Partnership Morality as a Masterpiece of Business Performance

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ABSTRACT

Partnership morality strengthened by spiritual capital is a variable built to mediate the effect of relational capital on business performance. The main purpose of this research is to analyze the essence and role, partially focusing on relational capital, spiritual capital, and partnership morality in business performance. In this study, the population was the owner of Batik SMEs in Pekalongan, Central Java, Indonesia, with as many as 247 Batik business units. The sampling method employs census sampling or turns the entire population into a research sample using a purposive sampling technique. The sample in this study was 101 owners of Batik SMEs in Pekalongan. Structural Equation Modeling (SEM) was used to analyze the data. The results of this study proved that partnership morality strengthened by spiritual capital variables can become a powerful mediation in the effect of relational capital on business performance. Partially, relational and spiritual capital has a significant positive effect on partnership morality. Meanwhile, spiritual and moral capital has a positive and significant impact on business performance, while spiritual capital does not affect business performance.

Keywords: *Relational Capital, Spiritual Capital, Partnership Morality, Business Performance*

INTRODUCTION

The dynamic development of business urges business actors to adapt to face increasingly fierce competition. To face that competition, a Muslim

IQTISHADIA
Vol. 17 (2) 2024
PP. 351-376
P-ISSN: 1979 - 0724
E-ISSN: 2502 - 3993
DOI : 10.21043/iqtishadia.v17i2.30216

business actor hopes to always think positively and be patient in running their business as determined by God and his messenger (Arham, 2010). In one of the verses of the Qur'an [2:208]: "You who believe, enter wholeheartedly into submission to God and do not follow in Satan's footsteps, for he is your sworn enemy" (The Qur'an, 2004). The verse shows that all methods implemented must adhere to Islamic principles. Consequently, any technique can be aligned with Islamic practices. The primary challenge lies in conducting business consistent with Islamic values.

Business performance refers to representing a company's achievements, particularly in terms of successful operations within financial and marketing aspects. Moreover, it can also improve several aspects of funds, technology, and human resources (Jardon & Martos, 2012). According to Hussinki et al. (2017), performance refers to the achievement of strategic objectives by individuals, teams, or organizational units, demonstrated through the expected behaviors, as emphasized in the Qur'an [35:29], which states: "Those who recite God's scripture, keep up the prayer, give secretly and openly from what We have provided for them, may hope for a trade that will never decline" (The Qur'an, 2004).

From the verse, we can take an important point that humans, in running their business, always expect optimal results in accordance with the requirements of Islam. When companies run business practices, management plays an important role in determining business strategies that aim to earn a profit. Business strategies are always directed to produce superior business performance in terms of marketing performance (e.g., sales volume, market share, and sales growth rate) and financial performance (Jardon & Martos, 2012).

The phenomenon related to business performance in this research is related to Batik SMEs. The development of this SME business in Indonesia has been growing rapidly, and in various cities, it has its own distinctive style. Data from the Ministry of Industry of Indonesia showed that the number of Batik business units and workers has increased each year, and the interest in Batik from abroad has been reflected in the rising value of Batik exports. Batik centers in Indonesia are located in 19 regions, and 20,667 Batik businesses are spread across Central Java, Yogyakarta, West Java, and East Java Provinces.

As many as 91.6% of Batik businesses are found in Central Java, especially in the areas of Pekalongan City, Surakarta City, and Sragen Regency. Pekalongan has the highest number of Batik business units compared to

Surakarta and Yogyakarta. In addition, on December 1, 2014, Pekalongan City was officially recognized as a member of the UNESCO Creative Cities Network (UCCN) along with 68 other cities. Pekalongan has been named the Creative City of Crafts and Folk Arts. Pekalongan, often referred to as the "City of Batik," is renowned for its significant role in Batik production, which has experienced remarkable growth on both small and large scales. The following are data on the development of the Batik SMEs center in Pekalongan City.

Table 1 *Development of Batik Business Centers in Pekalongan City in 2021-2024*

No	Batik Center	Number of Business Units (Units)				Number of Labor (People)			
		2021	2022	2023	2024	2021	2022	2023	2024
1	Kauman	34	34	31	31	375	369	344	342
2	Pesindon	32	32	32	32	389	405	405	405
3	Klego	11	11	11	10	253	253	253	238
4	Degayu	18	18	18	7	100	100	103	45
5	Beard	28	28	30	30	494	494	498	498
6	Banyurip Ageng	27	27	31	32	365	365	399	377
7	Banyurip Alit	25	25	26	28	244	244	249	256
8	Kradenan	59	54	51	45	559	467	458	445
9	Medano	25	25	27	27	210	240	314	314
	Average	28,8	28,2	28,6	26,9	332,1	326,3	335,9	324,4

Source: BPS Pekalongan City, Indonesia

The data in Table 1 reveals that the average number of Batik business centers in Pekalongan City experienced a 17% decline between 2023 and 2024. Moreover, there was also a decrease in the number of workforces. According to Yamin et al. (1999), the development or growth of business units is one indicator of the success of business performance. Performance refers to the depiction of a company's accomplishments, indicating effective operations across various aspects such as finance, marketing, fund management and allocation, technology, and human resources (Jardon & Martos, 2012).

An important element influencing business performance is the presence of robust relational capital. This refers to the knowledge ingrained within a company's external relationships (Cabrita & Bontis, 2008; Wu et al., 2013). Research conducted by Andreeva and Garanina (2016) in Russia explained that relational capital may not necessarily affect business performance because companies need the period required to establish essential connections with external agents and stakeholders. The research conducted by Agostini et al. (2017), Asiaei and Jusoh (2015), Daou et al. (2014), and Ibrahim et al. (2013)

emphasized that the business performance of small and medium industries can be improved if the industry has quality relational capital.

The gap between the results of the previous research will become the mediation of the partnership morality variable as the novelty of the research. This variable is strengthened by the variable that has been conceptualized, namely spiritual capital. The greater the level of spiritual capital, the more enhanced the moral collaboration among business participants, as its impact on working relationships will be stronger, and business performance can be increased. The research by Ismail (2005) shows that the higher the spiritual capital, the stronger the moral cooperation among business participants. Abdullah and Sofian (2012) found similar findings were discovered, indicating that spiritual capital plays a crucial role in both individuals and organizations. It can influence the management of the entity or company, ensure that business activities are conducted in accordance with legal regulations and standards, and promote honesty in financial dealings. Consequently, this will lead to an enhancement in company performance.

Study Controversy, namely in Research (Andreeva & Garanina, 2016; Azzahra, 2018; Christa & Kristiana, 2021; Pangidoan & Nawangsari, 2022) Shows that relational capital does not affect business performance. This is because the typical business context in developed countries causes relatively significant relational capital that does not guarantee a distinct competitive edge, and it is also not able to produce maximum business performance because the company requires time to establish essential connections with external agents and stakeholders. Meanwhile, research by Asiaei and Jusoh (2015) and Hormiga et al. (2011) demonstrates that relational capital substantially influences business performance. This occurs as relational capital can potentially promote the growth and development of companies that have just developed in the first few years.

Several prior studies have examined the impact of relational capital on business performance, including Agostini et al. (2017) and Daou et al. (2014). Nevertheless, the number of researchers remains limited, and there is a scarcity of studies examining the impact of relational capital on business performance (Agostini et al., 2017). In fact, it is still rare to find research that discusses relational capital that is more specific about individual attitudes such as individual openness and individual reputation, while other researchers still reveal information disclosure, innovation openness, technology reputation, and company reputation (Agostini et al., 2017; Daou et al., 2014).

The limitations of the study are also pointed out in the research conducted by Lopes-Costa & Munoz-Canavate (2015), looking at relational capital only in the context of assets aimed at improving performance, especially in operational efficiency. The results of its findings at the level of relational capital are not reflected in any effect on the level of organizational performance due to the economic environment that is very recessive in investment. Lopes-Costa and Munoz-Canavate (2015) also concluded that much of the literature states that the situation depends on the research context and expects other studies to use different contexts. This research is critical to test relational capital based on the context of Islamic values, both in terms of theoretical analysis and from the research subject, because relational capital does not always lead to profitability but is more focused on rewards in the form of Islamic *ukhuwah*.

Research by García-Merino et al. (2014) considers relational capital as one of the most important dimensions of intellectual capital. His research proves that market behavior is better for companies with high relational capital than for companies with low relational capital. However, the statistics show insignificant results. The research context is more aimed at businesses in developing countries oriented towards business profits alone, and the research uses a qualitative approach. It has not discussed business in developing countries and is oriented towards building friendly manners with an empirical approach.

Specifically, the research aims to develop a basic theoretical model and an empirical research model to bridge the research gap regarding the correlation between relational capital and business performance, namely through partnership morality strengthened with spiritual capital variables so that they are believed to be able to improve business performance. The main purpose of this research is to analyze the essence and role, partially focusing on the dimensions of relational, spiritual capital, and partnership morality in business performance.

Briefly, the problem of this research is how to improve business performance in Batik SMEs in Pekalongan because it shows that business performance data is not optimal. In addition, there is also a research gap regarding the variable of relational capital, which is used in this study as a variable that affects business performance. Thus, a research question was asked to analyze and empirically prove the influence of relational capital and spiritual capital on partnership morality—as well as spiritual capital and moral partnership for business performance.

This research article provides theoretical efficacy for the development of science with the novelty of the moral partnership theory, a rich source of reference for business performance models with influencing variables such as relational capital, structure capital, and moral partnership. In terms of practitioners, this research also provides benefits for SME actors, especially in Batik SMEs in Pekalongan, to consider the moral role in partnership.

LITERATURE REVIEW

Islamic Marketing

Islamic marketing, commonly known as sharia marketing, is an activity that is conducted in alignment with the divine will of Allah the Almighty. Halstead (2007) defined Islamic marketing as a strategic business discipline that guides the creation, provision, and modification of value for stakeholders by an initiator, with the entire process being aligned with the principles and contracts of *muamalah* (business) in Islam. As stated by Arham (2010), Islamic marketing is the implementation of business activities that prioritize moral values and moral ethics, which are believed to be the actions carried out by a person who will be held accountable later on. Here is the Qur'an verse [45:18] that describes Islamic marketing: "Now We have set you [Muhammad] on a clear religious path, so follow it. Do not follow the desires of those who lack [true] knowledge-" **(The Qur'an, 2004).**

This verse can be interpreted as saying that in carrying out marketing, we must follow the rules taught in Islam. The main goal of implementing Islamic marketing, apart from seeking profit, is to ensure the proper conduct of its activities, which is a business conducted with genuine intention solely to earn the pleasure of Allah and will serve as the foundation and initial capital for the growth of a large enterprise. This enterprise will possess a distinctive brand identity, unmatched spirit, charisma, excellence, and uniqueness. Islamic marketing is guided by four fundamental characteristics that serve as a framework for marketers (Halstead, 2007). The first aspect is religious intention (niyyah), which emerges from an awareness of religious values deemed significant and influences marketing activities, ensuring they do not engage in actions that could harm others. The second aspect is ethics (morality), which can be seen as a derivative of the theistic nature (rabbaniyyah). Consequently, Islamic marketing is a concept that strongly emphasizes moral and ethical principles, regardless of the practitioner's religious background. The third aspect is realistic (al-waqi'yyah), highlighting

the flexibility of sharia marketing, mirroring the adaptability and broad scope of Islamic law. A Islamic marketer is a professional who maintains a clean, neat, and modest appearance, regardless of their style or dress choice. The fourth aspect is humanistic (al-insan), which asserts that Sharia aims to elevate, protect, and preserve human dignity while also regulating human instincts in accordance with sharia guidelines.

Customer Relationship Management (CRM)

Customer Relationship Management (CRM) is a strategy that highlights the impact of customer retention on company profits, as it is more cost-effective to preserve existing customer relationships than to acquire new ones (Zablah et al., 2004). CRM can also be interpreted as an activity companies practice to understand customer demand and increase customer satisfaction (Claycomb et al., 1999). Kim and Kim (2009) found that an effective CRM can be achieved by combining knowledge of process management with the development of customer intelligence (internal process). Interaction management processes are responsible for managing customer communication (external process). Likewise, with Zablah et al. (2004), it has been mentioned that various viewpoints on CRM exist. CRM has been conceptualized as a process, strategy, philosophy, capability, and technology (Valmohammadi, 2017). This suggests that the emphasis of CRM should vary based on the perspective from which the CRM system is conceptualized. Lin et al. (2010) argued that CRM mechanisms are typically categorized into internal and external programs. Internal programs focus on organizational structure, culture, and knowledge management, whereas external programs are concerned with customer interactions, including information sharing and customer participation.

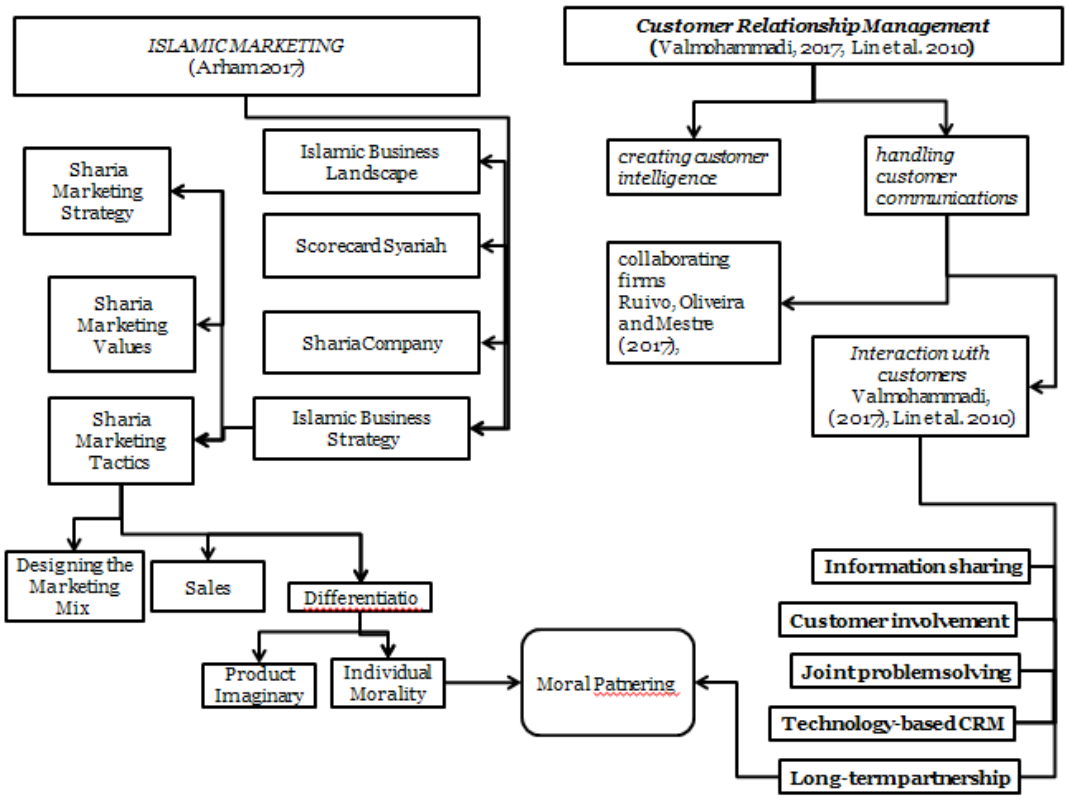
Partnership Morality (Integration of Islamic Marketing and CRM)

Islamic marketing is grouped into elements, as explained by Arham (2010), namely Islamic business landscape, strategy, scorecard, and company. In the Sharia business strategy, there are Sharia marketing strategies consisting of sales, marketing mix designs, and differentiation (Halstead, 2007). This study focuses more on the concept of differentiation with the dimensions of individual morality.

This individual morality can synergize with a long-term partnership as one of the dimensions of consumer interaction, which comes from the

theory of CRM. As a result, partnership morality becomes the novelty of this research. Partnership morality is defined as the conscious ability of human resources to establish cooperation by prioritizing honesty in the retention program, conveying long-term development plans, and being competent in two-way communication; the behavior can be realized if the individual has strong spiritual capital; thus, with time, it can manifest improvements in business performance.

Figure 1
Integration Theory



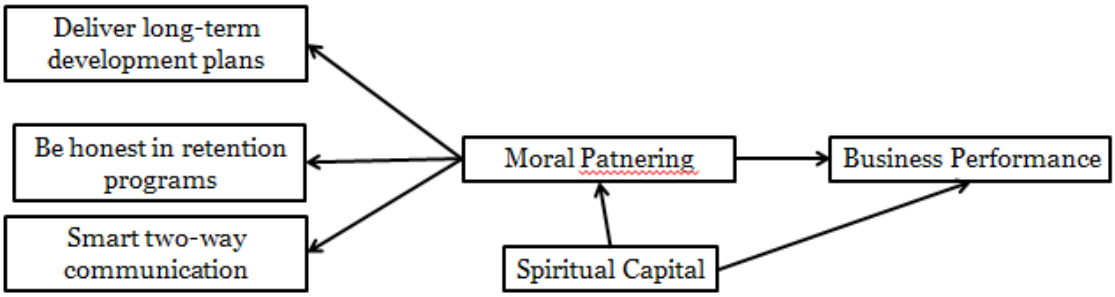
The moral of partnering is divided into three dimensions, namely Islamic Morality Equality, which is the ability of individuals to uphold responsible behavior and manners in conveying ideas in each of their participation in establishing business partnerships. Islamic Morality Mutual Benefit is the ability to establish cooperative relationships between individuals and other individuals through manners in learning, skills, and ethics, transferring knowledge, and prioritizing the responsibility of mutual learning. Islamic Morality Sustainability is the ability of individuals to establish cooperative relationships as a whole from a series of past, present, and future times that are consistent with the responsibility of unifying human resource diversity,

virtue in joint action, and ethical maintenance of open relationships so that it becomes a culture in the context of Islamic morality. Partnership morality can be measured using indicators of conveying long-term plans, honesty in retention programs, and competence in two-way communication.

Proposition 1

Proposition 1: The moral of partnering is the conscious ability of human resources to establish cooperation by prioritizing honesty in retention programs, conveying long-term development plans, and being competent in two-way communication; these behaviors can be realized if individuals have strong spiritual capital so that passage of time can manifest an improvement in business performance.

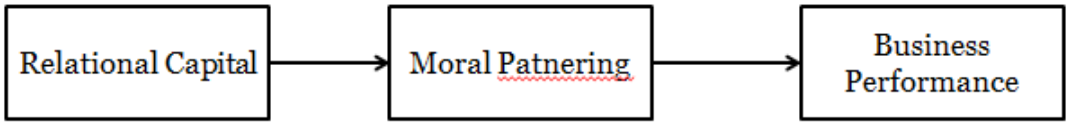
Figure 2 *Proposition 1*



Proposition 2

Preposition 2: Relational capital is a competency in the company's external relations, which includes the dimensions of marketing capabilities, openness of innovation, technology reputation, and brand image with the aim of improving business performance through partnership relationships with better morals.

Figure 3 *Proposition 2*



Relational Capital

Jardon and Martos (2012) asserted that relational capital involves creating, nurturing, and sustaining high-quality relationships with organizations, individuals, or groups that influence a company's operations. Relational capital, also known as customer capital, refers to the knowledge embedded in relationships with stakeholders that impact the business (Cheng & Huizingh, 2014). The central focus of customer capital lies in the knowledge embedded within the marketing channels and customer relationships that businesses establish through their operational processes. In addition, relational capital can be measured using indicators of innovation openness, marketing capability, technological reputation, and brand image (Agostini et al., 2017).

A company with a good image, innovation openness, marketing capability, and technological reputation has proven to have a stronger investment value with a high budget and is capable of effectively managing and leveraging the full scope of its benefits (Ariawan et al., 2017). Important relational capital, the ability of a company to connect with customers, is a key determinant of market performance (Abdullah & Sofian, 2012; Cabrita & Bontis, 2008). In the context of partnerships, the closer the relationship between business partners, the more morale will be improved in the interaction process in long-term partnerships. Based on this description, the hypothesis in this study is:

H1: The higher the degree of relational capital, the higher the degree of moral partnership

Spiritual Capital

Spiritual capital refers to the set of beliefs, commitments, and examples passed down through generations via religious traditions, linking individuals to the transcendent source of human happiness (Malloch, 2010). It can also be understood as the "intangible" spiritual beliefs, knowledge, and emotions that guide individuals in aligning with the organization's vision, direction, guidelines, principles, values, and culture (Ibrahim et al., 2013). Spiritual capital can be measured using indicators of faith, emotions, and religious values.

When associated with business partnerships, spiritual capital is an important factor in shaping the morale of business people in carrying out

business relationships with partners (Abdullah & Sofian, 2012). spiritual capital refers to the accumulation of spiritual knowledge and expertise held by an individual or a culture (Khalique et al., 2013). It is also described as a set of beliefs, practices, and commitments passed down through generations via religious traditions. The higher the spiritual capital, the better the morale of the businessman in partnering, and the positive impact of the cooperative relationship will increase. Based on this description, the hypothesis in this study is:

H2: The higher the degree of spiritual capital, the higher the degree of moral partnership

Business Performance

Performance reflects the accomplishments within a company, demonstrating effective operations in terms of financial management, marketing, fund management and allocation, technology, and human resources (García-Merino et al., 2014). According to Abdullah and Sofian (2012), It pertains to the effective execution by individuals, teams, or organizational divisions in achieving predefined strategic objectives accompanied by the anticipated conduct. Business performance can be assessed through sales volume, growth, customer expansion, and profit increase.

The research indicates that the direct impact of spiritual capital on a company's performance is explored in the study by Ariawan et al. (2017) and Ismail (2005). The study examines how spiritual capital impacts the elements of Intellectual Capital and its influence on the performance of companies in Malaysia. In addition, Abdullah and Sofian (2012) found similar conclusions, emphasizing that spiritual capital plays a crucial role in both individuals and organizations. It can shape the management practices of an entity or company, ensuring that business activities align with legal regulations and ethical standards, particularly in financial honesty, which ultimately contributes to enhanced company performance.

Likewise, when business performance is associated with partnership morality (Khalique et al., 2013), specific research on SMEs found that doing business is not only about products but also about behaviors or attitudes about the procedure of offering products into these components. Morale is an important driver of company performance. The study by Azzahra (2018) found that morals exert a greater affirmative influence on business performance. Based on this description, the hypothesis in this study is:

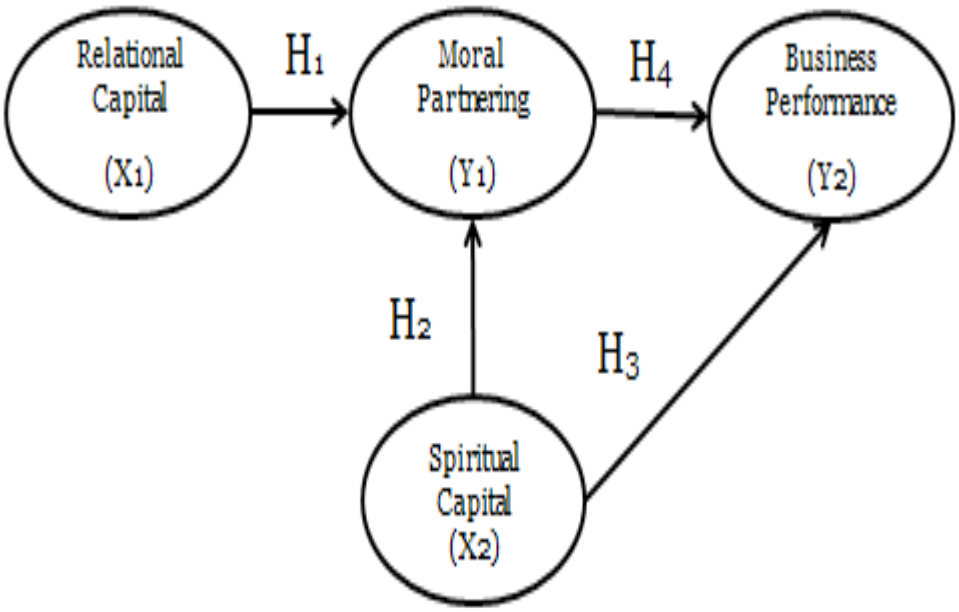
H3: The higher the degree of Spiritual Capital, the higher the Business Performance

H4: The higher the degree of Moral Partnership, the higher the Business Performance

Research Model

This research model aimed to provide a brief description of business performance research problems relating to relational capital and partnership morality strengthened with spiritual capital in order to bridge the root of the problem. The research model is presented as follows:

Figure 4
Research Model



RESEARCH METHOD

Operational Variables

Relational capital is knowledge embedded in a company's external relations (Cabrita & Bontis, 2008; Wu et al., 2013). Relational capital can be measured using openness to innovation, marketing capabilities, technology reputation, and brand image.

Meanwhile, spiritual capital is a spiritual power that controls and encourages people to act in any situation (Ariawan et al., 2017). Spiritual capital can be measured using faith, emotions, and religious values.

The moral of partnership is the conscious ability of human resources to establish cooperation by prioritizing honesty in retention programs, conveying long-term development plans, and being competent in two-way communication; these behaviors can be realized if individuals have strong spiritual capital so that the passage of time can manifest an improvement in business performance (novelty). The morale of a partnership can be measured by politely conveying a long-term plan, being honest in retention programs, and communicating intelligently in two ways.

Business performance results from a series of business processes that sacrifice various resources, namely human resources and the company's finances (Yamin et al., 1999). Business performance can be measured using sales, customer, operational, customer, and profit growth.

Population and Sample

This study involved the owners of Batik SMEs in Pekalongan, amounting to 247 Batik business units as a population. The sample is a portion of the population used as a minimum limit of research respondents. The sampling method employs census sampling, turning the entire population into a research sample through a purposive sampling technique, specifically considering Batik SMEs, which has been established for a minimum of five years; this is essential due to the significant changes and developments experienced by Muslim and Batik SME owners, both online and offline. Therefore, this study employed 101 Batik SME owners in Pekalongan, Indonesia, as respondents with a minimum sample of 100 respondents, who stood from the sampling theory that in SEM analysis tools, the minimum sampling number is 100 respondents (Darna & Herlina, 2018).

Collecting Data Technique

The researcher used a questionnaire to obtain the data needed for this study. The questionnaire, which will later be distributed to Batik SME owners, is measured by a Likert scale. The Likert scale is used to measure the attitudes, opinions, and perceptions of a person or group of people about social phenomena. The measured variables are described as variable indicators and then used as a starting point to compile items in the form of statements or

questions (Darna & Herlina, 2018). This scale uses five assessment categories (strongly disagree, agree, neutral, disagree, strongly disagree).

Path Analysis and Hypothesis Testing

The path analysis model with Structure Equation Modeling using Linear Structural Relation (SEM-LISREL) obtained the standardized model path coefficient and the calculated t value. SEM is a statistical tool used to solve cascading models simultaneously that cannot be solved by linear regression equations (Ramadiani, 2016). Compared to other programs, such as Structural Equation Modeling using Analysis of Moment Structures (SEM-AMOS), SEM-LISREL is more focused on analyzing the path of each variable by making variable indicators support variables; this is in accordance with the purpose of this research, which is to analyze the variables. Meanwhile, SEM-AMOS is more focused on analyzing the path of each variable and its indicators (Ramadiani, 2016).

From the results of these tests, the following equation can be formulated:

$$Y1 = \alpha + \beta 1\, X1 + \beta 2\, X2 + e \text{ and } Y2 = \alpha + \beta 3\, X2 + \beta 4\, y1 + e$$

Where:

Y2 = Business Performance, Y1 = partnership morality, X1 = Relational Capital, X2 = Spiritual Capital, a = Constanta, β 1, β 2, β 3 and β 4 = Regression Coefficient

The research hypotheses were tested using the t-test. It is a test to determine the significance of the effect of the independent variables partially or individually explaining the dependent variable. The test is in accordance with α = 5%, meaning that the hypothesis is accepted (Ramadiani, 2016).

RESULTS

Path analysis is a statistical technique to examine direct and indirect relationships between several variables. The goal is to determine the structural relationships of various independent and bound variables. Before entering the test, the data normality test was carried out as follows:

Table 2
Path Analysis Results

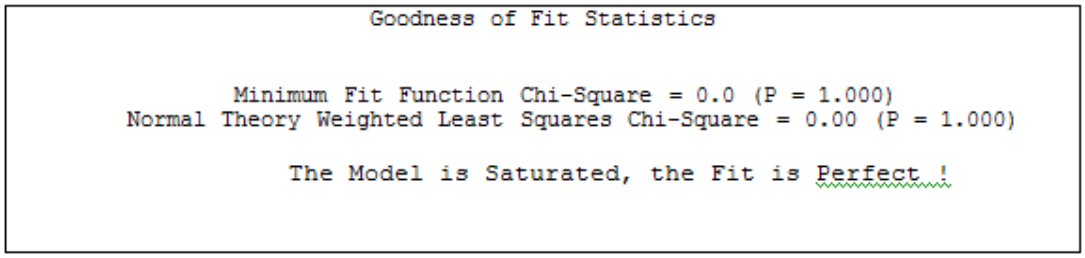
Variable	Indicator	*Test of Univariate Normality for Continuous Variables Skewness and Kurtosis*		Information
		Chi-Square	**P-Value > 0.5**	
***Relational Capital* (X1)**	X1.1	2.048	0.359	Normal
	X1.2	0.962	0.618	
	X1.3	1.164	0.559	
Spiritual Capital (X2)	X2.1	1.776	0.411	Normal
	X2.2	1.090	0.580	
	X2.3	1.325	0.515	
***Morality Partnering* (Y1)**	Y1.1	3.193	0.203	Normal
	Y1.2	5.189	0.075	
	Y1.3	0.168	0.919	
***Business Performance* (Y2)**	Y4.1	0.562	0.755	Normal
	Y4.2	2.903	0.234	
	Y4.3	0.105	0.949	
Test of Multivariate Normality for Continuous Variables		5.804	0.055	Normal

Source: Processed data, 2024

The table above shows that univariate and multivariate analysis results have skewness and kurtosis values with p-values above 0.05, indicating that the distribution data is normal.

The goodness of fit test is used to test the meaning of the model and explain the relationship between variables as hypothesized. The following is a table of the goodness of fit test results.

Figure 5
Goodness of Fit Test Result



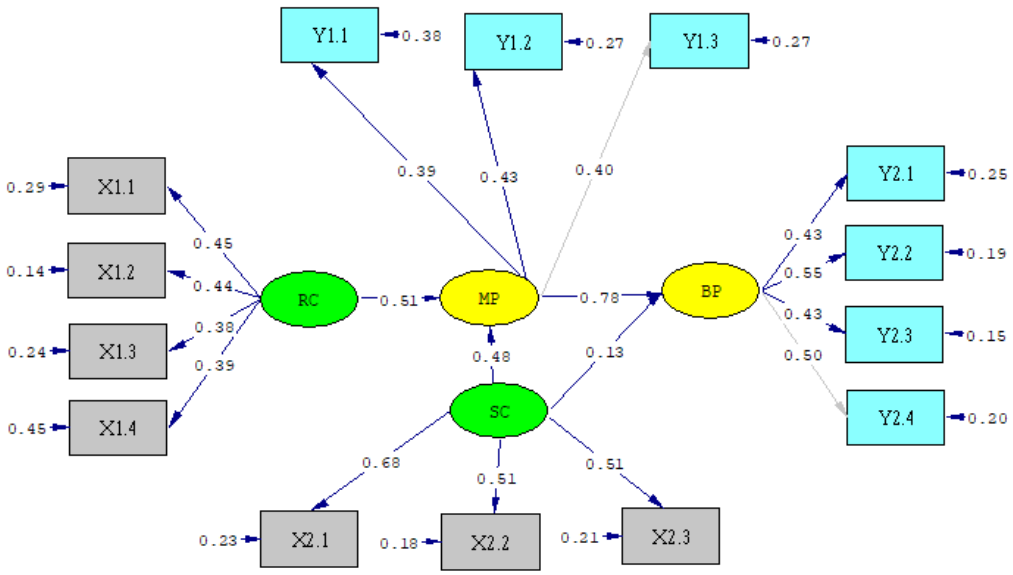
Based on the goodness of fit test results, a chi-square value of 0.00 was obtained with a significant level of 1.00. A significant value of 1.00 indicates that the model is saturated or fits perfectly.

Path Model

The path analysis model done with LISREL obtained the standardized model path coefficient and the calculated t value. From the results of these tests, the following equation can be drawn:

Figure 6

Test of Significance - Standardized Estimates



Structural Equations:

BP = 0.77*MP + 0.13*SC, Errorvar. = 0.21, R^2 = 0.79

MP = 0.48*SC + 0.51*RC, Errorvar. = 0.25, R^2 = 0.75

Hypothesis Testing

To test the hypothesis to determine the effect of independent variables on the dependent variable as follows:

Figure 7
Significance Test - T-Value Model

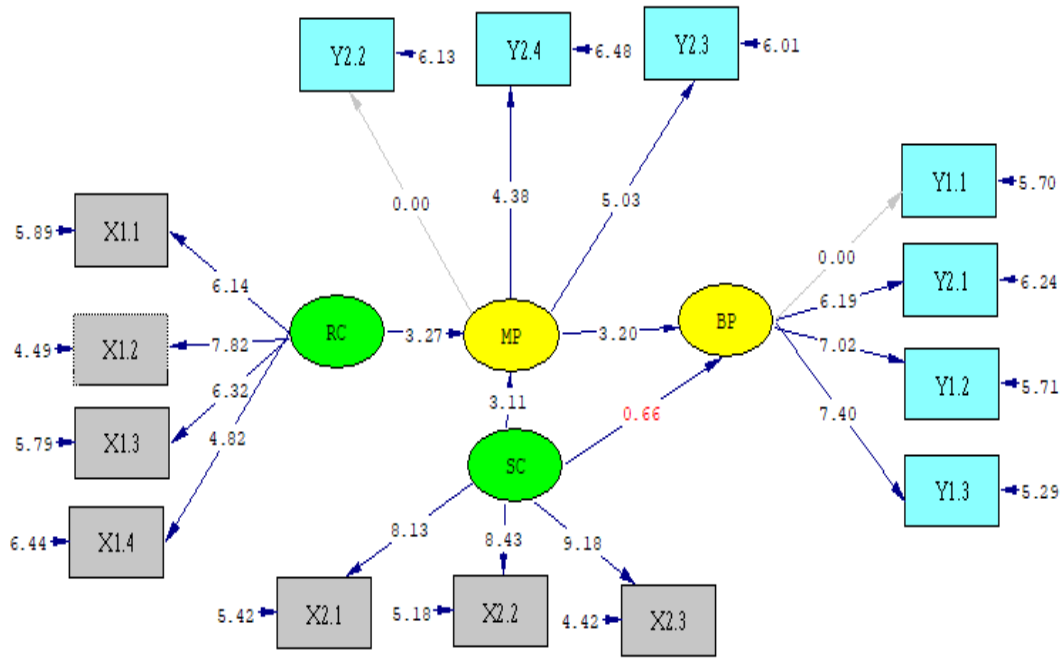


Table 3
Hypothesis Testing

Variable	Research Result
Relational Capital Partnership morality →	Significant
Spiritual capital → Partnership morality →	Significant
Spiritual Capital Business Performance	Not Significant
Partnership morality →Business Performance	Significant

DISCUSSION

The Effect of Relational Capital on Partnership Morality

The results of this study proved that relational capital has a positive and significant effect on the morale of partnerships. This means that the higher the relational capital supported by the openness of innovation in business partners, better marketing capabilities, a growing technological reputation,

and a good brand image, the more morale of businesses in establishing long-term partnerships by prioritizing honesty in retention programs, conveying long-term development plans and being competent in two-way communication. The results of this study also explain the conformity with the theory that states strong relationships built with customers, development of marketing capabilities, positively linked to morals and ethics (Firdaus et al., 2023). Superior marketing skills can achieve customer value because business people are more likely to establish good relationships with customers. The benefits obtained are related to customer interest, customer satisfaction, building customer relationships, and customer retention (Ngo & O'Cass, 2012). In other words, the higher the relational capital, such as the marketing ability of the businessman, the more indirect it will be in increasing the morale of partnering through good communication with customers. The results of this study are in line with several studies (Agostini et al., 2017; Asiaei & Jusoh, 2015; Daou et al., 2014; Ibrahim et al., 2013), which emphasizes that the higher the degree of relational capital, the higher the moral level of partnership.

The Effect of Spiritual Capital on Partnership Morality

The results of this study proved that spiritual capital has a positive and significant effect on the moral of partnership. This means that the higher the spiritual capital, which is supported by high faith, stable emotions, and strong religious values, the higher the morale of the businessman in running a long-term partnership. The results of this study also explain the conformity with the theory that spiritual capital, when associated with business partnerships, is an important factor in shaping the morale of business people in carrying out business relationships with partners. Spiritual capital is the number of spiritual knowledge and expertise possessed by an individual or culture (Malloch, 2010). Spiritual capital is also defined as a collection of beliefs, examples, and commitments inherited from generation to generation through religious traditions (Khalique et al., 2013). The higher the spiritual capital, the better the morale of the businessman in partnering, and the positive impact of the cooperative relationship will increase. This study's results align with several studies (Abdullah & Sofian, 2012; Ariawan et al., 2017), which emphasized that the higher the degree of spiritual capital, the higher the moral level of partnership.

The Effect of Spiritual Capital on Business Performance

The results of this study proved that spiritual capital does not affect business performance. In doing business, business people prioritize high profitability in conventional ways without looking at faith, stable emotions in doing business, and religious values listed in the dimensions of existing spiritual capital (Malloch, 2010). A business that lacks spirituality leaves no legacy. Such businesses frequently focus only on pursuing profits and lose their soul. This does not align with prior studies (Ariawan et al., 2017; Ismail, 2005), which examined the direct impact of spiritual capital on company performance, focusing on the flow of spiritual capital into the components of intellectual capital and its influence on corporate performance in Malaysia. Similarly, Khalique et al. (2013) researched SMEs in Indonesia, identifying spiritual capital as a key element within other components of intellectual capital, which plays a crucial role in driving company performance. Their findings indicated that spiritual capital positively influenced performance.

The Effect of Partnership Morality on Business Performance

The results of this study proved that partnership morality has a positive and significant effect on business performance. Moral quality in partnership is the conscious ability of human resources to establish cooperation by prioritizing honesty in retention programs, conveying long-term development plans, and intelligent communication in two directions; where such behavior can be realized if individuals have strong spiritual capital so that the passage of time can manifest increased performance business. This means that the higher the quality of partnership morality, the more business performance will increase. This can be interpreted as the delivery of long-term plans that are carried out politely to business partners, always prioritizing honesty in retention programs; intelligent two-way communication can increase sales growth, customer growth, operational growth, customer growth, and profit growth. The results of this study also explain the conformity with the theory of Maskhuroh and Fadl'laa (2022), which states that business ethics is the study of moral standards and their application in business policies, behaviors, and institutions. He also emphasized that business ethics are important to help companies make morally informed decisions (Hardiati, 2021). Morality in business related to partnerships can be realized by applying the principles of trust: each party must trust that their partners will act with integrity and fulfill the agreed commitments (Hardiati, 2021). In addition, open and

honest communication is crucial so that misunderstandings do not occur. The division of responsibilities from each partner must have clear rights and obligations not to trigger conflicts; it is a clear agreement. All important aspects of the partnership should be noted in the form of an explicit written agreement.

The results of this study are in accordance with the research from Firdaus et al. (2023) and Hardiati (2021) that morals and ethics have a significant effect on business performance. Similarly, the research conducted by Maskhuroh and Fadl'laa (2022) shows that business ethics significantly affect business performance.

CONCLUSION

This study aims to answer the research objectives discussed earlier regarding the development of a basic theoretical model and empirical research model to bridge the research gap regarding the relationship between relational capital and business performance through partnership morality, which is strengthened with spiritual capital variables so that it is believed to improve business performance and analyze the essence and partial roles that contribute to relational capital, spiritual capital, moral partnerships with business performance. Thus, partnership morality strengthened by the spiritual capital variable can significantly mediate the effect of relational capital on business performance. Partially, relational capital and spiritual capital have a positive and significant effect on partnership morality and spiritual capital. In addition, partnership morality has a positive and significant effect on business performance, while spiritual capital has no effect on business performance.

LIMITATION

The limitation of this research is that spiritual capital, which is one of the hopes that can directly improve business performance, apparently does not have a significant effect but must first go through the variable of partnership morality so that the role of spiritual capital on business performance is not very visible. Considering the limitations of the research, future research is expected to add other independent variables that contribute to improving business performance, including open-mindedness, self-disclosure, and personal reputation. In addition, further researchers may conduct a more

comprehensive analysis of the research findings by specifically examining the dimensions of the Islamic morality partnership variables, including Islamic morality equality, Islamic morality mutual benefit, and Islamic morality sustainability, thereby enhancing the advantages of developing a more visible moral partnership theory.

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