

**THE INFLUENCE OF REWARD, COMPETITIVE ADVANTAGE, INNOVATION,
ENTREPRENEURSHIP ON FINANCIAL PERFORMANCE IMPROVEMENT:
LEARNING VARIABLES MEMODERATING COMPETITIVE ADVANTAGE AND
INNOVATION ON BATIK ENTREPRENEURS IN SURAKARTA**

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Abstract : *The goal of national development is to make Indonesian society an advanced society. Such a condition is highly desired by our nation. One way to achieve this condition is by improving the performance of batik entrepreneurs in Surakarta. The purpose of this study is to formulate the positive and significant influence of rewards on financial performance, the positive and significant influence of competitive advantage on financial performance. The positive and significant influence of innovation on financial performance. The positive and significant influence of entrepreneurship on financial performance. Learning variables moderate competitive advantage and innovation on financial performance. This study was conducted on Batik entrepreneurs in Surakarta, namely in the Laweyan Batik village and the Kauman Batik village as well as in the Klewer market and the Puser Grosir Solo shopping center. A sample of 100 was selected using the convenience sampling technique, the analysis used was (SEM) Structural Equation Model. This is used to test the influence of Independent variables consisting of reward variables, competitive advantage, innovation, entrepreneurship on financial performance, The role of learning variables in moderating competitive advantage and innovation on the financial performance of batik entrepreneurs in Surakarta. The results of this study are all hypotheses formulated are proven. 1. Proving the existence of a positive and significant influence of rewards on financial performance 2. Positive and significant influence of competitive advantage on financial performance. 3. Positive and significant influence of innovation on financial performance. 4. Positive and significant influence of entrepreneurship on financial performance. 5. Positive significant influence of learning on financial performance. 6. Learning variables moderate competitive advantage and innovation on financial performance.*

Keywords: *Reward , competitive advantage, innovation . Entrepreneurship, Learning*

1. INTRODUCTION

1. BACKGROUND OF THE PROBLEM

The establishment of a business usually has many goals, for example to provide services to the community, create jobs, reduce poverty in society, improve community welfare and so on. Of the various goals that cannot be forgotten is to make a profit. Without making a profit, a company certainly cannot survive in the long term. The profits obtained can be reflected in the company's financial performance. The higher the company's profit, the better the company's

performance. Company performance is determined by Rewards, Competitive Advantage, Innovation, Entrepreneurship and learning Mediating Competitive Advantage

Innocent U Duru et al, (2023) states that rewards are gifts from the Company to employees because they work well. Rewards have a positive and significant effect on performance, while Esther A. Olanrewaju, Sanya, et al 2020 rewards do not have a direct effect on financial performance. This is also stated by Sheema et al, 2021) Heena Chauhan et al (2021). Siti Choiriah et al, (2022) Competitive advantage affects financial performance. Khawar Ahmed Khan et al (2024) stated that competitive advantage does not conflict with financial performance.

Organizational innovation, innovation processes, and product innovation affect the achievement of innovative performance, while marketing innovation does not show any effect on innovative performance (Yiming Xu and Naiping Zhu, 2024; Sholikha Oktavi Khalifaturafi'ah, 2021). Yuli Soesetio et al (2024) stated the same thing Vanacker, Tom et al (2021) Entrepreneurship is a strategic process of making policies that allow entrepreneurs to act and run organizations according to plan and refer to new things. Chen, Su et al, 2023), and Maurizio La Rocca et al, (2021) stated that entrepreneurship affects financial performance.

Based on this description, it turns out that the results of previous studies on the effect of rewards, competitive advantage, innovation and entrepreneurship on financial performance have provided inconsistent results. Some say it has a significant positive effect, some say it has a significant negative effect, and some say it has no effect on financial performance. To establish the influence of these variables, the learning variable is used as a moderating variable. Thanh Tung Do and Ngoc Khuong Mai (2021) The variable that can be used as a moderating variable is the learning variable. Variables can be used as moderating variables because they affect the financial performance variable and vice versa (Baranowska-Prokop Ewa and Sikora Tomasz, 2023)

2. Formulation of research problems

The problems in this study are formulated as follows:

- a. Does reward affect the financial performance of batik entrepreneurs in the city of Surakarta
- b. Does competitive advantage affect the financial performance of batik entrepreneurs in the city of Surakarta?
- c. Does innovation affect the financial performance of batik entrepreneurs in the city of Surakarta?
- d. Does entrepreneurship affect the financial performance of batik entrepreneurs in the city of Surakarta?
- e. Does learning affect the financial performance of batik entrepreneurs in the city of Surakarta?
- f. Does learning moderate competitive advantage and innovation on the performance of batik entrepreneurs in Surakarta City

3. Research Objectives

This study aims to achieve and prove the influence of rewards, competitive advantage, innovation and entrepreneurship on the performance of batik entrepreneurs in Surakarta City. Learning variables moderate competitive advantage and innovation on the performance of batik entrepreneurs in Surakarta City.

2. LITERATURE REVIEW

1. Financial Performance

Innocent U Duru, Millicent Adanne Eze et al (2023) Financial performance is a picture of the company's financial condition in a certain period. The measurement of the company's Financial Performance is closely related to the measurement and assessment of performance. The measurement of performance "performing measurement" is the qualification and efficiency and effectiveness of the company in operating the business during the accounting period. Financial Performance Ratios that are often used as indicators are the activity ratio, Solvency Ratio, Liquidity Ratio and profitability ratio (Khawar Ahmed Khan et al, 2024)

2 Marketing-based rewards

Innocent U Duru et al (2023) rewards are a form of appreciation to employees for their achievements which are reflected in performance. This means that an organization must be able to conduct objective performance assessments that are used as a basis for rewarding its employees. One way that can be used is if the performance improves, the greater the reward received (Esther A. Olanrewaju, Sanya, and Ebinimi Adesewa, Ifidi,, 2020)

3, Competitive Advantage, ,

Heena Chauhan et al (2021), Keu

Competitive advantage affects financial performance.

Khawar Ahmed Khan et al (2024.) Companies that have competitive advantages always have the ability to work effectively. Companies that work effectively mean that their financial performance is good. Darmanto, Chaerudin, Rahayu B.S, (2017) stated that competitive advantage has a positive and significant effect on performance. Based on this journal, the second hypothesis can be presented Competitive advantage has a positive effect on financial performance.

4. Innovation affects financial performance

Yuli Soesetio et al (2024) The more companies improve new and better services, the higher their financial performance. From this description, the third hypothesis can be formulated, namely that innovation affects financial performance.

5. Entrepreneurship affects financial performance

Entrepreneurship is the spirit of entrepreneurship. Companies whose owners have a high entrepreneurial spirit will have high financial performance. The higher the entrepreneurship, the higher the financial performance. The high or low entrepreneurship will determine the high or low financial performance. From this description, the fourth hypothesis can be formulated: Entrepreneurship has an effect on financial performance.

6. Learning has an effect on financial performance.

Bonnie G Buchanan and Danika Wright (2021). Stated learning as the acceptance of education or training in an organization. Companies that hold high learning will have high financial performance and companies that have good financial performance will be able to hold high learning. Based on this article, the fifth hypothesis can be formulated, namely learning has a positive and significant effect on financial performance.

7. Learning moderates the influence of competitive advantage and innovation on financial performance.

Bonnie G Buchanan and Danika Wright (2021). Stated learning as the acceptance of education or training in an organization. Companies that hold high learning will have high financial

performance and companies that have good financial performance will be able to hold high learning.. in this situation, learning can be used as a moderating variable. Based on hypotheses two and three, competitive advantage and innovation have an effect on financial performance. By making learning a moderating variable and linking it to hypotheses 2 and 3, hypothesis 6 can be formulated: The learning variable moderates competitive advantage and innovation in financial performance.

3. RESEARCH METHODS

1 Place and period of research

The research was conducted on batik entrepreneurs in Surakarta. The research period used is currently being conducted, not related to research that has been carried out or will be carried out. This research is called cross-section research.

2 Unit of analysis and type of research

The unit of analysis in the study is the individual because the respondents are batik entrepreneurs. This type of research is basic research that produces journals that can develop science, especially science to develop businesses. The resulting journals will be published internationally in journals that are accredited at least sinta 4.

3 Population and Sample

This study selected the population of batik entrepreneurs in the Surakarta area, namely in the Laweyan batik village, Kauman Solo wholesale center, Klewer market and other batik entrepreneurs in Surakarta. The number is always changing and not one institution has the right data. The sample was determined by the convenience sampling method of 100 batik entrepreneurs.

4 Types of variables

The variables used in this study are presented in Table 1

Table.1.Types of Variables

No	Variable	Variable type
1	Reward, competitive advantage, innovation, entrepreneurship	Independent
2	Performance	Dependent
3LL	Learning	Moderation

3.6 Structural Equation Model (SEM) Analysis

Analysis with Lisrel software using Structural Equation is used in this study. This analysis is good if it meets the requirements presented in the following table 2:Table.2. Goodness of fit

<i>Goodness of Fit Indices</i>	<i>Cut off Value</i>
<i>Chi - Square</i>	Kecil
<i>Probability</i>	$\geq 0,05$
<i>RMSEA</i>	$\leq 0,08$
<i>NFI</i>	$\geq 0,90$
<i>PNFI</i>	$\geq 0,90$
<i>CFI</i>	$\geq 0,95$
<i>GFI</i>	0-1
<i>AGFI</i>	$\geq 0,90$

To understand the terms presented in this table are explained as follows:

- 1). The maximum-based model fit test measure uses Chi-Square and the Probability. Likelihood (ML) value. It is expected that the value is low so that a high P value is obtained (probability) exceeding 0.05
- 2). RMSEA or Root Mean Square Error of Approximation is the root mean square error approximation value. It is expected that the value is low, approximately equal to 0.08.
- 3). NFI or Normed Fit Index is a measure of model fit with a comparative basisto the baseline or null model. The null model is generally a model thatstates that the variables contained in the estimated modelare not related to each other. The value is expected to be high, greater than or equal to 0.90.
- 4). PNFI or Parsimonious Normed Fit Index (is a measure of suitability that is parsimonious as a modification of the NFI measure. Its value is expected to be high, greater than or equal to 0.90.
- 5). CFI or Comparative Fit Index is a measure of suitability of a comparative-based model with a null model. Its value is expected to be high, greater than or equal to 0.90.
- 6). AGFI or Adjusted GFI is the adjusted GFI value. Its value is expected to be high ≥ 0.90 .

4. RESULTS AND DISCUSSION4

1 RESEARCH RESULTS

Table 3 Goodness of Fit Model

Feasibility Study is a feasibility test. The feasibility referred to here is an activity that can guarantee that the model that is compiled can be carried out and those who do it will gain significant benefits. Feasibility tests include Feasible from a marketing perspective, feasible from a technical perspective, feasible from a financial perspective, feasible from a Human Resources (HR) perspective and statistically feasible. In year 1, a statistical feasibility test will be held. Feasibility Test From Statistical Perspective

Feasibility test from Statistical perspective to determine that the goodness of fit model is good.

Tabel 3 Goodnes of Fit Model			
<i>Goodness of Fit Indices</i>	<i>Cut off Value</i>	Hasil	Keterangan
<i>Chi - Square</i>	Kecil	1241.22	Good
<i>Probability</i>	$\geq 0,05$	0.133	Good
<i>RMSEA</i>	$\leq 0,08$	0.35	Good
<i>PNFI</i>	$\geq 0,90$	,940	Good
<i>CFI</i>	$\geq 0,95$	,98	Good
<i>GFI</i>	0-1	,920	Good
<i>AGFI</i>	$\geq 0,90$	,911	Good

Structural Equation Model is used to measure trust with the validity of statistical techniques. Comparing the results of the model analysis with the provisions in statistics can be seen in table 3 as follows:

Based on the results of the goodness of Fit in the SEM model compared to the results of its analysis.

These results state that the statistical feasibility test states that this model is feasible. The statistical feasibility test can be used for the results of the SEM analysis of the t value and its significance. These results are presented in table 4 as follows:

Tabel 4 Nilai Chi Square dan t variabel	Nilai chi square dan sign	Hasil
Pengaruh Reward pada kinerja keuangan Usaha Batik	4,084 0,005	Pos & sign
Pengaruh Keunggulan Bersaing pada Kinerja keuangan usaha Batik	2,859 0,039	Pos & sign
Pengaruh inovasi pada kinerja keuangan usaha batik	3,86 0,030	Pos & sign
Pengaruh kewirausahaan pada Kinerja keuangan usaha l Batik.	2,179 0,026	Pos & sign

Pengaruh pembelajaran pada kinerja keuangan usaha batik	11,350 0.000	Pos & sign
Pembelajaran memoderasi keunggulan nbersaingn pada kinerja keuangan.	4,074 0,049	-
Pembelajaran memoderasi inovasi pada kinerja keuangan	5.780 0,003	-

Based on these results, it can be said that all variables have a positive and significant effect on financial performance and learning variables moderate the effect of competitive advantage on financial performance and innovation on financial performance.

2 DISCUSSION OF RESEARCH RESULTS

1. Reward has a positive and significant effect on financial performance

The results of the analysis show a chi square value of 4.084 and a significance value of 0.005. These results indicate that reward has a positive and significant effect on the financial performance of batik entrepreneurs in the city of Surakarta. This result means that the higher the level of reward, the better the financial performance of batik businesses in Surakarta. Conversely, the lower the reward given, the worse the financial performance of batik businesses. So the high and low rewards given will determine the high and low performance of batik businesses in Surakarta. To improve financial performance, this can be done by increasing rewards.

2. Competitive advantage has a positive and significant effect on financial performance

The results of the analysis show a chi square value of 2.859 and a significance value of 0.039. These results indicate that competitive advantage has a positive and significant effect on the financial performance of batik entrepreneurs in the city of Surakarta. These results mean that the higher the level of competitive advantage, the better the financial performance of batik businesses in Surakarta. Conversely, the lower the competitive advantage given, the worse the financial performance of batik businesses will be. So the high or low competitive advantage given will determine the high or low performance of batik businesses in Surakarta. To improve financial performance, it can be done by increasing competitive advantage.

3. Innovation has a positive and significant effect on financial performance

The results of the analysis show a chi square value of 3.86 and a significance value of 0.030. These results indicate that innovation has a positive and significant effect on the financial performance of batik entrepreneurs in the city of Surakarta. These results mean that the higher the level of innovation, the better the financial performance of batik businesses in Surakarta. On the contrary, the lower the innovation given, the worse the financial performance of the batik business will be. So the high or low innovation given will determine the high or low performance of the batik business in Surakarta. To improve financial performance, it can be done by increasing innovation.

4. Entrepreneurship has a positive and significant effect on the financial performance of batik entrepreneurs in the city of Surakarta.

The results of the analysis show a chi square value of 2.179 and a significance value of 0.026. These results indicate that Entrepreneurship has a positive and significant effect on the financial

performance of batik entrepreneurs in the city of Surakarta. These results mean that the higher the level of entrepreneurship, the better the financial performance of the batik business in Surakarta. On the contrary, the lower the entrepreneurship given, the worse the financial performance of the batik business. So the high or low entrepreneurship given will determine the high or low performance of the batik business in Surakarta. To improve financial performance can be done by increasing entrepreneurship

5. Learning has a positive and significant effect on the financial performance of batik entrepreneurs

in the city of Surakarta

The results of the analysis show a chi square value of 11.350 and a significance value of 0.000. These results indicate that learning has a positive and significant effect on the financial performance of batik entrepreneurs in the city of Surakarta. These results mean that the higher the level of learning, the better the financial performance of batik businesses in Surakarta. Conversely, the lower the entrepreneurship given, the worse the financial performance of batik businesses will be. So the high and low levels of learning provided will determine the high and low financial performance of batik businesses in Surakarta. To improve financial performance can be done by increasing learning

6. Learning variables moderate the influence of competitive advantage and innovation on financial performance.

The results of the analysis of the influence of the competitive advantage variable on financial performance moderated by the learning variable show that the chi square value before the moderation variable is lower than after the moderation variable, which is $2.859 < 4.074$, and the influence of the innovation variable on financial performance with the learning variable moderation variable shows $3.56 < 5.780$. This means that the learning variable moderates the influence of the competitive advantage variable and the innovation variable on the financial performance of batik entrepreneurs in the city of Surakarta. This result means that with the inclusion of the learning variable, the influence of competitive advantage and innovation on financial performance will be stronger.

5. CONCLUSION

1. Conclusion

Based on the results and discussions conducted, the following conclusions can be drawn:

Rewards have a positive and significant effect on the financial performance of batik entrepreneurs in Surakarta. This result means that the higher the level of reward, the better the financial performance of batik businesses in Surakarta. Conversely, the lower the reward given, the worse the financial performance of batik businesses. So the high and low rewards given will determine the high and low performance of batik businesses in Surakarta. To improve financial performance, rewards can be increased.

Competitive advantage has a positive and significant effect on the financial performance of batik entrepreneurs in Surakarta. This result means that the higher the level of competitive advantage, the better the financial performance of batik businesses in Surakarta. Conversely, the lower the competitive advantage given, the worse the financial performance of batik businesses. So the high and low competitive advantage given will determine the high and low performance of batik

businesses in Surakarta. To improve financial performance can be done by increasing competitive advantage.

Innovation has a positive and significant effect on the financial performance of batik entrepreneurs in Surakarta. This result means that the higher the level of innovation, the better the financial performance of batik businesses in Surakarta. Conversely, the lower the innovation given, the worse the financial performance of batik businesses. So the high and low innovation given will determine the high and low performance of batik businesses in Surakarta. To improve financial performance can be done by increasing innovation.

Entrepreneurship has a positive and significant effect on the financial performance of batik entrepreneurs in Surakarta. This result means that the higher the level of entrepreneurship, the better the financial performance of batik businesses in Surakarta. Conversely, the lower the entrepreneurship given, the worse the financial performance of batik businesses. So the high and low entrepreneurship given will determine the high and low performance of batik businesses in Surakarta. To improve financial performance can be done by increasing entrepreneurship

Learning has a positive and significant effect on the financial performance of batik entrepreneurs in Surakarta. This result means that the higher the level of learning, the better the financial performance of batik businesses in Surakarta. Conversely, the lower the learning provided, the worse the financial performance of batik businesses will be. So the high and low learning provided will determine the high and low performance of batik businesses in Surakarta. To improve financial performance can be done by increasing learning.

The learning variable moderates the influence of the competitive advantage variable and the innovation variable on the financial performance of batik entrepreneurs in Surakarta. This result means that by including the learning variable, the influence of competitive advantage and innovation on financial performance will be stronger.

2. Limitations

This study all has an effect but overall the influence is not optimal, so financial performance can still be optimized.

3. Recommendations

To improve financial performance is done by increasing rewards, competitive advantage, innovation, entrepreneurship and learning.

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