automatically has different indicators in assessing the success of the company. However, as a business entity, the company is assessed based on its success in achieving business performance. The goal-based approach suggests that an organization is evaluated through the goals set for itself ([Etzioni, 1964](#)). According to him, performance is the degree of success in carrying out tasks and the ability to achieve predetermined goals. Success in achieving goals is a measure of the success or failure of a company.

The term business performance is used as performance in a company that is used to build both market aspects and financial aspects of business performance. Therefore, financial business performance literally refers to financial measures, such as fit profit margin and return on investment. While market business performance implies actions such as market share and sales volume, so that every company must seek sales profits more than growth.

Based on a review of business literature, company performance can be seen from financial profitability and growth. This is an important indicator of a company's performance. Profitability is the best indicator to identify whether a company is doing its business well or not, so that it is able to measure and assess business success.

[Doyle \(2000\)](#) emphasized that profitability is a common measure of performance for companies.

3. Method

This type of research is "Explanatory Research" or explanatory research, meaning that this research emphasizes the relationship between research variables (causality) by testing the hypothesis, the description contains a description, but the focus lies on the relationship between variables ([Widodo, 2014](#)). These variables include: organizational learning consisting of adaptive learning and generative learning, its relational capability and business performance. The population in this study were Batik UMKM business owners in Central Java Province. While the sample is a sub-section of the population, consisting of several members of the population. The sub-section was taken because in some cases it is impossible to research all members of the population ([Ferdinand, 2011](#)).

This study uses a purposive sampling technique, according to [Sugiyono \(2015\)](#) the purposive sampling technique is a data source sampling technique with certain considerations. The purposive sampling technique selects a group of subjects based on certain characteristics that are considered to be related to the characteristics or characteristics of the population to be studied. These characteristics are already known by the researcher. So they only need to connect the sample units based on certain criteria. Then the number of samples (sample size) refers to the opinion of [Hair et.al., \(1996\)](#), which states that the number of samples is an indicator multiplied by 5 to 10 or a minimum of 100 respondents. The sample used in this study was 150 samples on the grounds that this number has met the criteria for the recommended number of sufficient samples. The characteristics of the research sample are owners of Batik UMKM in Kendal Regency, Pekalongan Regency, Pekalongan City, Semarang Regency, Salatiga

City, Semarang City and Grobogan Regency, where the business has been running for at least five years.

The analysis technique used in this study is to use component or variance-based Structural Equation Modeling (SEM) using SmartPLS software to test the hypotheses proposed in model development. PLS is used to determine the complexity of the relationship between a latent variable and other latent variables, as well as the relationship between a latent variable and its indicators. [Ghozali \(2021\)](#) argues that data distribution in the SEM-PLS method can be done in small sample sizes. The data analysis process in this study uses descriptive statistics, validity and reliability tests of questionnaires, confirmatory factor analysis and structural equation modeling. Research that reveals certain social phenomena needs to be more in-depth in data interpretation and analysis in order to answer research questions. The research framework is shown in [Figure 1](#).

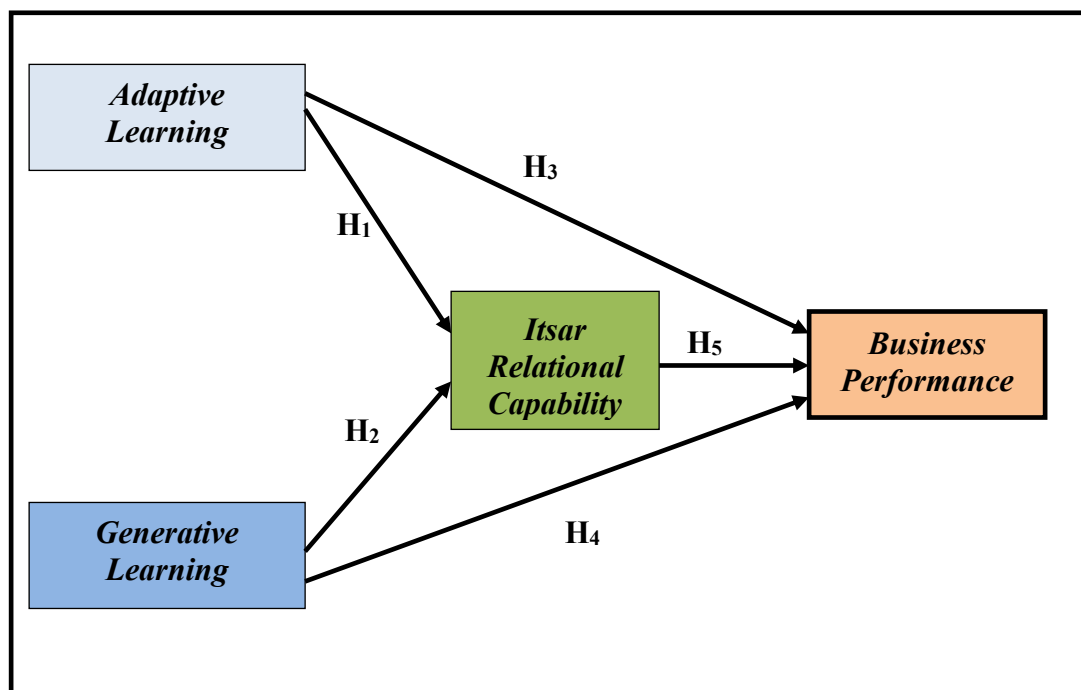


Figure 1. Inter-Variable Hypothesis Scheme

4. Results and Discussions

Data analysis using Partial Least Square Smart-PLS 3.2.9 is a simultaneous variance-based structural equation analysis (SEM) that can perform measurement model testing as well as structural model testing. Evaluation of the measurement model (outer model) is a breakdown of the relationship between latent variables and their indicators, or to find out how each indicator relates to its latent variables.

Convergent Validity

The results of data processing for the generative learning, adaptive learning, relational capability and business performance variables have a loading factor value above 0.700 as shown in Figure 2, indicating that all indicators obtained are valid where all values in the results of this study have met the specified criteria.

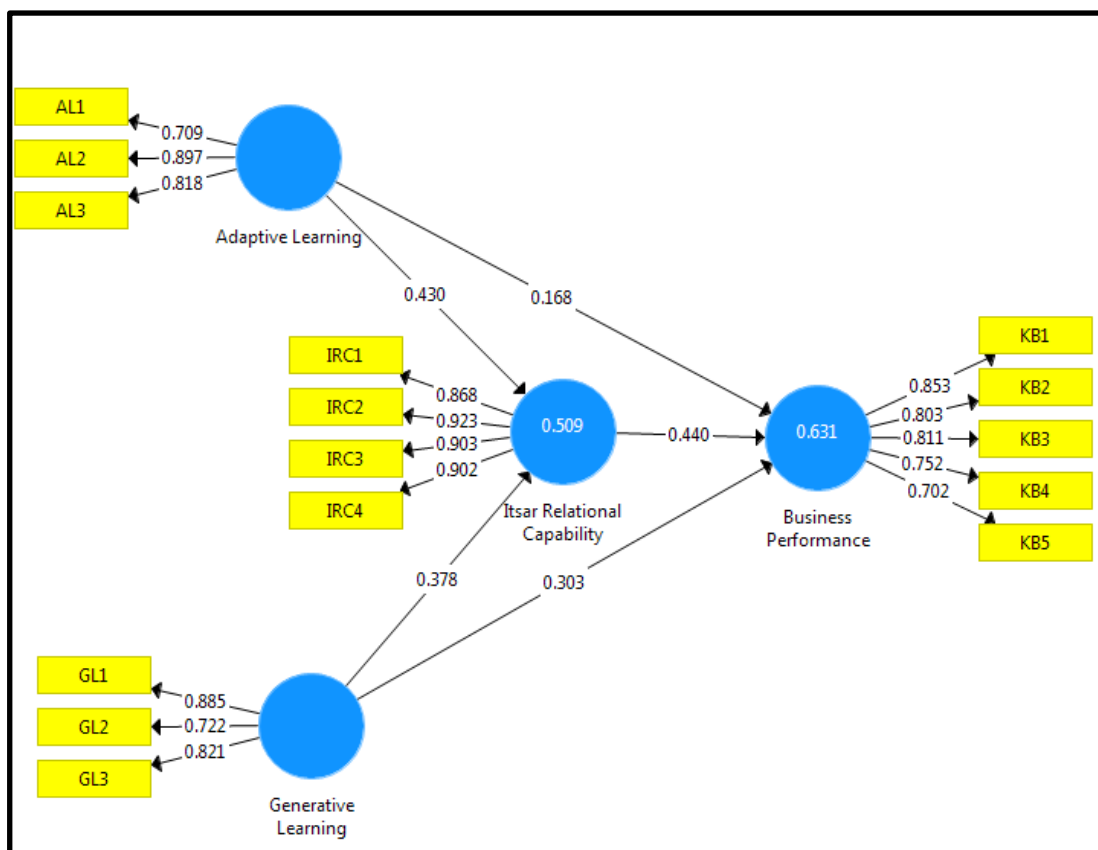


Figure 2. Loading Factor Value

Discriminant Validity

Testing with the Fornell-Larcker Criterion method uses a method of comparing the square root value of the Average Variance Extracted (AVE) of each construct with the correlation between other constructs in the model. If the square root value of AVE of each construct is greater than the correlation value between the construct and other constructs in the model, then the model is said to have a good discriminant validity value. The cross loading on each indicator item for each construct is greater than the other cross loading values. Therefore, it can be concluded that all constructs or latent variables have met the requirements and conditions of discriminant validity.

Composite Reliability

Based on Table 1. Path Coefficients, Mean, STDEV, T-Values, P-ValuesThe variables of generative learning, adaptive learning itsar, relational capability and business performance have Cronbach's Alpha and Composite Reliability values above 0.700, so it can be stated that the variables of adaptive learning, generative learning, itsar relational capability and business performance are reliable.

After testing the measurement model (outer model) that has met the requirements, the next step is to test the structural (inner model). The inner model is tested by looking at the r-square value (indicator reliability) for the dependent latent variable Effect Size (f-square), and the significance test of the structural path parameter coefficient

Table 1. Path Coefficients, Mean, STDEV, T-Values, P-Values

Influence	Original Sample	Mean (M)	Std. ev	T Statistics (O/STDEV)	P Values	Conclusion
Adaptive Learning -> Itsar Relational Capability	0.430	0.439	0.068	6.506	0.000	H1 Accepted

Influence	Original Sample	Mean (M)	Std. ev	T Statistics (O/STDEV)	P Values	Conclusion
Generative Learning -> Itsar Relational Capability	0,378	0,374	0,076	4,939	0,000	H2 Accepted
Adaptive Learning -> Business Performance	0,168	0,161	0,081	2,082	0,038	H3 Accepted
Generative Learning -> Business Performance	0.303	0.300	0.072	4.160	0.000	H4 Accepted
Itsar Relational Capability -> Business Performance	0.440	0.449	0.079	5.634	0.000	H5 Accepted

source: processed data, 2025

The results of hypothesis testing is shown in [Figure 3](#).

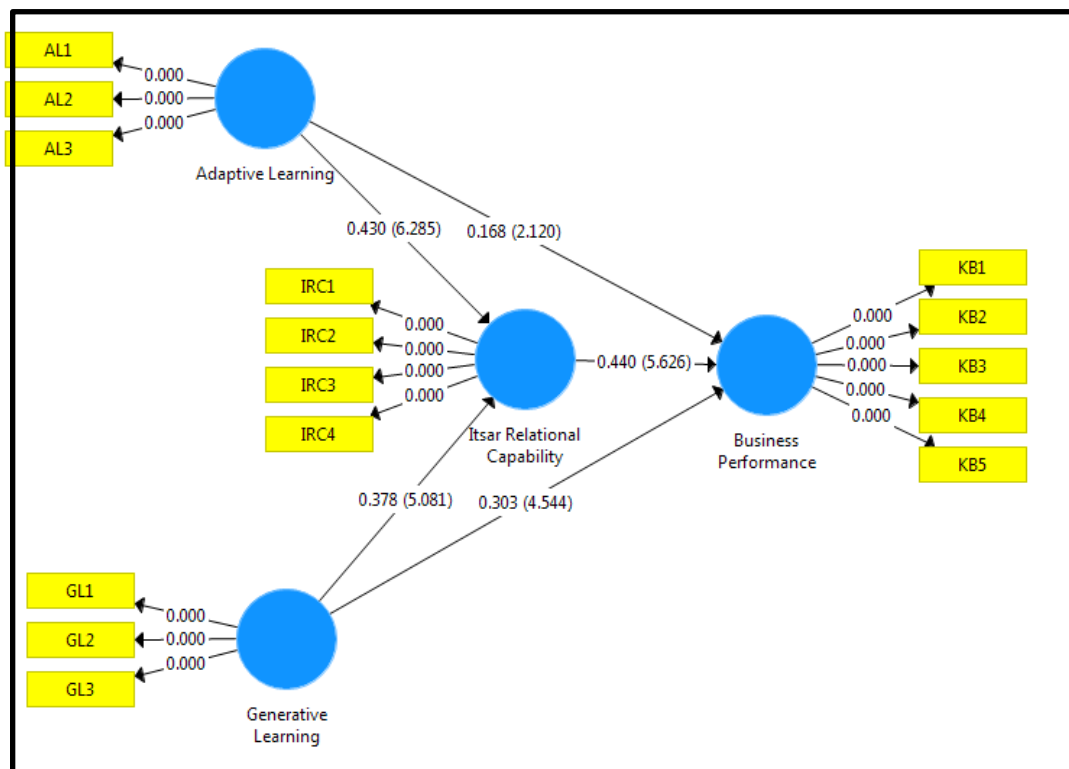


Figure 3. Hypothesis Testing

The significance of the influence between variables can be seen from the parameter coefficient value and the significant value of the t statistic value between

the independent variable and the dependent variable in the Path Coefficient table on the Smart PLS output using the bootstrapping method. With the provision that the t statistic value is > 1.96 or the p value < 0.05 (5%). The results of the research hypothesis testing are as follows:

- 1) Adaptive learning has an effect on itsar relational capability.
- 2) Generative learning has an effect on itsar relational capability.
- 3) Adaptive learning has an effect on business performance.
- 4) Generative learning has an effect on business performance.
- 5) Itsar relational capability has an effect on business performance.

This analysis is used to see the strength of the influence between constructs, both direct influence, indirect influence, and total influence. Based on the results of the SmartPLS analysis, the magnitude of the direct, indirect and total influence tests can be presented in the following table.

Table 2. Direct, Indirect and Total Influence

No	Variable	Influence	Adaptive Learning	Generative Learning	Itsar Relational Capability
1	Itsar Relational Capability	Direct	0,430	0,378	0,000
		Indirect	0,000	0,000	0,000
		Total	0,430	0,378	0,000
2	Business Performance	Direct	0,168	0,303	0,440
		Indirect	0,189	0,166	0,000
		Total	0,357	0,470	0,440

source: processed data, 2025

Based on the table [Table 2](#) the influence of adaptive learning on itsar relational capability is 0.430. The influence of generative learning on itsar relational capability is 0.378 The influence of adaptive learning on business performance is

0.168. The influence of generative learning on business performance is 0.303. The influence of itsar relational capability on business performance is 0.440.

The indirect effect of adaptive learning on business performance through itsar relational capability is 0.189. The indirect effect of generative learning on business performance through itsar relational capability is 0.166.

The total effect is the sum of the direct and indirect effects. In total, the influence of adaptive learning on business performance is 0.357, while the influence of generative learning on business performance is 0.470. This means that of the two exogenous variables, the variable that has a greater influence on business performance is generative learning

Theoretical implications, the main contribution in this study is Itsar Relational Capability. The concept of Itsar Relational Capability is a novelty resulting from the integration process of dimensions from the Social Capital Theory and Resource Based Theory (RBT) approaches which are colored by Islamic values. This finding is consistent with the argument of [Pratiwi et al., \(2022\)](#), who emphasized that psychological and social factors play a significant role in shaping employee performance. Their study demonstrated that relational and interpersonal mechanisms contribute positively to performance outcomes, which supports the view that *Itsar Relational Capability*—grounded in Islamic social ethics—can strengthen MSMEs' business performance through trust, cooperation, and mutual benefit.

Itsar Relational Capability closes the gap in Islamic values in the concept of relational and capability with the context of itsar, namely viewing the importance of an MSMEs manager to improve their ability to build business relationships with relationships that are characterized in accordance with Islamic law, prioritizing mutual interests, as an effort to improve business performance. Related to

adaptive learning and generative learning, this study shows that the learning process carried out by Batik MSMEs managers can shape character and strengthen their capabilities as Batik MSMEs managers. Related to business performance in this study can be improved through Itsar Relational Capability which is driven by adaptive learning and generative learning so that it can improve the business performance of Batik MSMEs in Central Java Province.

Managerial implications, based on direct influence, indirect influence, and total direct influence, managerial implications for improving the performance of Batik MSMEs businesses are to improve Itsar Relational Capability which is built by organizational learning (adaptive learning and generative learning). The attitude of willingness to help and establish mutually beneficial reciprocal relationships with customers in the Itsar Relational Capability dimension shows that a Batik MSMEs entrepreneur must be able to carry out mutual assistance activities and establish reciprocal relationships with customers so that a mutually beneficial relationship occurs. In increasing the willingness to help and establish mutually beneficial reciprocal relationships with customers.

The limitations of this study include the fact that the study was limited to Batik MSMEs in Central Java. Having a homogeneous number of respondents is also a limitation of this study. Collecting data from MSMEs in other business sectors with a larger number from other regions may provide more interesting challenges in further studies and can reveal more generalizable results related to the concept of novelty in this study. In addition, in this study, data was collected only in part of Central Java, including Kendal Regency, Pekalongan Regency, Pekalongan City, Semarang Regency, Salatiga City, Semarang City and Grobogan Regency. The influence of adaptive learning and generative learning on Itsar Relational Capability, as well as the influence of adaptive learning, generative

learning and Itsar Relational Capability on MSMEs business performance is 50.9% and 63.1% which are included in the moderate criteria.

Future research agenda based on the limitations of the study results of the influence between medium category variables, it is necessary to add indicators so that they are able to reflect the variables studied is an interesting study area, in addition, antecedents of Itsar Relational Capability and business performance are interesting study areas. In-depth research in the concept of the novelty of Itsar Relational Capability which emphasizes all dimensions of Itsar Relational Capability is an interesting study to be able to further explain the role of each dimension of Itsar Relational Capability in improving business performance

5. Conclusion

Based on the results of the research that has been conducted, it can be seen that adaptive learning has a positive and significant influence on Itsar Relational Capability. This finding indicates that Itsar Relational Capability will be more effective when supported by strong adaptive learning, allowing Batik MSME managers to respond quickly to environmental changes and market dynamics. Similarly, generative learning also has a positive and significant influence on Itsar Relational Capability, suggesting that the ability to generate new ideas and insights plays an important role in developing relational capabilities that are aligned with Islamic values. Furthermore, adaptive learning has a positive and significant influence on business performance, meaning that better adaptive learning encourages improved business outcomes. Generative learning likewise positively and significantly affects business performance, implying that innovative learning processes can lead to superior business results. In addition, Itsar Relational Capability itself has a positive and significant influence on business performance.

Batik MSME managers who are able to implement Itsar Relational Capability are more likely to achieve higher levels of business performance through cooperation, mutual trust, and value-based relationships with partners. These results are in line with [\(Pratiwi et al., 2022\)](#), who found that social and psychological factors significantly influence employee performance, emphasizing the role of relational mechanisms in achieving superior outcomes.

The limitations of this study lie in the moderate levels of influence between variables, where adaptive learning and generative learning affect Itsar Relational Capability, as well as adaptive learning, generative learning, and Itsar Relational Capability collectively influence business performance at 50.9% and 63.1%, respectively. These findings indicate that other factors beyond the studied variables may also contribute to performance outcomes. Therefore, future studies are encouraged to add more indicators to better reflect the observed variables and to examine antecedents of Itsar Relational Capability and business performance as promising areas of research. Moreover, in-depth studies focusing on the novelty of the Itsar Relational Capability concept—particularly its dimensions emphasizing Islamic-based relational values—are recommended to further explain how each dimension contributes to improving MSME business performance.

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