

CAN READINESS TRANSLATE GREEN FINANCE INTO BEHAVIOR? FINANCIAL CAPABILITY, INSTITUTIONS, AND COOPERATIVE RELATIONAL CAPACITY

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Abstract: Limited evidence explains how financial capability, institutional support, and relational capacity jointly relate to green financial behavior through readiness in member-based food organizations. Focusing on food cooperatives and member-based food enterprises in Palembang, Banyuasin, and Ogan Ilir, Indonesia, the analysis distinguishes Green Finance Readiness (GFR) from Green Financial Behavior (GFB). A cross-sectional survey of 151 eligible respondents measured Financial Management Capability (FMC), Policy and Institutional Support (PIS), Cooperative Relational Capacity (CRC), GFR, and GFB, with the relationships estimated using Partial Least Squares Structural Equation Modeling (PLS-SEM). Financial capability showed the larger estimated association with GFR, while institutional support remained positively associated with readiness. GFR was positively associated with GFB and carried positive indirect effects from FMC and PIS to GFB, while CRC was positively associated with GFB, highlighting the relevance of information exchange, trust, and cooperation to financial decisions in member-based organizations. However, high HTMT values and predictor collinearity indicate weak empirical separation among the constructs, particularly between GFR and GFB, which limits claims about distinct mechanisms and temporal ordering. The findings position green finance readiness as a conceptual bridge linking financial and institutional conditions with green financial behavior, while relational capacity adds a member-based dimension to this structure. Green finance in food cooperatives is best understood as a financing issue shaped by organizational readiness and relational coordination, with sharper measurement boundaries needed to distinguish readiness from financial behavior.

Keywords: *Financial Management Capability; Food Cooperatives; Green Finance Readiness; Green Financial Behavior; Institutional Support.*

Abstrak: Bukti empiris mengenai keterkaitan kapabilitas keuangan, dukungan kelembagaan, dan kapasitas relasional dengan perilaku keuangan hijau melalui kesiapan masih terbatas pada organisasi pangan berbasis anggota. Berfokus pada koperasi dan kelompok usaha pangan berbasis anggota di Palembang, Banyuasin, dan Ogan Ilir, analisis membedakan Green Finance Readiness (GFR) dari Green Financial Behavior (GFB). Survei cross-sectional terhadap 151 responden yang memenuhi kriteria mengukur Financial Management Capability (FMC), Policy and Institutional Support (PIS), Cooperative Relational Capacity (CRC), GFR, dan GFB, dengan hubungan antarkonstruksi diestimasi menggunakan Partial Least Squares Structural Equation Modeling (PLS-SEM). Kapabilitas keuangan menunjukkan hubungan estimasi yang lebih besar dengan GFR, sementara dukungan kelembagaan tetap berhubungan positif dengan kesiapan. GFR berhubungan positif dengan GFB dan membawa efek tidak langsung positif FMC dan PIS terhadap GFB, sedangkan CRC berhubungan positif dengan GFB, yang menegaskan relevansi pertukaran informasi, kepercayaan, dan kerja sama dalam keputusan keuangan organisasi berbasis anggota. Namun, nilai HTMT dan kolinearitas prediktor yang tinggi menunjukkan lemahnya pemisahan empiris antarkonstruksi, terutama antara GFR dan GFB, sehingga klaim mengenai mekanisme yang terpisah dan urutan temporal perlu dibatasi. Temuan menempatkan green finance readiness sebagai penghubung konseptual antara kondisi finansial dan kelembagaan dengan perilaku keuangan hijau, sementara kapasitas relasional menambahkan dimensi berbasis anggota. Green finance pada koperasi pangan dapat dipahami sebagai persoalan pembiayaan yang berkaitan dengan kesiapan organisasi dan koordinasi relasional, dengan kebutuhan pengukuran yang lebih tegas untuk membedakan kesiapan dari perilaku keuangan.

Kata Kunci: *Dukungan Kelembagaan; Kapabilitas Manajemen Keuangan; Kesiapan Pembiayaan Hijau; Koperasi Pangan; Perilaku Keuangan Hijau.*

INTRODUCTION

The transition toward a green economy has increasingly placed financial decision-making at the center of changing business practices. Green finance directs capital toward activities that support environmental objectives, while effective implementation depends on regulation, organizational capacity, institutional support, and organizational readiness (Bhatnagar & Sharma, 2022). These requirements are particularly relevant to small and medium-sized enterprises, which often face constraints in resources, managerial capability, and access to financing instruments. Financing opportunities become practically useful when organizations can assess their needs, understand financing requirements, plan the use of funds, and align financial resources with sustainability priorities (Buniarto et al., 2026). Green finance therefore involves an organization's capacity to respond to financing opportunities and incorporate them into financial decisions.

Cooperatives differ institutionally from conventional firms because members participate in ownership and governance while economic objectives coexist with social and sustainability concerns. Research on agricultural cooperatives shows that sustainability performance encompasses economic and financial, environmental, social, and governance dimensions. Community orientation, democratic governance, and strong ties to the territories in which cooperatives operate also shape their organizational characteristics (Chollet et al., 2026). These features make relational capacity particularly relevant when organizational decisions depend on coordination, information exchange, and relationships among members. Financial management capability also plays an important role in the sustainability of small enterprises in Indonesia because access to financial resources requires the ability to plan, allocate, and control their use (Masdupi et al., 2024). Financial Management Capability (FMC) captures this internal capacity through financial planning, cost and revenue estimation, pricing, and disciplined use of funds. These capabilities provide an internal basis for evaluating green financing opportunities before incorporating them into business decisions.

The institutional environment provides external conditions that shape how organizations respond to green finance. Policies, regulations, financial institutions, and the investment environment form an enabling environment for sustainable finance (Bhatnagar & Sharma, 2022). Evidence from Indonesia also links green financial management with the regulatory environment and institutional support surrounding its implementation (Nohong et al., 2024). Among sustainability-oriented SMEs, institutional support is associated with green export readiness, green activities, and innovation that help organizations respond to sustainable market demands (Singh et al., 2024). Policy and Institutional Support (PIS) captures these external conditions through policies, regulatory clarity, institutional assistance, and financing programs that enable organizations to understand and respond to green finance opportunities.

Organizational readiness for change provides a conceptual lens for understanding why internal capabilities and supportive conditions matter before organizations implement change. Weiner (2009) describes organizational readiness as a collective condition associated with commitment to change and shared beliefs about an organization's capacity to carry it out. This perspective does not serve as a direct operationalization of Green Finance Readiness (GFR). It instead provides a conceptual basis for viewing readiness as an organizational condition that precedes implementation. Within sustainable finance, GFR more specifically captures an organization's readiness to recognize, evaluate, and prepare responses to green finance opportunities.

Green Financial Behavior (GFB) captures implementation through the incorporation of environmental considerations into financial decisions and the use of funds. Such behavior includes consideration of environmental impacts and costs, compliance with environmental regulations, and financing priorities for activities that support sustainability. Appiah-Kubi et al. (2024) link green financing with pro-environmental behavior among SMEs, while Buniarto et al. (2026) highlight the importance of capability and implementation readiness in the relationship between green sustainable finance and sustainable performance. Distinguishing readiness from behavior allows closer examination of how financing preparedness is associated with the incorporation of environmental considerations into financial decisions.

Member-based organizational structures add a relational dimension to this process. Cooperative decisions emerge through relationships among members and partners that involve information exchange, trust, openness, and cooperation. Relational capital can support green management and generate financial benefits through relationships among actors in the supply chain (Yu et al., 2021). In agrifood cooperatives, social capital operates through networks, relationships, and shared

understanding as a relational governance mechanism that supports coordination among members (Martínez-López et al., 2025). Evidence from Indonesian cooperatives also identifies member participation and collective action as factors associated with organizational success (Kusmiati et al., 2023). Cooperative Relational Capacity (CRC) captures an organization's capacity to use these relationships in support of sustainability-oriented financial decisions.

Research on financial capability, institutional support, green finance, organizational readiness, and relational capital has largely developed along separate lines. Green finance research has extensively examined enabling factors at the policy and financing levels (Bhatnagar & Sharma, 2022), while SME research has linked financial capability, green financing, and sustainability behavior with various organizational outcomes (Appiah-Kubi et al., 2024; Masdupi et al., 2024). Cooperative research has treated member relationships and relational capital as important components of coordination and organizational governance (Martínez-López et al., 2025; Yu et al., 2021). Less attention has been given to the combined role of internal capability, external support, green finance readiness, and relational capacity in explaining green financial behavior within member-based food organizations.

Two pathways integrate these relationships. The financial-institutional readiness pathway links FMC and PIS with GFR and positions readiness as the connecting condition associated with GFB. The cooperative relational pathway links CRC with GFB within the member-based organizational context. The proposed relationships examine the associations of FMC and PIS with GFR, the associations of GFR and CRC with GFB, and the indirect effects of FMC and PIS on GFB through GFR. Together, these pathways extend green finance research toward the organizational capacities required to prepare for, coordinate, and incorporate sustainable financing opportunities into financial decisions.

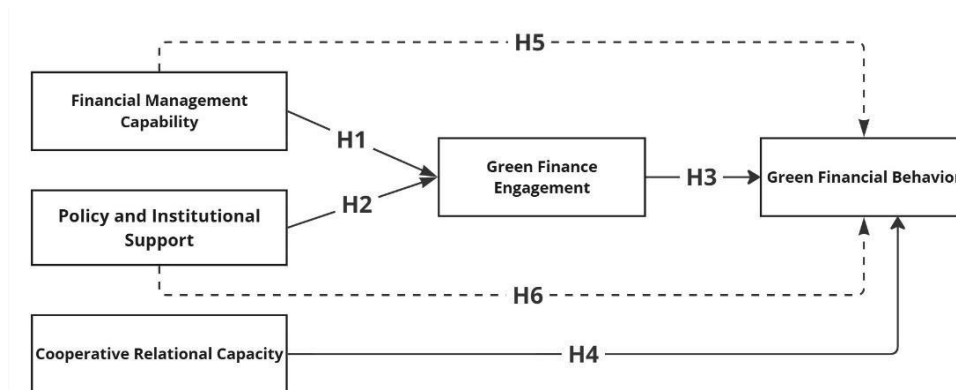


Figure 1 Conceptual Framework

Source: Developed by the authors based on the references presented in Table 1.

Financial management capability provides a basis for assessing financial position, estimating needs, planning fund allocation, and evaluating financing consequences. Among farmer cooperatives, the benefits of credit access are associated with financial capability, including the knowledge and understanding required to manage financial decisions (Onah et al., 2024). Research on green microfinance in Indonesia also demonstrates the relevance of financial literacy to green financing practices (Kim & Huruta, 2024). Padi et al. (2026) further report a positive association between financial literacy and green investment readiness among SMEs. These findings support FMC as an internal capacity associated with organizational readiness to evaluate and respond to green finance opportunities.

H1. Financial Management Capability (FMC) is positively associated with Green Finance Readiness (GFR).

Policy and institutional support provide information, regulatory certainty, assistance, incentives, and access to programs that help organizations respond to changes in the financing environment. Bhatnagar and Sharma (2022) identify policies and institutions as important enablers of green finance, while Nohong et al. (2024) demonstrate the relevance of the regulatory environment to green financial management in Indonesia. Singh et al. (2024) show that institutional support is associated with green export readiness among SMEs. Such support strengthens an organization's capacity to recognize the requirements and opportunities associated with sustainable financing.

H2. Policy and Institutional Support (PIS) berhubungan positif dengan Green Finance Engagement (GFE).

Readiness becomes relevant to financial behavior when organizations use it to incorporate sustainability considerations into financial decisions. GFR reflects preparedness to assess financing options, plan funding needs, and prepare for the use of sustainable financing. Padi et al. (2026) report a similar pattern among SMEs, where green investment readiness is strongly associated with renewable energy investment adoption. Appiah-Kubi et al. (2024) also identify links between green financing and pro-environmental behavior in relation to sustainability outcomes. In food cooperatives and other member-based enterprises, readiness for green financing is expected to be associated with the incorporation of environmental considerations into decisions concerning the use of funds.

H3. Green Finance Engagement (GFE) berhubungan positif dengan Green Financial Behavior (GFB).

Relational capacity provides an additional source of coordination for financial decisions in member-based organizations. Information exchange enables members and managers to acquire knowledge about financing needs, risks, and alternatives, while trust and cooperation facilitate decision alignment. Yu et al. (2021) show that relational capital supports green management through relationships among supply chain actors. Martínez-López et al. (2025) similarly demonstrate that networks, trust, and shared understanding function as relational governance mechanisms in agrifood cooperatives. These relational resources provide a basis for associating CRC with financial decisions that incorporate environmental objectives.

H4. Cooperative Relational Capacity (CRC) berhubungan positif dengan Green Financial Behavior (GFB).

GFR may also help explain how financial capability is associated with financial behavior. Organizational readiness for change provides a conceptual lens for understanding the importance of readiness before the implementation of change (Weiner, 2009). GFR applies this general idea to sustainable financing without treating the construct as a direct operationalization of change commitment or change efficacy. FMC provides the financial capability required to evaluate financing opportunities, while GFR captures organizational preparedness to respond to sustainable financing opportunities.

H5. Financial Management Capability (FMC) memiliki hubungan tidak langsung positif dengan Green Financial Behavior (GFB) melalui Green Finance Engagement (GFE).

Institutional support operates through a different set of conditions. Policies, regulations, institutional assistance, and financing programs create an environment in which organizations can identify and respond to green financing options. Evidence from SMEs shows that institutional support is associated with green export readiness and activities that support sustainability strategies (Singh et al., 2024). External support becomes relevant to financial behavior when organizations can incorporate available institutional resources into their readiness to assess, access, and plan the use of financing. GFR consequently represents the proposed pathway linking institutional conditions with the incorporation of environmental considerations into financial decisions.

H6. Policy and Institutional Support (PIS) memiliki hubungan tidak langsung positif dengan Green Financial Behavior (GFB) melalui Green Finance Engagement (GFE).

RESEARCH METODOLOGY

A cross-sectional quantitative survey examined the relationships among the constructs in the proposed model. Data collection took place in July 2026 in Palembang and food-producing areas of South Sumatra, particularly Banyuasin and Ogan Ilir. The empirical setting covered food cooperatives and member-based food enterprises engaged in food production, processing, distribution, financing, or marketing. Respondents evaluated organizations or food-related business activities in which they participated or about which they had relevant knowledge. The data therefore represent respondent-level assessments rather than objective measures at the cooperative or organizational level.

Purposive sampling selected respondents who were at least 18 years old and had been involved in or had relevant knowledge of cooperatives, business groups, or food-related activities during the previous two years. These criteria allowed respondents to evaluate the organizational activities referenced in the questionnaire based on direct experience or relevant knowledge. Data collection

generated 250 initial responses. Screening for age, involvement or experience, and response completeness excluded 99 responses, leaving 151 responses for the final analysis. Some responses met more than one exclusion criterion; the 99 excluded cases represent the total number removed after all screening criteria were applied. Individual respondents served as the unit of observation. Construct measures captured their perceptions of the financial capability, institutional support, relational capacity, green finance readiness, and financial behavior of the food organizations they referenced.

The questionnaire used a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. Five constructs were specified as reflective measures: Financial Management Capability (FMC), Policy and Institutional Support (PIS), Cooperative Relational Capacity (CRC), Green Finance Readiness (GFR), and Green Financial Behavior (GFB). Four indicators measured each construct, producing a measurement model with 20 indicators. Indicator development drew on literature concerning financial management capability, institutional support, relational capacity, green finance readiness, and green financial behavior, as summarized in Table 1.

Table 1 Construct Operationalization

Construct	Operational Definition	Indicators	Adaptation Sources
Financial Management Capability (FMC)	The ability of a food organization to plan and manage its business finances systematically	Budget preparation; cost and revenue estimation; pricing; disciplined use of funds	Nuzula et al. (2026)
Policy and Institutional Support (PIS)	External support provided through policies, regulations, institutional assistance, and financing incentives or programs	Policy support; regulatory clarity; institutional assistance; financing incentives/programs	Rahman & Hossain (2024)
Cooperative Relational Capacity (CRC)	The ability to build and use relationships with members and business partners	Information exchange; relational trust; cooperation with partners; openness to input	Nuzula et al. (2026); Yu et al. (2021)
Green Finance Readiness (GFR)	Perceived organizational readiness to recognize, assess, prepare for, and respond to financing opportunities that support sustainable activities	Access to green financing; allocation of funds for sustainable activities; support from financial institutions/partners; readiness to use green financing	Appiah-Kubi et al. (2024); Rahman & Hossain (2024); Rashid et al. (2025)
Green Financial Behavior (GFB)	Organizational behavior that incorporates environmental considerations into financial decisions and the use of funds	Environmental considerations; environmental costs; environmental regulations; priority for green funding	Nuzula et al. (2026); Appiah-Kubi et al. (2024)

Source: Developed by the authors based on the references presented in Table 1.

FMC, PIS, CRC, GFR, and GFB reflect respondents' assessments of the organizations they referenced. GFR captures perceived organizational readiness to recognize, assess, and prepare responses to green financing opportunities. GFB captures perceived financial decisions and uses of funds that incorporate environmental considerations. This conceptual distinction places GFR within the readiness domain and GFB within the domain of financial decisions or practices. All constructs were measured through respondents' perceptions of the same organization.

Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 3 estimated the measurement and structural models (Becker et al., 2023; Hair et al., 2022). Measurement model assessment examined outer loadings, Cronbach's alpha, composite reliability (CR), average variance extracted (AVE), and the heterotrait-monotrait ratio (HTMT). Structural model assessment examined inner variance inflation factors (VIF), R^2 , f^2 , path coefficients, and specific indirect effects. Complete bootstrapping with 10,000 subsamples tested the significance of direct and

indirect effects using a two-tailed test at $\alpha = 0.05$ and 95% bias-corrected and accelerated (BCa) confidence intervals.

All constructs were measured using the same questionnaire, from the same respondents, and during the same data collection period. Full collinearity assessment therefore provided an additional diagnostic check for potential common method bias (Kock, 2015). Construct-level VIF values served as supplementary diagnostic indicators and were not treated as conclusive evidence of the presence or source of common method bias.

Participation was voluntary. Respondents received information about the purpose of data use before completing the questionnaire and provided their consent to participate. All responses were used solely for research purposes and analyzed anonymously.

RESULTS

Of the 250 initial responses, 151 met the criteria for analysis after screening for age, involvement or experience with cooperatives and food-related business activities, and response completeness. All respondents in the final sample were at least 18 years old and had participated in or had relevant knowledge of cooperatives, business groups, or food-related enterprises during the previous two years. As shown in Table 2, respondents aged 18–24 formed the largest age group, with 53 respondents (35.1%), followed by those aged 25–34 with 49 respondents (32.5%) and those aged 35–44 with 37 respondents (24.5%). Most respondents had completed senior high school or vocational high school, accounting for 79 respondents (52.3%), followed by university or diploma education with 61 respondents (40.4%). Food trading or marketing was the most frequently reported activity associated with respondents' experience, with 63 respondents (41.7%), followed by food agriculture with 34 respondents (22.5%).

Table 2 Respondent Characteristics

Characteristic	Category	n	%
Age	18–24 years	53	35.1
	25–34 years	49	32.5
	35–44 years	37	24.5
	≥45 years	12	7.9
Educational attainment	Below senior high school/equivalent	7	4.6
	Senior high school/vocational high school/equivalent	79	52.3
	Undergraduate/Diploma	61	40.4
	Postgraduate	4	2.6
Cooperative involvement	Cooperative member	22	14.57
	Food trader/supplier/buyer/business partner	42	27.81
	Food SME operator	40	26.49
	Cooperative/business unit manager	6	3.97
	Cooperative board member	8	5.30
	Farmer/livestock farmer/fisher/aquaculture producer	33	21.85
Food-related activity	Food trading/marketing	63	41.7
	Food crop agriculture	34	22.5
	Food processing	17	11.3
	Livestock farming	13	8.6
	Food distribution/logistics	11	7.3
	Plantation agriculture	7	4.6
	Fisheries/marine activities	6	4.0

Source: Primary Data, 2026.

The reflective measurement model was assessed using outer loadings, internal consistency reliability, and average variance extracted (AVE). Outer loadings ranged from 0.896 to 0.954. Cronbach's alpha ranged from 0.934 to 0.956, composite reliability (CR) from 0.953 to 0.968, and

AVE from 0.834 to 0.883. All outer loadings exceeded 0.708, and all AVE values exceeded 0.50, supporting indicator reliability and convergent validity (Hair et al., 2022).

Internal consistency reliability was very high, with CR values exceeding 0.95 for all constructs. These values indicate strong consistency among the indicators, although reliability at this level may also reflect similarity in item content or indicator redundancy. This possibility becomes relevant when considered alongside the discriminant validity results (Becker et al., 2023).

Table 3 Measurement Model Evaluation Results

Item & Outer Loading	Cronbach's α	CR	AVE
Financial Management Capability (FMC)	0,955	0,967	0,88
FMC1	0,928		
FMC2	0,935		
FMC3	0,944		
FMC4	0,946		
Policy and Institutional Support (PIS)	0,949	0,963	0,868
PIS1	0,946		
PIS2	0,944		
PIS3	0,939		
PIS4	0,896		
Cooperative Relational Capacity (CRC)	0,934	0,953	0,834
CRC1	0,918		
CRC2	0,917		
CRC3	0,908		
CRC4	0,91		
Green Finance Readiness (GFR)	0,952	0,966	0,875
GFR1	0,944		
GFR2	0,928		
GFR3	0,937		
GFR4	0,933		
Green Financial Behavior (GFB)	0,956	0,968	0,883
GFB1	0,935		
GFB2	0,954		
GFB3	0,939		
GFB4	0,93		

Source: Data analysis using SmartPLS 3.

Discriminant validity was assessed using the heterotrait-monotrait ratio (HTMT). HTMT values below 0.90 are commonly used to support empirical distinctiveness between constructs (Henseler et al., 2015). Table 4 reports HTMT values ranging from 0.955 to 0.998. None of the construct pairs met the HTMT < 0.90 criterion. The highest value occurred between GFR and GFB (0.998), followed by CRC and GFR (0.994) and CRC and GFB (0.989).

The measurement results therefore support convergent validity but do not establish adequate discriminant validity across the five constructs. This empirical proximity warrants caution when interpreting the structural model because part of the covariance among the constructs may reflect similarity in their measurement patterns.

Tabel 4 Heterotrait-Monotrait Ratio (HTMT)

Konstruk	CRC	FMC	GFE	GFB	PIS
CRC	—				
FMC	0,987	—			
GFE	0,994	0,988	—		
GFB	0,989	0,971	0,998	—	
PIS	0,961	0,971	0,955	0,962	—

Source: Data analysis using SmartPLS 3.

All constructs were measured through the same questionnaire, obtained from the same respondents, and collected during the same period. Full collinearity assessment provided an additional diagnostic check for potential common method bias. Construct-level VIF values were 11.294 for CRC, 12.865 for FMC, 15.632 for GFR, 13.905 for GFB, and 8.448 for PIS. All values exceeded the 3.3 threshold used in the full collinearity assessment approach (Kock, 2015).

These values indicate potential common method bias but do not identify a single source of collinearity. The elevated full-collinearity VIF values coincide with the high HTMT values, suggesting that the observed collinearity may reflect common-source measurement, strong empirical proximity among the constructs, or both. Full collinearity assessment therefore serves as an additional diagnostic indicator when evaluating the strength of structural inferences.

The structural model was assessed through predictor collinearity, R^2 , f^2 , path coefficients, and specific indirect effects. The R^2 value for GFR was 0.898, indicating that FMC and PIS jointly explained 89.8% of the variance in GFR. The R^2 value for GFB was 0.921, indicating that GFR and CRC jointly explained 92.1% of the variance in GFB.

Inner VIF values were 6.863 for FMC and PIS as predictors of GFR and 8.314 for GFR and CRC as predictors of GFB. All values exceeded the threshold of 5, indicating predictor collinearity that should be considered when interpreting path coefficients and the individual contribution of each construct (Hair et al., 2022). The high R^2 values indicate substantial explained variance in the endogenous constructs, although the contribution of individual predictors cannot be separated strongly without considering this collinearity.

Effect-size estimates produced f^2 values of 0.708 for FMC → GFR, 0.094 for PIS → GFR, 0.599 for GFR → GFB, and 0.180 for CRC → GFB. Using the 0.02, 0.15, and 0.35 benchmarks, FMC → GFR and GFR → GFB showed large effect sizes, CRC → GFB showed a medium effect size, and PIS → GFR showed a small effect size (Hair et al., 2022). These classifications should also be interpreted in conjunction with the elevated predictor collinearity.

Structural relationships were evaluated using complete bootstrapping with 10,000 subsamples, a two-tailed test at $\alpha = 0.05$, and 95% bias-corrected and accelerated (BCa) confidence intervals, as presented in Figure 2 and Table 5. All direct relationships produced positive coefficients, p-values below 0.001, and 95% BCa confidence intervals that excluded zero. FMC was positively associated with GFR ($\beta = 0.705$, $t = 11.843$), while PIS was positively associated with GFR ($\beta = 0.257$, $t = 4.132$). GFR was positively associated with GFB ($\beta = 0.629$, $t = 9.860$), and CRC was positively associated with GFB ($\beta = 0.344$, $t = 5.452$).

Both specific indirect effects were also positive and statistically supported. FMC had a positive indirect effect on GFB through GFR ($\beta = 0.443$, $t = 8.454$, $p < 0.001$), while the specific indirect effect of PIS on GFB through GFR was $\beta = 0.162$ ($t = 3.549$, $p < 0.001$). Based on the coefficient directions, p-values, and confidence intervals in the estimated model, H1–H6 received statistical support.

Table 5 Hypothesis Testing Results

Direct Relationship	Original Sample (O)	Sample Mean (M)	STDEV	O/STDEV	P Values	Conclusion
H1: FMC → GFR	0,705	0,706	0,06	11,843	<0,001	Supported
H2: PIS → GFR	0,257	0,256	0,062	4,132	<0,001	Supported
H3: GFR → GFB	0,629	0,628	0,064	9,86	<0,001	Supported
H4: CRC → GFB	0,344	0,346	0,063	5,452	<0,001	Supported
Indirect Relationship	Original Sample (O)	Sample Mean (M)	STDEV	O/STDEV	P Values	Conclusion
H5: FMC → GFR → GFB	0,443	0,443	0,052	8,454	<0,001	Supported
H6: PIS → GFR → GFB	0,162	0,161	0,046	3,549	<0,001	Supported

Significance was assessed at $p < 0.05$.

Note: FMC = Financial Management Capability; PIS = Policy and Institutional Support; CRC = Cooperative Relational Capacity; GFR = Green Finance Readiness; GFB = Green Financial Behavior.
Source: Data analysis using SmartPLS 3.

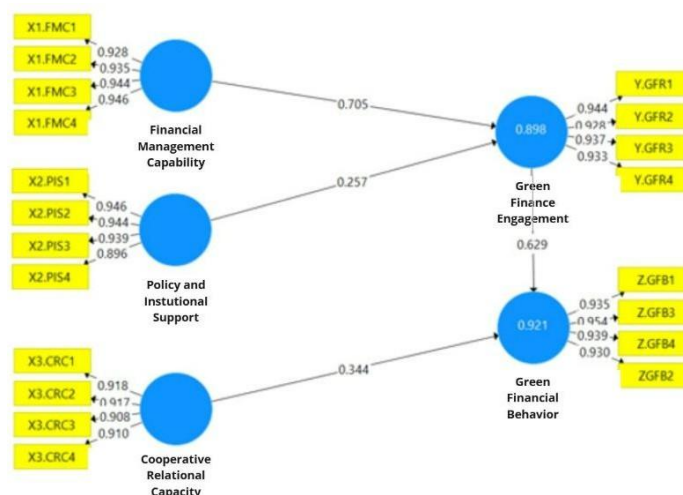


Figure 2 PLS-SEM Structural Model Results
Source: Data analysis using SmartPLS 3.

DISCUSSION

Financial Management Capability (FMC) and Policy and Institutional Support (PIS) were positively associated with Green Finance Readiness (GFR), although the estimated coefficients differed in magnitude. FMC showed the stronger association with GFR. The ability to prepare budgets, estimate costs and revenues, set prices, and control the use of funds provides an internal capacity that is relevant when organizations assess their readiness for green financing. Onah et al. (2024) demonstrate the relevance of financial capability to the use of credit access among farmer cooperatives, while Kim and Huruta (2024) link financial literacy with green microfinance practices. Policies, regulations, institutional assistance, incentives, and financing programs provide external conditions that help organizations recognize and assess green finance opportunities (Bhatnagar & Sharma, 2022). The differing coefficients for FMC and PIS suggest that green finance readiness is associated with both internal financial management capability and institutional support. Predictor collinearity limits the extent to which their individual contributions can be separated empirically.

GFR was also positively associated with Green Financial Behavior (GFB), and the indirect effects of FMC and PIS on GFB through GFR received statistical support. This pattern indicates the relevance of financing readiness when organizations incorporate environmental considerations into financial decisions and the use of financial resources. The availability of financing programs or access alone

does not necessarily indicate whether an organization is prepared to assess its needs, plan the use of funds, or incorporate environmental considerations into financial decisions. Padi et al. (2026) link green investment readiness with renewable energy investment adoption among SMEs, while Martínez-Victoria and Maté-Sánchez-Val (2022) show that the use of financing sources in cooperatives is associated with internal management characteristics. The observed indirect effects provide statistical support for the proposed financial-institutional readiness pathway linking financial capability and institutional support with financial behavior through GFR. The cross-sectional design does not establish a confirmed temporal sequence among these relationships.

The empirical proximity between GFR and GFB constrains interpretation of this pathway. The GFR–GFB HTMT value of 0.998 indicates insufficient empirical separation between responses to the indicators of the two constructs. Conceptually, GFR refers to organizational readiness to recognize, assess, and prepare responses to sustainable financing opportunities, whereas GFB refers to financial decisions or practices that already incorporate environmental considerations. Overlapping indicator content, particularly around the allocation and use of financing, may contribute to this empirical proximity. The $GFR \rightarrow GFB$ coefficient and the indirect effects through GFR therefore represent statistical relationships within the specified model, but they do not provide strong evidence that readiness and behavior operate as empirically distinct mechanisms.

Cooperative Relational Capacity (CRC) was positively associated with GFB and produced a medium effect size. Financial decisions in member-based organizations occur within relationships that involve information exchange, trust, openness to input, and cooperation among members, managers, and partners. Martínez-López et al. (2025) show that social capital in agrifood cooperatives operates through networks and shared understanding that support coordination, while Kusmiati et al. (2023) associate member participation and collective action with cooperative success in Indonesia. The association between CRC and GFB indicates the relevance of relational capacity to financial decisions that require coordination and collective support. The high empirical proximity among the measures means that CRC cannot be interpreted as fully distinct from the other constructs in the estimated model.

Organizational readiness for change provides a conceptual lens for organizing these relationships. Weiner (2009) describes organizational readiness as a condition related to the collective capacity to implement change. This perspective helps position readiness before implementation without treating GFR as a direct operationalization of Weiner's change commitment or change efficacy constructs. Within the green finance context, FMC reflects financial management capability, PIS captures policy and institutional support, and GFR represents readiness that is more specific to sustainable financing. CRC adds a relational dimension that is particularly relevant to cooperatives and other member-based enterprises. These elements form two conceptual pathways. The financial-institutional readiness pathway links financial capability and institutional support with GFB through GFR, while the cooperative relational pathway links relational capacity with GFB. Together, these pathways place financial, institutional, and relational conditions within a common conceptual structure without assuming that the empirical boundaries among the constructs have been established.

Measurement limitations remain central to the interpretation of the structural relationships. HTMT values ranged from 0.955 to 0.998 across all construct pairs, composite reliability was consistently very high, and inner VIF values ranged from 6.863 to 8.314. Full collinearity assessment also produced VIF values above 3.3. These results indicate substantial empirical proximity among the measures and raise the possibility that common-source measurement contributed to inflated covariance. Full-collinearity VIF values cannot distinguish common method bias from empirical overlap among the constructs, so they serve more appropriately as supplementary diagnostic evidence. Statistical support for H1–H6 indicates consistent relationships within the estimated model, but it does not establish fully independent construct contributions or a causal ordering among the variables.

CONCLUSION

Financial Management Capability (FMC) and Policy and Institutional Support (PIS) were positively associated with Green Finance Readiness (GFR), while GFR was positively associated with Green Financial Behavior (GFB). FMC and PIS also showed positive indirect effects on GFB through GFR. Cooperative Relational Capacity (CRC) was positively associated with GFB, indicating the relevance of relational capacity to financial decision-making in cooperatives and member-based food enterprises. The overall pattern shows that GFR is associated with FMC and PIS, while GFB is associated with GFR and CRC within the estimated model.

The conceptual contribution lies in positioning GFR as a form of readiness specific to sustainable financing. Organizational readiness for change (Weiner, 2009) provides a conceptual lens for locating readiness before implementation. GFR applies the broader idea of organizational readiness to the recognition, assessment, and preparation of responses to green finance opportunities, while remaining conceptually distinct from Weiner's change commitment and change efficacy constructs. The financial-institutional readiness pathway links FMC and PIS with GFB through GFR, while the cooperative relational pathway links CRC with GFB. This architecture extends green finance research beyond financing access and availability by incorporating organizational readiness to recognize, assess, plan, and use financing opportunities within institutional and collective relational contexts. The distinction between the two pathways remains conceptual because the measurement model did not establish adequate empirical separation among the constructs.

The practical implications point to the importance of strengthening organizational capacity alongside efforts to expand access to green financing. Cooperatives and member-based food enterprises require adequate financial management capability, knowledge of green finance schemes, and internal coordination to assess financing needs and the use of funds. Local governments, cooperative agencies, and financial institutions can support such readiness through clearer program information, financing assistance, and funding schemes that account for the capabilities and organizational characteristics of member-based enterprises.

The research design and measurement conditions limit the interpretation of the results. The cross-sectional survey does not establish temporal causal ordering. HTMT values exceeded 0.90 for all construct pairs, and the structural model showed high collinearity, limiting the extent to which individual construct contributions can be isolated empirically. Full collinearity assessment also indicated potential common method bias, although empirical proximity among the constructs may have contributed to the elevated VIF values. Respondents served as the unit of observation, so the results represent perceptions of the food organizations or business activities they referenced rather than objective measures at the cooperative level. Purposive sampling and the geographic coverage of Palembang, Banyuasin, and Ogan Ilir further limit the transferability of the findings to organizations and institutional environments with different characteristics.

RECOMMENDATIONS

Future research should strengthen the empirical distinction between Green Finance Engagement (GFE) and Green Financial Behavior (GFB). Instrument development can define GFE more precisely around access to green financing, engagement with financing providers, fund allocation, and the use of financing sources, while GFB can remain focused on financial decisions and actions that explicitly incorporate environmental considerations. Content validation, cognitive pretesting, and pilot testing can help identify items with overlapping substantive content.

Longitudinal or time-lagged designs can examine the temporal ordering among financial capability, institutional support, GFE, and GFB. Observations across multiple periods can determine whether greater engagement with green financing precedes changes in financial decisions that incorporate environmental considerations. Separating measurement across time or data sources can also reduce reliance on a single source and limit potential common method bias.

Future sampling strategies can prioritize cooperative board members, managers, treasurers, or members who participate directly in organizational financing and financial decisions. Such respondents are more likely to possess the knowledge required to assess organization-level constructs. Comparisons across cooperative types and broader geographic coverage can further examine whether the observed relationships remain consistent across different institutional characteristics, financial capabilities, and policy environments.

Food cooperatives can strengthen their engagement with green finance by improving their capacity to prepare budgets, estimate financing needs and costs, assess financing options, plan fund allocation, and use financing for activities that generate environmental benefits. Information exchange and cooperation with members and business partners can also support assessments of how well financing options align with business needs and sustainability objectives.

Local governments, cooperative agencies, and financial institutions can support this process through clear program information, financing assistance, access to green finance schemes, and financing arrangements that reflect cooperative capabilities. Combining access to funding with

stronger financial management capacity would better align green finance support with the operational needs of cooperatives.

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