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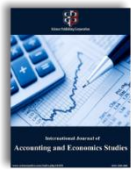

Digitalized Accounting and Green Entrepreneurship: Drivers of Financial Reporting Quality in SMEs

Wiralestari*, Rosmeli, Novita Ekasari, Aulia Beatrice Brilliant

Universitas Jambi
**Corresponding author E-mail: wiralestari11@unja.ac.id*

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Abstract

The rising demands for sustainable practices and transparent financial reporting have urged small and medium-sized enterprises (SMEs) to adopt innovative strategies. This study explores the role of digitalized accounting and green-oriented entrepreneurship as key drivers of financial reporting quality in SMEs. Using a structured survey distributed to 213 SME owners and financial managers in Jambi Province, the study applies a quantitative approach with multiple regression analysis to examine the relationships among the variables. The findings indicate that green entrepreneurship tends to produce more transparent and trustworthy financial statements. In addition, accounting digitization is believed to help improve the accuracy, efficiency, and reliability of financial data, resulting in higher-quality financial statements. And adoption of digital accounting significantly enhances the accuracy, reliability, and timeliness of financial re-ports. These results provide valuable insights for policymakers, practitioners, and stakeholders aiming to strengthen SME financial governance in the digital and green economy era.

Keywords: *Green entrepreneurship, accounting digitalization, financial reporting, SMEs.*

1. Introduction

Small and medium-sized enterprises (SMEs) are the backbone of the economy in many countries, contributing significantly to job creation, economic growth, and poverty alleviation (Baihaqi, 2023). However, SMEs often face complex challenges, including limited access to financial and technological resources, as well as intense competition with large corporations (Harahap et al, 2023).

To improve competitiveness and sustainability, SMEs are increasingly turning to the concept of green entrepreneurship, which emphasizes sustainable and environmentally friendly business practices (Sulaiman et al, 2023). Green entrepreneurship is defined as a company's ongoing commitment to ethical behavior that promotes economic development and improves the quality of life for workers, families, local and global communities, and future generations (Vereeck and Limburgs, 2018; Anghel and Anghel, 2022). Green entrepreneurship can be interpreted as a business activity that generates profits that can be applied through environmentally conscious actions (Anghel and Anghel, 2022).

According to a survey conducted by the World Intellectual Property Organization (WIPO) in 2022 on green entrepreneurship, Indonesia scored 30.3 and ranked 61st out of 132 countries worldwide. The low level of green entrepreneurship is attributed to a lack of knowledge and understanding about green entrepreneurship, limited access to information, the absence of institutions sharing relevant information, and indifference toward environmental concepts and funding (Srining Prapti et al, 2020).

Previous empirical studies have proven that green entrepreneurship influences the quality of financial reports. Green entrepreneurship helps SMEs integrate environmentally friendly practices into their business processes, which may impact the quality of their financial reports (Malo-Alain et al, 2019). Furthermore, the improvement in environmental awareness among SME actors can enhance the quality of financial statements, as environmental-related items are included in financial statement recordings (Mishra et al, 2021; Olayeni et al., 2021; Navarathinam and Amutha, 2022; Yudawisastra et al., 2022; Sukri et al., 2023). However, this does not apply to newly emerging SMEs, which have no impact on the quality of SME financial reports (Justita Dura and Riyanto Suharsono, 2022; Neumann, 2022; Yin et al., 2022). In the early stages of operations, SMEs tend to focus more on business continuity issues such as cash flow, market penetration, and growth, rather than environmental aspects (Angelakis, Antonios & Manioudis 2025; Furiak Kristian 2024). Government regulations, market incentives, or consumer awareness may not yet provide adequate support or recognition (Lee, Choi, and Roh 2024). Capability gaps, especially in terms of knowledge about environmental accounting, can hamper the effectiveness of green entrepreneurship in influencing the quality of financial reports (Shaheen, Khan, and Middlebrough 2024). As a result, green entrepreneurship practices in new SMEs tend to be discursive or intentional rather than actual operational practices, so that their impact on the quality of financial reporting is weak or indirect.

Furthermore, accounting digitization has become an important trend in modern business practices, enabling SMEs to improve operational efficiency, financial reporting accuracy, and real-time access to financial information. Utilizing accounting digitization can be a solution to simplify the financial reporting process and accelerate financial performance improvement (Yunita et al., 2022). Several empirical

studies on the impact of accounting digitization on financial statement quality indicate that accounting digitization can improve financial statement quality with high levels of accuracy and precision (Amanda Awyong et al, 2022), provide convenience (Wiralestari et all, 2022), and enhance efficiency (Wiralestari; Hernando, 2020; B and Aryanto, 2023). Based on the above description, this study aims to examine the effect of green entrepreneurship and accounting digitization on the quality of SME financial statements. Studies related to green entrepreneurship are still scarce, especially about accounting digitization and financial statement quality.

2. Literature Review

According to the Legitimacy Theory, entrepreneurs need to understand their company's structure and operations. Business actors must be able to identify and understand their business before they obtain legitimacy in providing goods or services that are acceptable to society (Demuth, 2014). The legitimacy theory is one option that encourages business actors to utilize their business in obtaining the legitimacy needed to survive (Jones & Gettinger, 2018; Muo & Azeez, 2020; Shapira et al., 2014). In other words, this theory is a perception of the relationship between a business and its surrounding environment, where each one is interconnected. Therefore, business actors must have the mindset to combine greening with the scope of their business in their management.

Currently, SMEs are increasingly looking towards the concept of green entrepreneurship, which emphasizes sustainable and environmentally friendly business practices. Green entrepreneurship encourages sustainable business practices, such as resource efficiency, waste management, and the innovation of eco-friendly products. Green entrepreneurship changes the perspective of business actors and society, especially small and medium enterprises (SMEs), where consumers are now interested in choosing environmentally friendly products. For SMEs, this is also an innovation to compete for the sustainability of their business (Sulastiningsih et al., 2023). Green entrepreneurship is defined as the company's sustainable commitment to ethical behavior that promotes economic development and improves the quality of life for workers, families, local and global communities, and future generations (Anghel & Anghel, 2022; Vereeck & Limburgs, 2018). Green entrepreneurship can be understood as a business activity that generates profits through environmentally caring actions (Anghel & Anghel, 2022). In addition, another benefit felt is that the concept of green entrepreneurship can enhance welfare (Hennemann et al., 2021).

Financial statements are a very important factor in business and enterprise management. Quality financial statements are those that present understandable information, can influence decision making by users, are not misleading, free from misstatements, reliable, and can be compared with previous reports (Cheung et al., 2010). The quality of reporting can be defined by the extent to which financial statements provide an accurate and honest depiction (Abdulshakour, 2020). Quality financial reporting in its application refers to the provision of information about the financial position and operational position of entities, which benefits all users of economic policies. Everyone has a role in requesting financial reports to meet their information needs (Cheung et al., 2010). Users include suppliers of human resources for the entity, such as even creditor investors. In fulfilling its purpose, financial statements also demonstrate the fairness of the human resources provided to creditors and investors (Iswoyo et al., 2019). The improvement in the quality of financial reporting is not only important for internal decision-making at the managerial level but also for building trust among external stakeholders, such as investors, financial institutions, and the government (Abuse et al., 2024).

The quality of financial reporting centers on reports that are more complete, neutral, and free from errors, and provide more useful predictive or confirmatory information about the company's economic position, events, and performance (Shuraki et al., 2021). Providing high-quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions, which in turn enhances overall market efficiency. The quality of financial reporting is related to the quality of the information contained in the financial statements, including disclosure notes (Phornlaphatrachakorn & Kalasindhu, 2021).

Green entrepreneurship can improve the quality of financial statements by enhancing transparency and accuracy in recording transactions related to sustainability aspects (Butler et al., 2011). The implementation of green technology and resource efficiency can also reduce operational costs, which is reflected in more relevant and reliable financial statements (Pujasari, 2010). On the other hand, the implementation of this system provides non-financial data, thereby broadening the scope of data in financial reports, as expected by stakeholders regarding environmental information and social responsibility from their business activities (Martyniuk, Majerowska, 2017). Several previous studies have empirically proven that green entrepreneurship has an impact on the quality of financial statements. Green entrepreneurship helps SMEs integrate environmentally friendly practices into their business processes, which may affect the quality of their financial statements (Malo-Alain et al., 2019). Furthermore, the improvement in environmental awareness among SMEs can enhance the quality of financial statements, where environmental-related items are included in the financial reporting (Mishra et al., 2021; Navarathinam & Amutha, 2022; Olayeni et al., 2021; Sukri et al., 2023; Yudawisastra et al., 2022). In the presentation of financial statements, the inclusion of environmental information will enhance public trust in the entity (Yin et al., 2022). Thus, implementing green entrepreneurship helps create long-term value for stakeholders, which is reflected in understandable and comparable financial statements. Entrepreneurs who implement this strategy will experience an increase in profitability and competitiveness. This affects the quality of financial reports, as they record more efficient expenditures and more stable revenues (Pujasari, 2010). However, this does not apply to newly growing SMEs, which do not have an impact on the quality of financial reports of SMEs (Justita Dura & Riyanto Suharsono, 2022; Neumann, 2022; Yin et al., 2022).

In addition, the digitalization of accounting has become an important trend in modern business practices, enabling SMEs to improve operational efficiency, financial reporting accuracy, and access to real-time financial information. Digitalization of accounting is the application of information technology in the accounting process to enhance the efficiency, accuracy, and transparency of financial reports (Hanifah Fuadah & Heri Setiyawati, 2020; Phornlaphatrachakorn & Kalasindhu, 2021). This digitalization includes the use of accounting software to automate transaction recording, budget management, and real-time financial reporting (Temitayo Oluwaseun Je-jeniwa et al., 2024). Utilizing accounting digitization can be a solution to simplify the financial reporting process and accelerate the improvement of financial performance (Yunita et al., 2022).

Several empirical studies related to the digitalization of accounting and the quality of financial statements show that digitalization of accounting can improve the quality of financial statements with a high level of accuracy and precision (Amanda Awyong, Qiang Cheng, Tian Deng & Wang, 2022), provide convenience (Wiralestari et al., 2022), increase efficiency (B & Aryanto, 2023; Wiralestari & Riski, 2020), and be ac-countable (Dechow et al, 2010). Accounting digitization also provides ease in invoice creation and payment tracking, integration and synchronization of data with transactions and information, ease in tax payments, ease in bank reconciliation, and speed in productivity (Shan, 2021; Phornlaphatrachakorn & Kalasindhu, 2021). Thus, it can be concluded that business operators who implement

accounting digitization will have accurate information that can be used in decision-making and can improve the quality of financial reporting to support their business operations.

3. Research Methodology

This study uses cross-sectional data and primary data collected through interviews and questionnaires. The data analysis tool used is Structural Equation Modeling (SEM) with WarpPLS software to analyze the impact of green entrepreneurship and accounting digitization on financial reporting quality. The regression equation for this study is as follows:

$$QFR = \beta 0 + \beta 1GE + \beta 2DA + \varepsilon$$

Where are:

GE: Green Entrepreneurship
DA: Accounting Digitalization
QFR: Quality Of Financial Reporting

The data source used in this study is primary data, and the study is quantitative in nature. Data collection methods include distributing questionnaires and conducting interviews. The population for this study consists of 10,493 SMEs in Jambi Province. The sampling method employed is simple random sampling, which resulted in a research sample of 385 SMEs.

$$N = \frac{n}{N.d^2 + 1}$$

Where is:

n: Sample size to be determined
N: Total population (10,493)
d2: 0.052 = 0.0025 (precision level)

$$n = \frac{10.493}{10.493(0,05)^2+1} = \frac{10.493}{27,2325} = 385,4 = 385 \text{ SMEs}$$

The indicators of each variable are as follows: the independent variable consists of green entrepreneurship (X1), which is seen from knowledge priority, production priority, service priority, and profit priority. Accounting digitalization (X2) is seen from the use of accounting applications and the benefits of accounting applications. The dependent variable, the quality of financial reporting (Y), is seen from reliable, relevant, timely, and complete indicators.

Green entrepreneurship in this study is viewed from four main dimensions, namely:

- Knowledge Priority, Explains the extent to which MSME players prioritize the mastery and application of knowledge related to sustainability and environmental issues in business decision making.
- Production Priority, Shows the level of attention MSMEs pay to implementing environmentally friendly production processes, such as the use of natural raw materials, energy efficiency, and waste reduction.
- Service Priority, Demonstrates SMEs' efforts to provide services that support sustainability, such as educating customers about green products or after-sales services that extend product lifespan.
- Profit Priority, Explains the balance between achieving economic profit and environmental responsibility, where SMEs not only pursue maximum profit but also consider its impact on the environment.

Accounting digitalization in the context of SMEs reflects the use of digital technology in financial management and reporting, as seen from two indicators:

- Use of Accounting Applications, Assessing the extent to which SMEs have used software or digital applications for business financial recording and management.
- Benefits of Accounting Applications, Measuring SMEs' perceptions of the practical benefits of using accounting applications, such as time efficiency, data accuracy, ease of tax reporting, and financial transparency.

Quality of financial reporting as a dependent variable in this study is reviewed based on four main indicators:

- Reliable, The information presented is trustworthy and represents the actual financial condition.
- Relevant, Financial statements provide useful and appropriate information for managerial and external decision-making.
- Timely, Reports are prepared and submitted in a timely manner so as not to lose their usefulness.
- Complete, the information presented covers all important aspects needed by report users without anything being hidden.

The operationalization of the variables can be seen as follows:

Table 1: Operationalization of Variables

Variabel	Indicator	Scale
Green Entreuprenership (GE)	• Knowledge priority • Production priority • Service priority • Profit priority	Interval
Accounting digitalization (DA)	• Use of accounting applications • Benefits of accounting applications	Interval
Quality Of Financial Reporing (QFR)	• Reliable • Relevant • On time • Complete	Interval

4. Results

The sample for this study consisted of 385 SMEs, but only 213 SMEs returned and could be processed. In testing the measurement model, convergent validity tests (loading factor and average variance extracted), discriminant validity tests (cross-loading and square roots of AVE), and reliability tests (composite reliability and Cronbach's alpha) are conducted.

Table 2: Results of Convergent Validity Test Loading Factor

Variabel	Loading Factor	Information	P Value	Information
QFR	1.000	Fulfilled	<0.001	Fulfilled
GE	1.000	Fulfilled	<0.001	Fulfilled
DA	1.000	Fulfilled	<0.001	Fulfilled

The results of the discriminant validity test for cross loading are shown in Table 3. Based on the criterion that the loading value (the value in parentheses) for cross loading must be greater horizontally. For example, in the QFR with a loading value of 1.000 and a cross loading of GE valued at 0.000, and DA valued at 0.000. If loading > cross-loading, then the discriminant validity of cross-loading is met. Based on the table above, all variables have met the established criteria.

Table 3: Results of the Cross Loading Discriminant Validity Test

Variabel	QFR	GE	DA	Information
QFR	(1.000)	0.000	0.000	Fulfilled
GE	0.000	(1.000)	0.000	Fulfilled
DA	0.000	0.000	(1.000)	Fulfilled

Based on the composite reliability results shown in Table 4, all the above variables have composite reliability, and Cronbach's alpha coefficients are higher than 0.7, thus meeting the composite reliability criteria. According to the provisions that composite reliability and Cronbach's alpha must have values greater than 0.7.

Table 4: Composite Reliability Test Results

Variabel	Composite Reliability Coefficients	Cronbach's Alpha Coefficients	Information
QFR	0.978	0.970	Fulfilled
GE	0.761	0.780	Fulfilled
DA	0.944	0.916	Fulfilled

Evaluation of the inner model includes goodness of fit (model fit test). Goodness of fit can be determined in two ways: by analyzing R squared, Q squared, and analyzing the general result output. (APC, ARS, AVIF dll.).

Table 5: Model Fit Test Results

Model Fit	Provision Value	Results	Description
Average Path Coefficient (APC)	P<0.05	0.363 (P<0.010)	Accepted
Average R-Squared (ARS)	P<0.05	0.338 (P<0.001)	Accepted
Average adjusted R-Squared (AARS)	P<0.001	0.332 (P<0.001)	Accepted
Average block VIF (AVIF)	Accepted if > =5 Ideal < = 3.3	1.054	Ideal
Average full collinearity VIF (AFVIF)	Accepted if > =5 Ideal < = 3.3	1.284	Ideal
Tenenhaus GoF	0.1<0.25<0.36 small<medium<large	0.514	Large
Sympson sparadox ratio (SPR)	Accepted if >=0.7 ideal = 1	1.000	Accepted
R-squaredcontributionratio (RSCR)	Accepted >=0.9 ideal = 1	1.000	Accepted
Statistical suppression ratio (SSR)	Accepted >=0.7	1.000	Accepted
Q-Squared	Accepted Q2>0	0.321	Accepted
NLBCDR	Accrpted >= 07	1.000	Accepted

The purpose of measuring the inner model is to determine the influence of variables and the overall influence of the relationships between variables in this study. The structural model (inner model) illustrates the causal relationships between latent variables that have been constructed based on the substance of the theory. The results of the R-squared test are illustrated in Table 5. In this table, there is a nominal value of 0.338, which, when expressed as a percentage, becomes 33.8%, indicating that the variable of financial reporting quality can be explained by the variables of green entrepreneurship and accounting digitalization by 33.8%. Meanwhile, the remaining 66.2% is explained by other variables outside the study. Meanwhile, the Q2 value must be greater than 0 (Q2>0). Based on Table 5, which shows a Q-squared test result of 0.321, which is greater than 0, it can be stated that Q2 is accepted. Table 5 shows that the values of APC, AARS, and ARS meet the criteria, with a p-value of 0.10 for APC and $p < 0.001$ for ARS and AARS. The AVIF value of 1.054 and the AFVIF value of 1.284 are considered ideal, as their values are less than or equal to 3.3.

To see the results of the hypothesis testing from this study, we look at the view coefficient and P-value as follows:

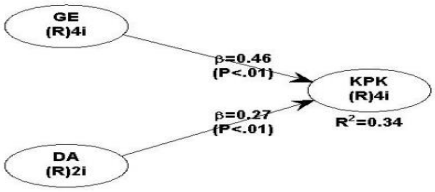

Fig. 1: View Coefficient

Table 6: P-Value

Track	Direct effect		Results
	Coeffisient	P-value	
GE -> QFR	0.461	<0.001	Accepted
DA -> QFR	0.265	<0.001	Accepted

5. Discussion

The test results show that green entrepreneurship affects the quality of financial reporting. This is supported by a p-value of less than 0.001, which confirms that the first hypothesis is accepted. Green entrepreneurship is defined as a process of activities designed to address environmental issues based on creative and innovative ideas. (Todeschini et al., 2017; Vig, 2023). By applying green entrepreneurship, it can currently be used by business actors to identify the desired benefits. (Tabares et al., 2021). This concept integrates economic, social, and environmental aspects into every business process and is committed to creating sustainable solutions (Purvis et al., 2019). In other words, green entrepreneurship can be described as an innovative form that is market-oriented and driven by personality in creating economic and social value through environmentally friendly breakthroughs or market or institutional social innovations that are beneficial. (Schaltegger & Wagner, 2011). Green entrepreneurship changes the perspective of business actors and society, especially small and medium enterprises (SMEs), where consumers are now interested in choosing environmentally friendly products. SMEs view green entrepreneurship as a responsibility in creating a new world related to the environment while generating profits. (Yudaw-isastra et al., 2022).

Green entrepreneurship conceptually integrates sustainability principles and environmentally friendly business practices, which can positively impact the quality of financial reporting for SMEs (Tabares et al., 2021) and enable them to compete for the sustainability of their business (Miroshnyk et al., 2022). Furthermore, the impact of implementing green entrepreneurship is that it can increase efficiency in controlling production costs, thereby allowing for more transparent pricing. (Hennemann et al., 2021; Permatasari & Kosasih, 2021). SME actors who implement green entrepreneurship tend to be more meticulous in financial reporting, especially regarding the reporting of environmental and social aspects. Reliability in financial reporting not only complies with regulatory requirements but also builds trust among consumers and investors who are increasingly concerned with sustainability. (Permatasari & Kosasih, 2021). Furthermore, by implementing the concept of green entrepreneurship, it implies that business actors understand societal and environmental ethics in enhancing the company's value, which is reflected in financial reporting (Asad et al., 2023; Choi et al., 2021; Yudawisastra et al., 2022). SMEs that possess knowledge and apply green entrepreneurship can increase profitability healthy without financial manipulation, thereby enhancing transparency. (Soleimani et al., 2023). Additionally, SMEs that focus on sustainable production, which involve reporting resource usage meticulously and efficiently, result in more relevant and reliable financial statements (Egan & Schaltegger, 2023).

The test results show that the digitization of accounting affects the quality of financial reporting. This is supported by a p-value of less than 0.001, which allows us to conclude that the second hypothesis is accepted. Digitalization is the use of digital technology to transform business models and provide new revenue and value-generating opportunities. This is the process of transitioning to a digital business (Sewpersadh, 2023). Furthermore, the process of digitalization cannot occur without digitization. Digitalization is the use of digital technology and digital data to influence the completion of work, change company customer interactions, and create new revenue streams (Meilariza et al., 2024). Therefore, accounting digitalization can be defined as the process of transforming conventional manual-based accounting systems into automated systems supported by digital technology. (Ine-Tonbarapa, 2024; Meilariza et al., 2024). This process includes the use of accounting software, cloud computing, AI, big data, and blockchain to pro cess, record, analyze, and report financial information efficiently and accu-rately. (Ahmad et al., 2024). SME actors who utilize accounting digitization experience its benefits, including the use of accounting applications which greatly assist in recording financial transactions, especially related to the recording of sales/revenue transactions and incurred expenses (Al-Okaily et al., 2023; Wiralestari et al., 2022). Thus, the use of applications is an important solution for Small and Medium Enterprises (SMEs) in managing their finances more efficiently and transparently (Halima Oluwabunmi Bel-lo et al., 2024).

To improve the financial reports of SMEs in Jambi Province through green entrepreneurship and accounting digitalization, several strategies are needed. This strategy is tailored to the characteristics of SMEs, economic conditions, and digital infrastructure. The first strategy is the development of awareness and education related to green entrepreneurship. The presence of education and training related to green entrepreneurship it can help SMEs understand the importance of environmental preservation (Rodrigues & Franco, 2023). This will raise the awareness of SMEs that caring for the environment will impact their business activities, which will increase sales and profitability (Chittithaworn et al., 2011). Additionally, it will enhance the reputation of their SMEs. (Yang et al., 2017). Training programs focused on green entrepreneurship provide practical skills for SMEs to manage their businesses sustainably. This is evident in how they implement energy efficiency and waste reduction, which can help lower operational costs. This reduction has a positive impact on net profit, which is reflected in the financial statements.

The second strategy is the implementation of digital technology for accounting and reporting. The use of digital technology can help SMEs in preparing financial reports. SME actors who implement digitalization can reduce recording errors that often occur when done manually and can improve the accuracy of their financial data. (Dinesh Kumar G. R., 2023; Shapira et al., 2014). Another benefit felt is the reduction in operational costs related to paper usage and the time taken to prepare financial reports. This can save costs, especially for SMEs with limited resources (Rizos et al., 2016).

The third strategy is the development of digital infrastructure for SMEs. The development of digital infrastructure must be adequately built. A stable and fast internet network is a highly needed potential digital infrastructure, especially by SMEs (Lukonga, 2020). The development of adequate digital infrastructure will provide many benefits, including access to global markets (Busaidi et al., 2019), increased operational cost efficiency (Lukonga, 2020), and obtaining financial support. (Chan et al., 2019).
The Fourth Strategy: Collaboration between the government and private sector for digitalization and sustainability. In this case, it allows the government to provide incentives in the form of tax reductions or rewards to SMEs that successfully implement green entrepreneurship and digital accounting in their financial management (Pillar, n.d.). Furthermore, partnerships with other private sectors are needed so that SMEs can improve their reporting systems and enhance their financial transparency (Audretsch et al., 2023).

6. Conclusion and Recommendations

Green entrepreneurship and the digitalization of accounting have a significant impact on the quality of SME financial reporting. Green entrepreneurship, through dimensions such as knowledge priority, production priority, service priority, and profit priority, can encourage SMEs to record and report sustainability impacts in today's modern business era. On the other hand, the digitalization of accounting plays an important role in improving the quality of financial reporting for SMEs. Implementing digital technology provides ease in recording and is more systematic, with financial reports generated in real time. By applying green entrepreneurship and digitalization of accounting, SME actors are encouraged to enhance their competitiveness, thereby gaining the trust of stakeholders. Further study is needed to identify the specific obstacles faced by SMEs in implementing these two approaches.
Based on the results of the study, we recommend the following suggestions:

- Tax incentives for SMEs that implement environmentally friendly practices can take the form of tax reductions or exemptions for SMEs that apply environmentally friendly production methods or have integrated green reporting practices into their financial systems.
- Facilitating subsidized access to digital accounting applications, particularly for SMEs in the early stages of digital transformation.
- Providing certified environmental literacy training.
- Innovation Network Analysis, where researchers wishing to conduct similar research can see how collaboration between SMEs, the government, and technology providers influences the adoption of green practices and the digitalization of financial reporting.

7. Limitations and Future Research

The results of this study provide a meaningful contribution to understanding how green entrepreneurship and digital accounting affect the quality of financial reporting in MSMEs, but several limitations must be acknowledged to maintain the rigor of the research. The final sample size was 213 MSMEs, representing 55% of the 385 respondents initially targeted. Although this sample is sufficient based on the minimum requirements for multivariate analysis using WarpPLS, which supports linear and nonlinear models within the PLS-SEM framework, the potential for non-response bias remains. SMEs with higher levels of digital literacy or stronger environmental engagement may be more likely to participate, which could limit the generalizability of the research findings. To address this issue, future research is recommended to increase response rates through more intensive follow-up and hybrid distribution strategies (e.g., combining digital and face-to-face survey methods) or conduct non-response bias checks where possible.

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