

## SYNERGISING GREEN ACCOUNTING AND TECHNOFINANCE FOR BUSINESS PERFORMANCE: THE MODERATING ROLE OF ISLAMIC VALUES

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### ABSTRACT

This research examines the synergistic impact of Green Accounting and Technofinance on Business Performance, with Islamic Values serving as a moderating variable, within the framework of small and medium-sized enterprises (SMEs) in West Nusa Tenggara, Indonesia. Data were acquired from 180 SME owners using a purposive sampling strategy, all of whom had halal certification and engage in Islamic-based entrepreneurship. The study model was evaluated utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM) with 36 measurement items derived from a four-point Likert scale. The findings indicate that both Green Accounting and Technofinance substantially improve Business Performance, underscoring the significance of environmental accountability and financial digitization in augmenting profitability, efficiency, and sustainability. Nonetheless, Islamic values did not substantially influence these linkages, indicating that ethical and religious principles function more as a normative basis than as an empirical enhancer of the observed correlations. These findings enhance the literature by amalgamating environmental, financial technology, and religious views in the analysis of business performance, providing theoretical backing from stakeholder theory and the resource-based view. The findings suggest that SME managers ought to prioritize environmental reporting systems and the integration of financial technology to maintain competitiveness, while adhering to Islamic ethical values as foundational principles. The study's limitations include its regional scope and sample size; therefore, future research should expand geographical coverage, enhance sample diversity, and integrate additional variables such as innovation capability and market orientation to improve generalizability and yield deeper insights into sustainable performance.

**Keywords:** Green Accounting, Business Performance, Islamic Value, Technofinance

### INTRODUCTION

Recent global economic trends underscore the significance of sustainable business strategies. Sustainability concerns have beyond mere terminology and are now mandated by rules, market forces, and the broader community (Raimi & Bamiro, 2025). The concept of green accounting has arisen as a contemporary accounting tool that incorporates environmental factors into business financial documentation and reporting. Conversely, the advancement of technofinance—the amalgamation of digital technology with financial services—offers novel prospects for enterprises to enhance efficiency, transparency, and accessibility of financial resources. Kareem et al., (2025) stated that the interplay between green accounting and technofinance is anticipated to substantially influence business performance, especially during the digital transformation and the green economy era.

Global trends indicate that firms capable of merging sustainable practices with financial technology advancements are generally more competitive. Multinational firms have employed blockchain-based finance to transparently disclose their carbon footprints (Wahyudi et al., 2025). In Indonesia, the implementation of green business practices and financial digitalization encounters numerous hurdles, including regulatory issues, managerial awareness, and technology capabilities. This establishes a disparity between theoretical potential and real execution, especially with MSMEs, which are fundamental to the national economy.

Earlier research has predominantly examined green accounting as a method for incorporating environmental costs into financial statements (Muafi & Jufri, 2025), whereas other studies have emphasized the significance of technofinance in enhancing financial inclusion and operational efficiency (Arner et al., 2020). Nonetheless, studies that concurrently investigate the interplay between these two elements in enhancing corporate success are scarce. Consequently, a substantial research gap exists that requires investigation, especially with developing nations transitioning to a green digital economy. Moreover, the aspect of Islamic values is frequently neglected in the literature concerning green accounting and technofinance. Islamic concepts, including justice ('adl), sustainability (istidamah), and social responsibility (mas'uliyah), are significantly pertinent in influencing ethical and sustainable business practices (Raza et al., 2025). Prior studies indicate that the incorporation of Islamic values can enhance a company's dedication to sustainability (Reniami et al., 2024); however, their role as a moderating variable in the interplay between green accounting, technofinance, and business performance has been infrequently examined.

This cutting-edge research investigates the moderating influence of Islamic values on enhancing the synergy between green accounting and technofinance. This study provides a comprehensive strategy that integrates three essential components: environmental sustainability, fintech innovation, and Islamic value-based ethics, addressing the limitations of prior research (Kurniasari et al., 2025). This offers a theoretical contribution by establishing a novel conceptual model, alongside a practical contribution through the formulation of business strategies that are both profit-driven and ethically sustainable.

The urgency of this research is amplified from a policy standpoint, as the Indonesian government has advocated for the green economy and digital transformation agenda via multiple regulations, including the Financial Services Authority (OJK) Green Taxonomy and the National Strategy for Inclusive Finance (Cuevas-Vargas & Cortés-Palacios, 2025). Nonetheless, execution at the business level continues to encounter challenges because to a misalignment of economic objectives, environmental considerations, and Sharia compliance. This research may offer policy guidance for regulators, corporate stakeholders, and Islamic finance institutions in facilitating the shift towards technology-driven green enterprises (Li et al., 2025).

This research holds practical significance for MSMEs, which frequently encounter constraints in accessing capital and adopting sustainable accounting standards. Technofinance enables MSMEs to obtain expedited and more efficient access to digital financing. Simultaneously, the use of green accounting enables them to exhibit their environmental dedication, so enhancing consumer and investor trust. Moderation in Islamic beliefs is anticipated to enable MSME business practices to achieve equilibrium among profitability, sustainability, and ethical compliance.

This study aims to examine the interplay between green accounting and technofinance in enhancing business performance, moderated by Islamic beliefs. This research aims to address the existing gap in the literature, enhance the current status of environmental accounting and financial technology, and provide a significant contribution to the advancement of sustainable, innovative, and Sharia-compliant business models. This research is both academically pertinent and strategically advantageous for enterprises and policymakers in the context of the digital green economy

## **LITERATURE REVIEW**

### **Grand Theory of Research: Stakeholder Theory**

This research is fundamentally grounded in Stakeholder Theory (Freeman, 1984). This theory posits that a company's success is evaluated not solely by shareholder interests but also by its capacity to fulfil the expectations of stakeholders, including investors, consumers, government, society, and the environment (Adukpo & Mensah, 2025). The

adoption of green accounting corresponds with societal and legislative requirements for environmental transparency, whereas technofinance promotes transparency and financial inclusivity. Islamic values function as ethical standards that guarantee organisations adhere to moral ideals while addressing stakeholder expectations. Consequently, stakeholder theory provides a framework that elucidates how the interplay among research factors might enhance overall corporate success.

### **Green Accounting**

The notion of green accounting emerged as a reaction to the shortcomings of traditional accounting, which often overlooks environmental consequences. This approach enables organizations to measure, document, and report environmental operations more thoroughly (Tong & Yang, 2025). Environmental disclosure is an essential aspect, exemplified by firms clearly reporting energy consumption, documenting emissions and waste in formal reports, and conveying environmental policy through annual reports. This disclosure functions as a mechanism for accountability to authorities and conveys a favorable message to investors and the public about their dedication to sustainability. Moreover, the resource efficiency aspect illustrates how organizations document energy expenditures, assess water efficiency, and track sustainable raw materials. These initiatives yield twofold advantages: diminishing operational expenses and enhancing the company's ecological reputation. The fourth dimension is regulatory compliance, demonstrated when corporations disclose actions in alignment with governmental requirements, perform routine environmental audits, and apply environmental accounting standards in their reporting. This adherence enhances the company's credibility among stakeholders and mitigates legal and reputational concerns.

### **Technofinance**

Concurrently, technofinance, defined as financial services grounded on digital technology, is emerging as a tool that can enhance corporate innovation and efficiency. Access to financial technology allows enterprises to employ digital platforms for transactions, deploy e-wallets or online banking in their operations, and implement fintech apps for supplier payments (Lam, 2025). This enhances liquidity, expedites transaction processes, and broadens access to capital. Moreover, digital financial innovation presents novel options, including the application of digital analytics in decision-making, the utilization of crowdfunding or peer-to-peer lending as alternative financing methods, and the adoption of blockchain and smart contracts to enhance transparency. The success of technofinance is inextricably linked to security and trust (Kou & Lu, 2025). Organizations must guarantee that digital financial systems adhere to stringent security standards, execute risk mitigation strategies, and uphold reliability to foster stakeholder confidence. In the absence of this trust, the use of financial technology may result in opposition and reputational hazards (Alpriansah et al., 2025).

### **Business Performance**

Business performance, the dependent variable in this study, is comprehensively defined to include financial, non-financial, and sustainability dimensions. Financial performance is evidenced by rising earnings in recent years, sustained sales growth, and the capacity to diminish operational costs through innovation (Suryani et al., 2024). From a stakeholder perspective, performance encompasses more than merely financial considerations. Non-financial factors, like customer happiness, acknowledgment as an environmentally sustainable enterprise, and a favorable reputation within the local community, are significant metrics. Sustainable performance is evidenced by a company's capacity to formulate long-term strategies, adjust to regulatory modifications, and uphold positive relationships with stakeholders. In essence, holistic business performance arises from the combination of mutually reinforcing internal and external elements.

### **Islamic Values**

This study posits that Islamic beliefs function as moderating variables that enhance the impact of green accounting and technofinance on business success. Sharia principles,

including fairness, openness, and the consideration of halal and haram (permissible and impermissible), guarantee that a company's financial activities are devoid of usury and conducted with integrity (Tiaskara & Suryani, 2025). The company's commitment to ethics and social responsibility is evident in its dedication to community welfare, the allocation of zakat and infaq (charity) from a segment of profits, and its endeavors to eschew behaviors that may cause harm to others. Simultaneously, the principles of trust and accountability are manifest when management accepts complete financial responsibility, administers funds with integrity, and delivers transparent and unequivocal reports. By adhering to these ideals, the corporation establishes both economic and moral legitimacy, thereby enhancing public trust.

The amalgamation of green accounting and technofinance, underpinned by Islamic principles, possesses strategic ramifications for business performance. Environmental openness, enhanced by digital technology, allows organizations to cultivate a favorable reputation while improving internal efficiency (Aulia et al., 2025). Fintech technologies facilitate access to financing, enabling enterprises, notably MSMEs, to finance environmentally sustainable projects. Nonetheless, all of this gains significance when executed within the context of Islamic ideals that promote equity, ethics, and accountability. Thus, corporations attain not only immediate profits but also guarantee long-term viability and credibility.

From the standpoint of Stakeholder Theory, it is evident that environmental disclosure, resource efficiency, regulatory compliance, digital financial innovation, and Islamic ethical commitment converge towards a singular objective: fulfilling stakeholder expectations. Investors seek profitability and transparency, regulators require adherence to regulations, the public prioritizes social responsibility, and customers appreciate service quality and an environmentally friendly reputation. Organizations that fulfill these expectations will cultivate trust and support, hence enhancing overall business performance.

This study establishes green accounting and technofinance as the principal predictors of corporate performance, with Islamic values acting as moderating variables that enhance this link. This approach aims to offer theoretical advancements by amalgamating environmental, technological, and religious ethical dimensions within Stakeholder Theory, while simultaneously delivering practical insights for organizations striving to establish sustainable practices in the green digital age.

## HYPOTHESIS

### **Green accounting has a positive and significant impact on Business Performance.**

The implementation of green accounting is receiving heightened focus in both scholarly and commercial spheres, especially as sustainability and environmental accountability have emerged as worldwide priorities. Accounting reports that encompass both financial and environmental dimensions enable organisations to evaluate energy efficiency, quantify emissions and waste, and analyse regulatory compliance. Research indicates that firms exhibiting more transparency in environmental disclosures and resource efficiency are more likely to attain increased social legitimacy, hence enhancing economic performance (Rasyid et al., 2024). Consequently, it may be inferred that a greater application of green accounting correlates with improved corporate performance.

### **Technofinance has a positive and significant impact on Business Performance.**

Conversely, the advancement of technofinance, or financial technology, has instigated significant transformations in how corporations conduct transactions, procure capital, and enhance financial efficiency. Access to digital platforms, utilization of fintech for payments, and implementation of blockchain and smart contracts have afforded companies considerable chances to diminish transaction costs, expedite cash flow, and facilitate data-driven decision-making (Silaban & Sitorus, 2024). The efficiency and transparency produced by this financial technologies ultimately enhance a company's financial and non-

financial performance. Consequently, there is substantial evidence to suggest that technofinance is integral to enhancing corporate performance.

**Islamic Values positively and significantly moderate the influence of Green Accounting on Business Performance.**

Moreover, within the framework of enterprises functioning in largely Muslim areas, the presence of Islamic values is undeniable. Sharia principles, including justice, integrity, and the prohibition of usury, direct managers to incorporate ethical standards into accounting and financial management methods. Numerous studies indicate that the incorporation of Islamic values can enhance public trust, augment legitimacy, and cultivate a company's reputation as a responsible organization (Riski et al., 2025). Within the framework of green accounting, Islamic principles can reinforce a corporation's dedication to environmental stewardship as a divine obligation. Consequently, it can be inferred that Islamic principles enhance the impact of green accounting on business success.

**Islamic Values positively and significantly moderate the influence of Technofinance on Business Performance.**

The application of technofinance in accordance with Sharia principles is expected to enhance its impact on corporate performance. Digital financial services have significant advantages regarding speed, efficiency, and transparency. In Muslim countries, the principles of halal (permissible), equity, and ethical sustainability are fundamental factors in all business processes. In accordance with Islamic ideals, technofinance is regarded not merely as a technological advancement but also as an ethical obligation that guarantees transactions are devoid of usury, gharar (prohibited activities), and other detrimental practices. This fosters enhanced investor confidence, consumer allegiance, and corporate credibility among stakeholders (Zhao et al., 2025). Consequently, Islamic principles are anticipated to enhance the favorable correlation between technofinance and corporate performance.

## METHODS

This research employed a quantitative methodology with an explanatory framework to investigate the impact of green accounting and technofinance on corporate performance, using Islamic values as a moderating variable. The research population comprised MSMEs in West Nusa Tenggara (NTB) Province that had acquired halal certification for their products, indicating their adherence to sharia standards. The sampling method employed was purposive sampling, adhering to the subsequent criteria: MSMEs had been in operation for a minimum of three years, maintained basic financial records, utilized financial technology services, marketed halal-certified products, and were owned by Muslim entrepreneurs.

The sample size was established according to Ferdinand's (2006) criteria, necessitating the multiplication of the number of questionnaire items by five to ten. A minimum of 180 respondents was necessary for the research sample, based on 36 questionnaire items (12 indicators multiplied by 3 items). The research instrument was developed utilizing a four-point Likert scale (1 = strongly disagree to 4 = strongly agree) to assess four primary variables: green accounting (environmental disclosure, resource efficiency, regulatory compliance), technofinance (access to financial technology, digital innovation, security and trust), business performance (financial performance, non-financial performance, business sustainability), and Islamic values as a moderating variable (Sharia principles, ethics and social responsibility, trustworthiness and accountability).

Data collection was executed via a standardized questionnaire disseminated directly to qualifying MSMEs. Validity and reliability assessments were performed on the instrument to guarantee its quality before the primary analysis. The gathered data were further analyzed employing Structural Equation Modeling–Partial Least Squares (SEM-PLS) utilizing SmartPLS software. This technique was selected for its ability to evaluate complex

models, including moderating interactions, and its appropriateness for data that may not conform to a normal distribution. Model evaluation was performed by assessing the outer model (validity and reliability) and the inner model (structural relationships among variables) at a 5% significance level utilizing bootstrapping.

## RESULTS

### Convergent Validity Test

Convergent validity represents the preliminary phase in assessing a measurement model (outer model) and serves to confirm that the established indicators accurately represent the concept under examination. The validity is generally evaluated using loading factor values, Average Variance Extracted (AVE), and composite reliability (Astuti & Ahmar, 2025).

An indicator is considered valid if the loading factor exceeds 0.70; however, during the initial phases of instrument development, a value between 0.50 and 0.60 remains acceptable. An AVE value of 0.50 signifies that over 50% of the indicator's variance is attributable to the construct, while a composite reliability surpassing 0.70 denotes strong internal consistency. Consequently, convergent validity guarantees that each indicator is both theoretically pertinent and have adequate statistical power to reliably measure the research construct.

### Discriminant Validity Test

Discriminant validity assesses the degree to which a concept is genuinely separate from other constructs in the model, confirming that each latent variable exclusively measures its intended characteristic (Khan & Gupta, 2025). The assessment of its validity is generally conducted through two primary methodologies: the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT). According to the Fornell-Larcker criterion, the square root of the Average Variance Extracted (AVE) for each construct must exceed the correlation with other constructs, signifying that the construct is more adept at elucidating its own indicators than those of the other constructs. The HTMT value must remain below 0.90, the maximum permissible threshold. Ensuring discriminant validity guarantees that the constructs of green accounting, technofinance, company performance, and Islamic values in this study possess distinct measurement identities and do not intersect. The PLS-SEM test findings demonstrate that the correlations among variables in this research model align with the proposed theoretical framework. Regarding latent correlations, TechnoFinance Literacy (TF) had the most robust association with Business Performance (BF) at 0.750, succeeded by Green Accounting (GA) at 0.659. This indicates that the capacity of MSMEs to handle finances using digital technology is a more influential factor in enhancing business performance than green accounting methods, despite both being equally important. Islamic Value (IV) exhibited moderate correlations with the three primary variables: 0.514 with GA, 0.506 with TF, and 0.462 with BF, indicating that Islamic values can enhance the execution of green accounting and technofinance literacy, thereby amplifying their effect on business performance.

Additionally, path analysis indicated that GA exerted a direct influence on IV ( $\beta = 0.001$ ) and BF ( $\beta = 0.002$ ), however the effect was minimal. TF exhibited a more pronounced and statistically significant impact on IV ( $\beta = 0.014$ ) and BF ( $\beta = 0.000$ ). Furthermore, IV demonstrated a substantial impact on BF ( $\beta = 0.246$ ) and mediated the association between GA and TF concerning BF. Islamic values serve as a catalyst that connects green finance practices and financial technology with the success of MSME businesses. This conclusion affirms that the execution of green accounting and technofinance will be more effective when aligned with Islamic values, as the element of religion enhances integrity, equity, and sustainability in corporate management.

Table 1. Convergent Validity Test

Variable and Item of Questionnaire	Outer Loading	Ideal Value	Information	
<b>Green Accounting</b>				
Environmental Disclosure				
X1.1	My company publicly discloses energy consumption.	0.858	$\geq 0.7$	Valid
X1.2	My company records emissions and waste in formal reports.	0.869	$\geq 0.7$	Valid
X1.3	My company disseminates environmental policies in annual reports.	0.862	$\geq 0.7$	Valid
Resources Optimisation				
X1.4	My organization possesses a mechanism for recording energy expenses.	0.860	$\geq 0.7$	Valid
X1.5	My company assesses water utilization efficiency.	0.861	$\geq 0.7$	Valid
X1.6	My company oversees the utilization of sustainable raw materials.	0.860	$\geq 0.7$	Valid
Compliance with Environmental Regulations				
X1.7	My company documents actions in compliance with governmental rules.	0.863	$\geq 0.7$	Valid
X1.8	My company performs routine environmental audits.	0.821	$\geq 0.7$	Valid
X1.9	My company employs environmental accounting standards for reporting purposes.	0.828	$\geq 0.7$	Valid
<b>Technofinance Literacy</b>				
Access to financial technology				
X2.1	My company utilizes digital channels for financial transactions.	0.778	$\geq 0.7$	Valid
X2.2	My organisation uses e-wallets and internet banking for its operations	0.840	$\geq 0.7$	Valid

	<b>Variable and Item of Questionnaire</b>	<b>Outer Loading</b>	<b>Ideal Value</b>	<b>Information</b>
X2.3	My organisation utilises fintech tools for supplier disbursements.	0.838	$\geq 0.7$	Valid
<b>Digital Financial Innovation</b>				
X2.4	My organisation employs digital analytics for financial decision-making.	0.838	$\geq 0.7$	Valid
X2.5	My company employs crowdsourcing and peer-to-peer lending.	0.842	$\geq 0.7$	Valid
X2.6	My company has implemented a blockchain or smart contract technology.	0.789	$\geq 0.7$	Valid
<b>Safety and Confidence</b>				
X2.7	The digital money method I utilise is exceptionally safe.	0.835	$\geq 0.7$	Valid
X2.8	I have confidence in the dependability of fintech to assist my business.	0.777	$\geq 0.7$	Valid
X2.9	My organization possesses a standard operating procedure for digital.	0.737	$\geq 0.7$	Valid
<b>Business Performance</b>				
<b>Financial Performance</b>				
Z.1	My company has realized augmented profits over the past three years	0.850	$\geq 0.7$	Valid
Z.2	My company has constantly augmented sales.	0.810	$\geq 0.7$	Valid
Z.3	My company has successfully diminished operational expenses via innovation.	0.823	$\geq 0.7$	Valid
<b>Non-Financial Performance</b>				
Z.4	My organisation maintains elevated client satisfaction.	0.839	$\geq 0.7$	Valid
Z.5	My company is recognized as an environmentally sustainable enterprise.	0.803	$\geq 0.7$	Valid

	Variable and Item of Questionnaire	Outer Loading	Ideal Value	Information
Z.6	My company enjoys a favorable reputation among the local community.	0.843	$\geq 0.7$	Valid
<b>Business Sustainability</b>				
Z.7	My organization possesses a long-term business strategy.	0.851	$\geq 0.7$	Valid
Z.8	My company can adjust to regulatory modifications.	0.819	$\geq 0.7$	Valid
Z.9	My organization fosters enduring ties with stakeholders.	0.829	$\geq 0.7$	Valid
<b>Islamic Value</b>				
<b>Sharia Principles (Justice and Integrity)</b>				
Y1	My company's finances are devoid of usury.	0.880	$\geq 0.7$	Valid
Y2	Corporate transactions are executed equitably and transparently.	0.887	$\geq 0.7$	Valid
Y3	Business decisions consistently take into account what is allowed (halal) and what is prohibited (haram).	0.882	$\geq 0.7$	Valid
<b>Ethics and Social Responsibility</b>				
Y4	My company prioritizes the well-being of the community.	0.877	$\geq 0.7$	Valid
Y5	My company allocates a percentage of its income to zakat/infaq (charitable contributions).	0.865	$\geq 0.7$	Valid
Y6	My organization eschews business methods that are detrimental to others.	0.845	$\geq 0.7$	Valid
<b>Trust and Accountability</b>				
Y7	The company management bears all responsibility for its financial affairs.	0.857	$\geq 0.7$	Valid
Y8	My company administers finances with integrity.	0.868	$\geq 0.7$	Valid

Variable and Item of Questionnaire	Outer Loading	Ideal Value	Information
Y9 Company reports are presented with integrity and are not deceptive.	0.875	$\geq 0.7$	Valid

Source: Processed Data (2025)

Table 2. Discriminant Validity Test

Variable	GA	TF	BF	IV
Green Accounting				
TechnoFinance Literacy	0.690			
Business Performance	0.659	0.750		
Islamic Value	0.514	0.506	0.462	

Source: Processed Data (2025)

### Reliability Test

Composite reliability and Cronbach's alpha assess the reliability or internal consistency of the indications of a construct. Reliability is deemed satisfactory if the composite reliability exceeds 0.70 and Cronbach's alpha is a minimum of 0.60 for exploratory research, or above 0.70 for confirmatory research. Composite reliability is deemed superior than Cronbach's alpha as it does not presuppose equal weighting among indicators, hence offering a more precise assessment of the construct's dependability. Should both criteria be satisfied, it can be inferred that the indicators employed to assess green accounting, technofinance, company performance, and Islamic values are coherent, stable, and dependable in delineating the research constructs.

Table 3. Reliability Test

	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
X1	0,954	0,955	0,729
X2	0,934	0,935	0,654
Y	0,944	0,945	0,689
Z	0,960	0,962	0,758

Source: Processed Data (2025)

As determined by the outcomes of the reliability and construct validity assessments, all research variables satisfy the standards established in PLS-SEM. The Cronbach's Alpha coefficients for Green Accounting (X1 = 0.954), TechnoFinance Literacy (X2 = 0.934), Business Performance (Y = 0.944), and Islamic Value (Z = 0.960) significantly above the minimum threshold of 0.70, demonstrating exceptional internal consistency of the instrument. The Composite Reliability rating, which ranges from 0.935 to 0.962, further substantiates that the indicators employed consistently measure the structures. Moreover, the Average Variance Extracted (AVE) values for all constructs exceed 0.50 (ranging from 0.654 to 0.758), so affirming that each construct possesses sufficient convergent validity, since it accounts for over 50% of the variance of its indicators. Consequently, this research instrument can be deemed reliable, valid, and appropriate for examining causal links between variables in the study model.

The outcomes of discriminant validity assessment utilizing the Fornell-Larcker method demonstrate that the square root of the AVE for each construct exceeds the correlations with other constructs within the model. The square root of the AVE value for Green Accounting ( $\sqrt{0.729} = 0.854$ ) exceeds its connections with TechnoFinance Literacy (0.690),

Business Performance (0.659), and Islamic Value (0.514). A like trend is observed in additional variables, with TechnoFinance Literacy ( $\sqrt{0.654} = 0.808$ ), Business Performance ( $\sqrt{0.689} = 0.830$ ), and Islamic Value ( $\sqrt{0.758} = 0.871$ ) exhibiting greater values than their correlations with alternative conceptions. This indicates that each construct possesses distinct specificity in assessing various concepts, and there are no multicollinearity concerns among latent variables.

These results implicitly affirm that the study instrument is both dependable and internally valid, as well as capable of distinctly differentiating between the researched topics. The implementation of Green Accounting, the use of Technofinance, and the internalization of Islamic Values are separate yet complimentary factors affecting the business performance of MSMEs in West Nusa Tenggara. The viability of this measurement model allows for subsequent structural analysis to be performed with considerable confidence. Consequently, the research outcomes are anticipated to offer significant theoretical and practical contributions to the advancement of literature on sustainable and Islamic value-based finance within the MSME sector.

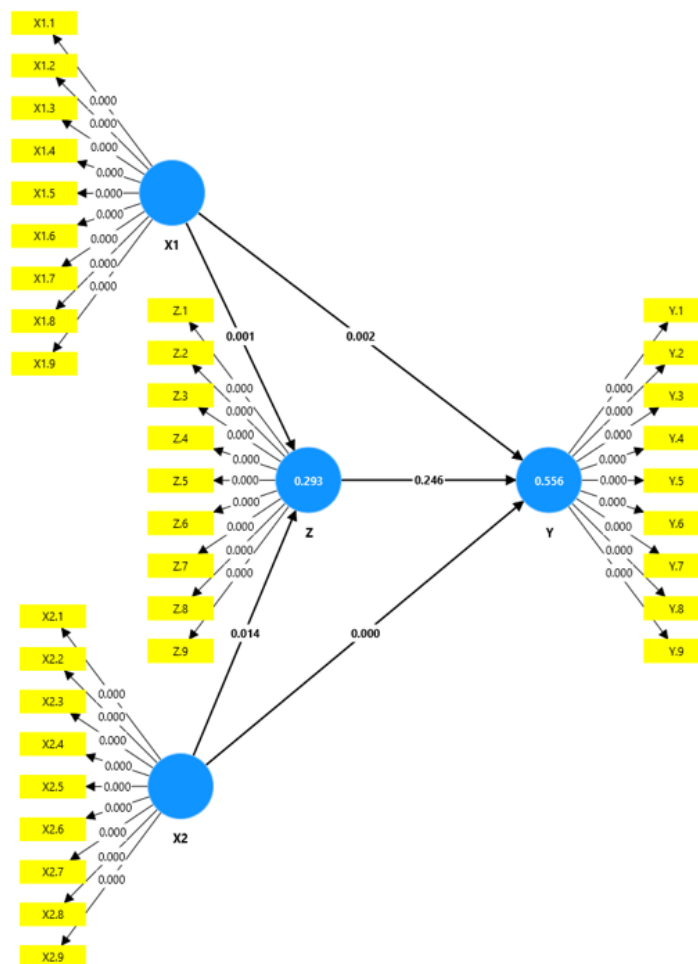


Figure 1. Result  
Source: Processed Data (2025)

Table 4. Hypothesis Result

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
X1 → Y	0,270	0,277	0,086	3,154	0,002
X2 → Y	0,500	0,497	0,081	6,201	0,000

Source: Processed Data (2025)

The findings of the inner model test demonstrate that both Green Accounting (X1) and Techno-Finance Literacy (X2) exert a favorable and significant impact on Business Performance (Y). The original sample value of 0.270 for the X1 → Y route, accompanied by a T-statistic of 3.154 (>1.96) and a p-value of 0.002 (<0.05), demonstrates that the use of Green Accounting can greatly enhance MSME firm performance.

Conversely, the X2 → Y pathway exhibits a more pronounced effect, with an initial sample value of 0.500, a T-statistic of 6.201, and a p-value of 0.000, signifying that Techno-Finance literacy exerts a greater influence on enhancing corporate performance than Green Accounting. These findings affirm that both independent factors significantly enhance the competitiveness and sustainability of MSMEs, while also highlighting the necessity of incorporating sustainable finance and financial technology into managerial practices.

Table 5. Moderation Variable Result

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
X1 → Z → Y	0,022	0,021	0,020	1,105	0,269
X2 → Z → Y	0,019	0,021	0,022	0,883	0,377

Source: Processed Data (2025)

The findings of the moderation test demonstrate that Islamic Value (Z) does not significantly influence the association between Green Accounting (X1) and TechnoFinance Literacy (X2) in relation to Business Performance (Y). The minimal original sample value on the line X1 → Z → Y (0.022) is accompanied by a T-statistic of 1.105 and a p-value of 0.269 (>0.05), while the path X2 → Z → Y (0.019) has a T-statistic of 0.883 and a p-value of 0.377 (>0.05). This conclusion suggests that while Islamic Value is theoretically anticipated to enhance the efficacy of Green Accounting and TechnoFinance in augmenting business performance, its empirical impact has not been demonstrated as significant within the context of MSMEs in West Nusa Tenggara. The enhancement of Business Performance is mostly affected by green accounting practices and financial technology literacy, rather than being moderated by Islamic principles.

## Discussion

### Green Accounting on Business Performance

The research findings indicate that Green Accounting positively and significantly influences business performance in MSMEs in West Nusa Tenggara. This indicates that an increased level of green accounting adoption correlates with enhanced business performance. This supports the perspective that environmental disclosure, resource efficiency, and adherence to environmental regulations are not solely reporting requirements but can also serve as strategic tools for improving a company's reputation, bolstering stakeholder trust, and decreasing operational expenses through energy efficiency and waste management initiatives.

Consequently, the adoption of Green Accounting yields twin benefits: it enhances the company's reputation as a socially and environmentally responsible organization, while

simultaneously augmenting profitability and business sustainability. These findings bolster assertions in prior literature that the success of contemporary enterprises is dictated not solely by short-term financial outcomes but also by the organization's capacity to include sustainability elements into its accounting methodologies.

#### **Technofinance Literacy on Business Performance**

The study indicates that technofinance positively and significantly influences business performance, affirming that financial technology may enhance the performance of MSMEs. Utilization of digital platforms, e-wallets, mobile banking, and fintech applications for payments and funding has demonstrated efficacy in enhancing cash flow, minimizing transaction costs, and broadening access to alternative financing avenues such as crowdfunding and peer-to-peer lending.

Moreover, the application of financial technology integrated with digital analytics and robust security measures facilitates more precise and efficient decision-making, hence enhancing stakeholder trust. Consequently, technofinance enhances operational efficiency and establishes a competitive edge for MSMEs, thereby fostering greater sales, profitability, and business sustainability in the digital era.

#### **Islamic Values Moderate the Impact of Green Accounting on Business Performance**

The investigation indicates that Islamic values do not significantly affect the association between green accounting and business performance. This data suggests that while Islamic principles such as justice, honesty, trustworthiness, and social concern are thought to enhance green accounting procedures, their empirical contribution within the setting of MSMEs in West Nusa Tenggara remains unproven. A potential explanation is that business entities prioritize the pragmatic elements of Green Accounting—such as energy efficiency, waste management, and adherence to environmental regulations—due to their direct influence on profitability and corporate reputation, rather than the incorporation of normative Islamic principles.

This may indicate that sustainability techniques adopted by MSMEs are perceived merely as a neutral, contemporary business strategy, so the influence of Islamic principles is minimal. Consequently, although Islamic values are socially and morally significant, they have not yet emerged as a principal catalyst in enhancing the relationship between Green Accounting and corporate performance.

#### **Islamic Values Moderate Technofinance Literacy and Business Performance**

The research findings indicate that Islamic principles do not substantially influence the relationship between technofinance and economic performance. This indicates that although Islamic principles like transparency, trustworthiness, and the prohibition of usury (riba) can theoretically offer an ethical foundation for financial technology, empirical evidence has not demonstrated that these elements enhance the beneficial effects of technofinance on the performance of MSMEs in West Nusa Tenggara. The utilization of financial technology is mostly motivated by the demand for efficiency, accessibility, and rapid transactions, rendering its influence on enhancing sales and profitability more technical than normative. Moreover, MSMEs have likely already integrated Sharia principles into their business practices, rendering Islamic values an inconsequential differentiator in reinforcing this partnership. Consequently, these findings affirm that the efficacy of technofinance in enhancing corporate performance is predominantly influenced by innovation and digital literacy, but the incorporation of Islamic principles has yet to exert a substantial moderating effect.

### **CONCLUSION**

Green Accounting and Technofinance demonstrated a positive and significant influence on the business performance of MSMEs in West Nusa Tenggara, suggesting that the incorporation of green accounting practices and financial technology enhances profitability,

reputation, and sustainability. Nonetheless, Islamic values did not appear to influence the association between the two variables and company success, indicating that Islamic values serve a more ethical function rather than confirming an empirical relationship within this research paradigm. These findings suggest that MSMEs must systematically enhance their environmental monitoring and reporting systems, as well as improve financial literacy and embrace financial technology to augment operational efficiency and broaden access to funding.

Conversely, while Islamic values were not statistically significant, the principles of justice, truthfulness, and transparency continue to serve as pertinent recommendations for sustainable corporate decision-making. The limitations of this study are its relatively small sample size and its concentration on MSMEs within a single province, so constraining the generalizability of the findings. Consequently, it is advisable for future research to broaden the regional scope, augment the sample size, and incorporate additional variables such as product innovation, market orientation, or digital capability to enhance the understanding of the factors affecting business performance from the standpoint of sustainability and Islamic values.

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