Digitalization of Sharia MSMEs Based on Green Business Model: The Influence of Digital Marketing Capability and Islamic Business Ethics on Green Business Model Innovation, Business Resilience, and Financial Performance

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ABSTRACT

Global economic challenges that demand business sustainability and resilience encourage sharia MSMEs to transform their business models through digitalization oriented to green business models. This study aims to analyze the influence of Digital Marketing Capability and Islamic Business Ethics on Green Business Model Innovation, as well as its impact on the Business Resilience and Financial Performance of Islamic MSMEs. The research population is MSMEs based on sharia values (both halal certified and those that apply sharia principles in business governance) in Semarang City. A quantitative approach was used by survey method on150 MSME owner/manager respondents, analyzed using Structural Equation Modeling based on Partial Least Squares (PLS-SEM). Overall, the model shows that Islamic business ethics are a key factor, while digital marketing capabilities serve as a complement in improving financial resilience and performance. This research is a contribution to the theoretical development of Dynamic Capability Theory and Stakeholder Theory in the context of the digital transformation of sharia MSMEs, as well as practical contributions for business actors and policymakers in encouraging MSME resilience based on the green economy and inclusive growth, in line with the theme "Advancing Green Economy and Sustainable Development".

1. Introduction

Sharia-based MSMEs (Micro, Small, and Medium Enterprises) face major challenges in the era of globalization and digitalization. The demands of sustainability and business resilience drive the transformation of business models towards a green business model (Gürlek & Tuna, 2018). Digitalization is not only the adoption of technology, but also the integration of sharia values and Islamic business ethics in management practices.

The development of digitalization has become one of the key factors in increasing the competitiveness of Micro, Small, and Medium Enterprises (MSMEs). In Indonesia, especially in Semarang City, sharia-based MSMEs face challenges in integrating digital technology with Islamic business principles. Digitalization not only serves as a means of promotion and distribution, but also as a strategy to strengthen business resilience and financial performance in the midst of global competition.

In the context of sharia MSMEs, Digital Marketing Capability is an important variable because it allows business actors to reach Muslim consumers more effectively through digital platforms that are in accordance with Islamic values. This ability supports the creation of Green Business Model Innovation, which is a business model innovation that is oriented towards environmental sustainability as well as sharia compliance (Gürlek & Tuna, 2018). This is in line with global trends that emphasize the importance of eco-innovation as a source of competitive advantage and a sustainable brand reputation (Carrillo-Hermosilla et al., 2010).

In addition, the application of Islamic Business Ethics in the digitization of MSMEs is a moral foundation that strengthens consumer trust(Dwi Saputra et al., 2022). The principles of honesty, fairness, and maslahah (benefit) not only increase consumer loyalty, but also encourage the creation of environmentally responsible business practices(Yun et al., 2015). Thus, the integration of digital marketing capabilities and Islamic business ethics is expected to strengthen the resilience of sharia MSME businesses in Semarang, as well as improve their financial performance.

The local context of Semarang is also relevant because the city has a rapidly growing MSME ecosystem, with local government support for digitalization and strengthening of the halal-based economy. However, there is still a gap in the adoption of digital technology and the implementation of green business models. Therefore, research on the influence of Digital Marketing Capability and Islamic Business Ethics on Green Business Model Innovation, Business Resilience, and Financial Performance is important to provide academic contributions as well as practical recommendations for the development of sharia MSMEs in Semarang.

This study seeks to determine the influence of Digital Marketing Capability on Green Business Model Innovation in sharia MSMEs in Semarang and the role of Islamic Business Ethics in strengthening Green Business Model Innovation in sharia MSMEs and the extent to which Green Business Model Innovation contributes to the Business Resilience of sharia MSMEs in Semarang. This study also seeks to map how the influence of Business Resilience on the Financial Performance of Islamic MSMEs and the integration of Digital Marketing Capability and Islamic Business Ethics is able to improve Financial Performance through Green Business Model Innovation and Business Resilience.

This study analyzes the influence of Digital Marketing Capability on the Green Business Model Innovation of sharia MSMEs in Semarang by examining the role of Islamic Business Ethics in encouraging green business model innovation, assessing the contribution of Green Business Model Innovation to the Business Resilience of sharia MSMEs, identifying the relationship between Business Resilience and Financial Performance of sharia MSMEs and providing recommendations for digitalization strategies based on Islamic ethics to improve competitiveness and sustainability of sharia MSMEs in Semarang.

Although the literature on MSME digitalization, Islamic marketing, and eco-innovation has developed, the lack of specific studies on sharia MSMEs in Semarang that integrate digitalization, Islamic ethics, and green business models is the reason for this research. Previous research has discussed digital marketing capability or Islamic business ethics separately(Alimusa et al., 2025), There have not been many studies that have tested the simultaneous influence of the two on the Green Business Model Innovation, Business Resilience, and Financial Performance. The relationship between green business model innovation and business resilience is still rarely explored in the context of sharia MSMEs. In fact, green innovation can be an important factor in strengthening business resilience in the midst of digital disruption and environmental crises. Much of the eco-innovation and competitive advantage literature focuses on large companies. Sharia MSMEs as the backbone of the regional economy have not been studied empirically in the framework of digitalization and sustainability.

2. Theoretical Studies

2.1. Dynamic Capability Theory

Dynamic Capability Theory (DCT) was developed by Teece, Pisano, and Shuen (1997) as a conceptual framework to explain how companies can adapt, innovate, and survive in a dynamic business environment. This theory emphasizes that competitive advantage depends not only on the resources the company has (*resource-based view*), but also on the organization's ability to Sensing that identifies opportunities and threats. Companies must be able to detect changes in markets, technologies, and regulations. In the context of sharia MSMEs, sensing skills means understanding digitalization trends, the needs of Muslim consumers, and the demands of

sustainability (green business). Next is Seize which means taking advantage of opportunities, where organizations need to allocate resources effectively to seize the opportunities that exist. In this case, sharia MSMEs in Semarang utilize *digital marketing capabilities* to expand the halal market while integrating *Islamic business ethics* in communication strategies. Then Transform is reconfiguring assets and capabilities. Companies must be able to reconfigure their business models to remain relevant. In this study, transformation is realized through Green Business Model Innovation, which combines digitalization, Islamic ethics, and environmental sustainability.

Digital Marketing Capability is part of *dynamic capability* (Teece, 2018)which allows MSMEs to sensing and seizing digital market opportunities. While Islamic Business Ethics is the moral foundation in the business transformation process, innovation remains in accordance with sharia. Green Business Model Innovation is a tangible form of transformation that supports sustainability. Green business model innovation is the process of integrating sustainability principles in business models, including energy efficiency, waste reduction, and environmentally friendly practices. This innovation is key to improving business resilience and long-term financial performance. Then Business Resilience & Financial Performance is the end result of the application of dynamic capabilities, namely the ability to survive and grow in an environment full of uncertainty.

2.2. Digital Marketing Capability and Business Resilience

Digital Marketing Capability (DMC) is an organization's ability to utilize digital technology to manage, integrate, and optimize marketing activities(Mohammedhussen & Abdulnasir, 2020; Teece et al., 1997). In the context of MSMEs, especially sharia MSMEs, DMC plays an important role in strengthening Business Resilience, namely capabilities. DMC enables MSMEs to respond quickly to changes in consumer behavior through digital data analysis, social media, and e-commerce and increase business resilience as MSMEs can adjust marketing strategies according to market dynamics(Martín-Rojas et al., 2023). With digital capabilities, MSMEs not only rely on offline sales, but also expand the market through digital platforms. This diversification strengthens resilience because it reduces the risk of dependence on a single distribution channel.

DMC lowers traditional promotional costs and increases the effectiveness of marketing campaigns and supports financial sustainability and strengthens business resilience in crisis conditions. Digital marketing based on Islamic values (transparency, honesty, *maslahah*) builds consumer loyalty which is an important asset in maintaining long-term business stability. DMC provides high flexibility in changing communication and promotion strategies in the event of disruption (e.g. pandemic or economic crisis). Agility is the core of *business resilience*.

Digital Marketing Capability plays a role as the main driver of Business Resilience because it provides adaptability, diversification, efficiency, and agility for Islamic MSMEs. By integrating Islamic values in digital marketing practices, MSMEs not only strengthen business resilience, but also increase consumer confidence and long-term financial performance. Thus the hypotheses that can be proposed are:

H1: Digital Marketing Capability has a positive and significant effect on Business Resilience

2.3. Digital Marketing Capability and Financial Performance

Digital Marketing Capability (DMC) is an organization's ability to leverage digital technology to manage, integrate, and optimize marketing activities(Teece, 2018). This capability not only increases the effectiveness of communication with consumers, but also contributes directly to Financial Performance, which is the achievement of a company's financial performance in the form of increased sales, profitability, and market growth. DMC allows companies to reduce traditional promotional costs (e.g. print and physical distribution) by leveraging social media, e-

commerce, and digital platforms that will ultimately increase profit margins and strengthen financial performance(Mohammedhussen & Abdulnasir, 2020).

In addition, digital marketing capabilities expand access to global markets, including a growing segment of Muslim consumers. Wider market reach contributes to increased sales and revenue(Nuseir & Elrefae, 2022). DMC enables real-time analysis of consumer behavior. Data-driven decisions improve the effectiveness of pricing, promotion, and distribution strategies, which has a positive impact on financial performance(Chetty, 2019). Digital marketing based on Islamic values (transparency, honesty, *maslahah*) builds consumer trust and loyalty. Loyalty will result in repeat purchases and financial stability. DMC provides high flexibility in adjusting marketing strategies during disruptions (e.g. pandemics) in order to maintain cash flow and company profitability.

Digital Marketing Capability plays a key driver of Financial Performance because it provides cost efficiency, expands markets, increases consumer loyalty, and supports business agility. In the context of sharia MSMEs, the integration of Islamic values in digital marketing further strengthens consumer trust, so that financial performance can grow sustainably. Thus the hypotheses that can be proposed are:

H2: Digital Marketing Capability has a positive and significant effect on Financial Performance

2.4. Islamic Business Ethics dan Business Resilience

Islamic Business Ethics (IBE) is a set of moral principles based on sharia, such as honesty (*sidq*), justice (*adl*), social responsibility (*maslahah*), and trust. The application of Islamic business ethics not only shapes sharia-compliant organizational behavior, but also strengthens Business Resilience, which is the company's ability to survive, adapt, and recover from crises. IBE provides consistent guidelines for behavior in the face of uncertainty and MSMEs that adhere to Islamic ethics are better able to maintain the trust of consumers and business partners, so that they remain resilient in times of crisis (Alimusa et al., 2025). Transparency, honesty, and fairness in business practices increase *consumer trust*. Which is an important asset in maintaining revenue stability and strengthening the long-term business resilience.

Islamic ethics encourage collaboration, solidarity, and justice in relationships with stakeholders, Strong social capital strengthens resilience because MSMEs have network support when facing disruption. IBE emphasizes social benefits and responsibilities, which are in line with *green business practices that* make MSMEs more adaptive to sustainability demands and environmental regulations(Dusuki & Abdullah, 2024). Islamic ethics provides a framework of values that guides quick and appropriate decision-making in times of crisis. This increases organizational agility, which is at the core of *business resilience*. Thus the hypotheses that can be proposed are:

H3: Islamic Business Ethics has a positive and significant effect on Business Resilience

2.5. Islamic Business Ethics and Financial Performance

Islamic Business Ethics (IBE) is a set of moral principles based on sharia, such as honesty (*sidq*), justice (*adl*), trust, and orientation to *maslahah* (benefit)(Dusuki & Abdullah, 2024). The application of Islamic business ethics not only shapes organizational behavior in accordance with sharia, but also has a direct impact on Financial Performance, namely the achievement of a company's financial performance in the form of increased sales, profitability, and market growth (Ali & Al-Owaihan, 2008).

Islamic business ethics emphasizes honesty and transparency in transactions can increase *consumer trust* and loyalty, which contributes to *repeat purchases* and financial stability(Sandikci, 2011). Companies that consistently implement IBE have earned a reputation as a *responsible Islamic brand*. This reputation is a source of differentiation that strengthens

competitiveness and increases market share, thus having a positive impact on financial performance. Islamic ethics encourage fair business practices and avoid excessive speculation. This reduces the risk of fraud and increases operational efficiency, which ultimately strengthens profitability.

IBE emphasizes social and environmental responsibility that is in line with the trend of consumers choosing halal and environmentally friendly products, thereby expanding the consumer base and increasing income(Beekun & Badawi, 2005). Islamic ethics also strengthen relationships with business partners, investors, and regulators. Stable relationships support the sustainability of cash flow and long-term financial growth. slamic Business Ethics acts as a moral foundation as well as a business strategy that strengthens *financial performance*. By emphasizing honesty, fairness, and *maslahah*, companies are able to build consumer trust, strengthen reputations, reduce risk, and create long-term financial sustainability. Thus the hypotheses that can be proposed are:

H4: Islamic Business Ethics has a positive and significant effect on Financial Performance

2.6. Islamic Business Ethics and Digital Marketing Capability

In the context of sharia MSMEs, Islamic Business Ethics (IBE) and Digital Marketing Capability (DMC) have mutually reinforcing mutual relationships. The two not only stand alone as important variables, but complement each other in forming a sustainable, ethical, and competitive business strategy(Ali & Al-Owaihan, 2008).

Islamic business ethics are the moral foundation in the use of digital technology. The principles of honesty, transparency, and *maslahah* ensure that digital marketing content does not mislead consumers, thereby increasing trust and loyalty (Alimusa et al., 2025). With Islamic ethics, DMC not only focuses on the effectiveness of promotion, but also maintains the integrity of Islamic brands. Digital marketing capabilities expand the implementation of Islamic ethics through social media, e-commerce, and digital platforms(Kadirov, 2014). Digital technology enables the wider dissemination of Islamic values, for example through halal campaigns, consumer education, and supply chain transparency. DMC is a means to actualize IBE in modern business practices. IBE provides normative direction, while DMC provides strategic tools. When the two are integrated, sharia MSMEs are able to build a strong Islamic branding, expand the halal market, and maintain business sustainability. This synergy ultimately strengthens *business resilience* and *financial performance*. Thus the hypotheses that can be proposed are:

H5: Islamic Business Ethics has a positive and significant effect on Digital Marketing Capability and otherwise

2.7. Business Resilience and Financial Performance

Business Resilience is an organization's ability to survive, adapt, and recover from various disruptions, whether in the form of economic crises, pandemics, or market changes (Herbane, 2018). This resilience not only serves as a survival mechanism, but also becomes a determining factor in achieving Financial Performance, which is the company's financial performance as reflected in profitability, revenue growth, and cash flow stability.

Resilient companies are able to maintain operational continuity despite the crisis (Dwivedi et al., 2023). This operational stability ensures that cash flow is maintained, so that financial performance does not decline drastically. Business resilience includes adaptability to changing consumer and technological behaviors that allow companies to maintain revenue and even discover new opportunities that increase profitability. Resilient companies have a good risk management system, so that they are able to minimize financial losses due to disruption which of course has a direct impact on cost efficiency and increased profit margins. Business resilience increases the confidence of consumers, investors, and business partners and strengthens the company's reputation and opens up access to funding sources, which supports long-term

financial growth(Nashihah, 2024). Resilience encourages companies to innovate in business models, products, and marketing strategies. These innovations resulted in market differentiation that had an impact on increased sales and revenue.

The relationship between Business Resilience and Financial Performance is direct and strong: the higher the level of resilience, the better the company's financial performance. Resilience enables companies to maintain operational stability, manage risk, adapt to change, and innovate, all of which lead to increased profitability, revenue growth, and financial sustainability. Thus the hypotheses that can be proposed are:

H6: Islamic Business Resilience has a positive and significant effect on Financial Performance

From the variables of Digital Islamic Marketing Capability, Islamic Business Ethics, Business Resilience dan Financial Performance, the basic conceptual model is proposed as follows:

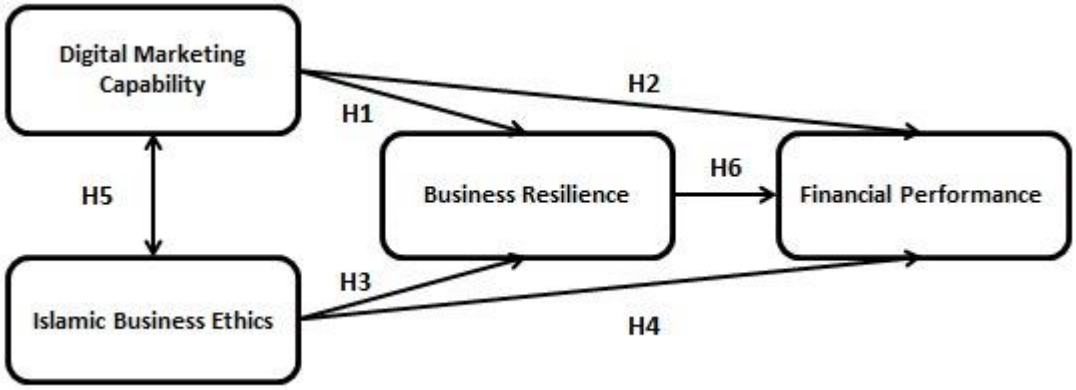


Figure 1. The basic conceptual model

3. Research design

This study uses a quantitative approach with an explanatory research design. This design was chosen because the purpose of the study was to test the causal relationship between variables and assess the mediating role of Business Resilience in the built model. The research population is certified halal MSMEs in Semarang City which are engaged in the Muslim food, beverage, and fashion sectors. The sample was determined using purposive sampling with the criteria that respondents are the owners, managers, or main managers who understand digital marketing activities, operational processes, and the business supply chain. The ideal sample count is in the range of 150 respondents to be adequate for SEM-PLS analysis.

3.1. Variables and measurements

The independent variable in this study is Digital Islamic Marketing Capability and Islamic Business Ethics. The mediation variable is Business Resilience, while the dependent variable is Financial Performance. All variables were measured using a ten-point Likert scale instrument, ranging from strongly disagree to strongly agree. The indicators are compiled based on Digital Islamic Marketing Capability, Islamic Business Ethics, Business Resilience dan Financial Performance literature as follows:

Table 1. Indicator Statement

No	Variable	Indicator	Source
1	Digital Islamic Marketing Capability	▪ Compliance with sharia principles in digital marketing content.	(Alimusa et al., 2025)

		▪ The use of digital technology (social media, e-commerce, AI) for the Muslim market. ▪ Transparency and honesty in marketing communications. ▪ The ability to build an Islamic brand through digital platforms. ▪ Promotion cost efficiency with digitalization based on Islamic values.	
2	Islamic Business Ethics	▪ Justice/Fairness, Ensure fair transactions, do not harm others, and are free from exploitation. ▪ Honesty & Transparency, Product/service information is delivered correctly, no manipulation. Prohibition of Riba and Haram Practices, Avoid interest, speculation, and transactions that are contrary to sharia. ▪ Social and Environmental Responsibility, Businesses are not only looking for profit, but also taking care of the environment and society.	(Ali & Al-Owaihan, 2008; Beekun & Badawi, 2005)
3	Business Resilience	▪ Digital Transformation Capability, How quickly MSMEs are adopting digital technology for operations, marketing, and services. ▪ Supply Chain Diversification, The ability to reduce dependence on a single supplier or market. ▪ Green Business Model Innovation, Implementation of sustainability-based innovations in products, processes, and business strategies. ▪ Collaborative Ecosystem Sustainability, Ability to build partnerships with communities, governments, and financial institutions.	(Bernando et al., 2026; Nashihah, 2024)
4	Financial Performance	▪ Profitability (Profit Margin/ROA), Measuring the ability of MSMEs to generate profits from sales or assets. ▪ Sales Growth, sales increase from the previous period. ▪ Cost Efficiency, demonstrate the effectiveness of resource use. ▪ Cash Flow Sustainability, Stability of cash flow in and out to support business continuity.	(Dahlia et al., 2025; Hussein Ali et al., 2017)

Source: Developed for this research (2026)

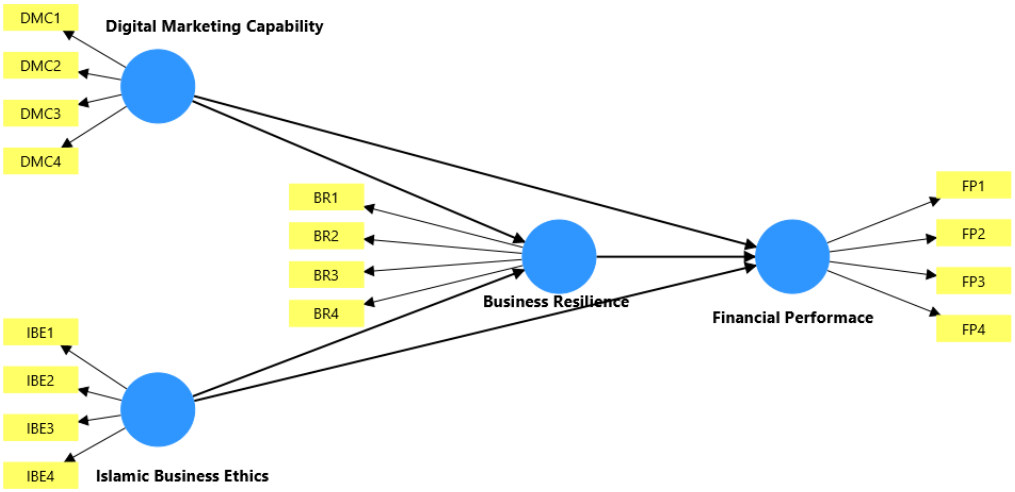
3.2. Data analysis techniques

Data analysis was carried out using SEM-PLS because it is suitable for testing research models that are predictive, involve mediation relationships, and do not require strict normality assumptions. The test is carried out through two stages, namely the evaluation of the measurement model and the structural model. In the measurement model, validity and reliability were tested through outer loading, AVE, composite reliability, and Cronbach's alpha. In the structural model, the test was carried out through path coefficients, t-statistical values, p-values, and mediating effect analysis.R^2

4. Results and Discussion

4.1. Variable latent models

Variable latent models are used to test whether the abstract construct being studied is really valid, reliable, and has a significant relationship with other constructs as per the research hypothesis.



Source: Processed data (2026)

Figure 2: Latent Model of Research Variables

This model proves that digital marketing capabilities and Islamic business ethics are important factors that increase a company's resilience. Resilience then acts as a link that strengthens the impact of these two factors on financial performance**.** In other words, a digital-savvy and Islamically ethical company will be more resilient, and that resilience results in better financial performance**.**

4.2. Outer Model (Testing Data Quality)

This study uses a latent variable approach with indicators tested through validity analysis. The value of *the loading factor* (or the correlation of the indicator to the construct) is the basis for determining whether an indicator is valid or not. Generally, an indicator is considered valid if it has a value of ≥ 0.70.

Table 2: Results of Outer Loading Convergent Validity Test Phase 1

Instrument	Business Resilience	Digital Marketing Capability	Financial Performance	Islamic Business Ethics	Remarks
BR1	0.701				Valid
BR2	0.785				Valid
BR3	0.779				Valid
BR4	0.797				Valid
DMC1		0.734			Valid
DMC2		0.751			Valid
DMC3		0.649			Unvalid
DMC4		0.684			Unvalid
FP1			0.747		Valid

FP2	0.757		Valid
FP3	0.729		Valid
FP4	0.796		Valid
IBE1		0.726	Valid
IBE2		0.790	Valid
IBE3		0.786	Valid
IBE4		0.749	Valid

Source: Processed data (2026)

Business Resilience, Financial Performance, and Islamic Business Ethics have all valid indicators, so they can be used in their entirety in the research model. Digital Marketing Capability has only two valid indicators (DMC1 and DMC2), while DMC3 and DMC4 do not meet the criteria.

Table 3: Results of Outer Loading of Convergent Validity Test Phase 2

Instrument	Business Resilience	Digital Marketing Capability	Financial Performance	Islamic Business Ethics	Remarks
BR1	0.702				Valid
BR2	0.784				Valid
BR3	0.779				Valid
BR4	0.797				Valid
DMC1		0.825			Valid
DMC2		0.813			Valid
FP1			0.750		Valid
FP2			0.753		Valid
FP3			0.727		Valid
FP4			0.798		Valid
IBE1				0.726	Valid
IBE2				0.790	Valid
IBE3				0.786	Valid
IBE4				0.749	Valid

Source: Processed data (2026)

In phase 2, all indicators in the variables Business Resilience, Financial Performance, and Islamic Business Ethics are proven to be valid. The Digital Marketing Capability variable is also valid, although it is only represented by two main indicators (DMC1 and DMC2). Overall, these results show that the research instrument has good measurement quality, so it can be used to test the relationship between latent variables in the research model.

4.3. Average Variance Extracted (AVE > 0,5 = Valid)

Table 4: AVE Convergent Validity Test Results

Variabel	Average variance extracted (AVE)	Remarks
Business Resilience	0.588	Valid
Digital Marketing Capability	0.670	Valid
Financial Performance	0.574	Valid
Islamic Business Ethics	0.582	Valid

Source: Processed data (2026)

Average Variance Extracted (AVE) is used to measure convergent validity in confirmatory factor analysis (CFA) or SEM models. A construct is declared to be convergently valid if the AVE value ≥ 0.50. This means that the indicators that make up the construct are able to explain more than 50% of the variance of the measured construct.
All variables in this study had an AVE value above 0.50, so that all constructs were declared to be valid convergently. This means that the indicators used in the measurement are able to explain the latent variables well and can be continued to the next stage of analysis (for example, discriminant validity or structural model tests).

4.4. Discriminant Validity

Cross Loading (The statement value of the variable > the value of another variable). Cross loading shows how far each indicator (question item) loads on the construct that should be measured compared to other constructs.

Table 5: Results of Cross Loading of Determinant Validity Test

Instrument	Business Resilience	Digital Marketing Capability	Financial Performance	Islamic Business Ethics	Remarks
BR1	**0.702**	0.410	0.434	0.492	Valid
BR2	**0.784**	0.419	0.548	0.529	Valid
BR3	**0.779**	0.434	0.546	0.531	Valid
BR4	**0.797**	0.365	0.525	0.491	Valid
DMC1	0.441	**0.825**	0.447	0.425	Valid
DMC2	0.428	**0.813**	0.435	0.534	Valid
FP1	0.540	0.384	**0.750**	0.592	Valid
FP2	0.456	0.366	**0.753**	0.494	Valid
FP3	0.511	0.415	**0.727**	0.445	Valid
FP4	0.524	0.464	**0.798**	0.609	Valid
IBE1	0.514	0.347	0.530	**0.726**	Valid
IBE2	0.477	0.471	0.584	**0.790**	Valid
IBE3	0.521	0.506	0.556	**0.786**	Valid
IBE4	0.524	0.458	0.503	**0.749**	Valid

Source: Processed data (2026)

All indicators have the highest load on the construct that should be measured**.** There is no higher indicator of loading on other constructs. Thus, the results of the Cross Loading test show that the research instrument meets the criteria for validity discrimination**.**

4.5. Latent Variable Correlation (√AVE > Nilai latent variable)

Table 6: Latent Variable Correlation Value of AVE and Quadratic Root of AVE

Variable	Business Resilience	Digital Marketing Capability	Financial Performace	Islamic Business Ethics	AVE	√AVE	Remarks
Business Resilience	1.000	**0.531**	**0.672**	**0.667**	0.588	0.7668	Valid
Digital Marketing Capability	**0.531**	1.000	**0.539**	**0.585**	0.670	0.8185	Valid
Financial Performance	**0.672**	**0.539**	1.000	**0.713**	0.574	0.7576	Valid

Islamic Business Ethics	**0.667**	**0.585**	**0.713**	1.000	0.582	0.7629	Valid

Source: Processed data (2026)

All variables have a value of √AVE greater than the correlation between constructs. This shows that the research instrument meets the requirements of discriminant validity based on the Fornell-Larcker criteria. Thus, the constructs used in the study can be considered valid and reliable for further analysis.

4.6. Realibity Test

Cronbach's Alpha is used to measure the internal consistency of the indicators that make up a construct. The commonly used value as a limit is ≥ 0.70, which indicates good reliability. Composite Reliability (CR) is usually also used as a complement, with the same threshold (≥ 0.70).

Table 7: Cronbach Alpha Values

Variable	Cronbach's alpha	Remarks
Business Resilience	0.765	Reliable
Digital Marketing Capability	0.709	Reliable
Financial Performance	0.753	Reliable
Islamic Business Ethics	0.760	Reliable

Source: Processed data (2026)

All variables had a Cronbach's Alpha value of ≥ 0.70, so the research instrument was declared reliable. This means that the indicators used are consistent in measuring each construct. With good reliability, the instrument can be used for further analysis (e.g. discriminant validity test or structural model testing).

4.7. Fit Model Validation Test

Table 8: Model Fit Test Results

	Estimated model	Rule of Thumb	Remarks
SRMR	0.082	< 0,10	Fit
d_ULS	0.707	> 0,05	Fit
d_G	0.273	> 0,05	Fit
Chi-square	237.171	> 23,685	Fit
NFI	0.706	Close to value 1	Fit

Source: Processed data (2026)

All fit model indicators (SRMR, d_ULS, d_G, Chi-square, NFI) show results that meet the rule of thumb criteria. Thus, the research model can be declared fit and suitable for further analysis. This means that the structure of the model is built in accordance with empirical data and can be trusted to test the research hypothesis.

4.8. Inner Model (Hypotheses Testing, R-Square)

R-Square shows how much independent variables are able to explain dependent variables in the research model. The higher the R-Square value, the greater the proportion of the variance of the dependent variable that can be explained by the independent variable. A value **of 0.25** is

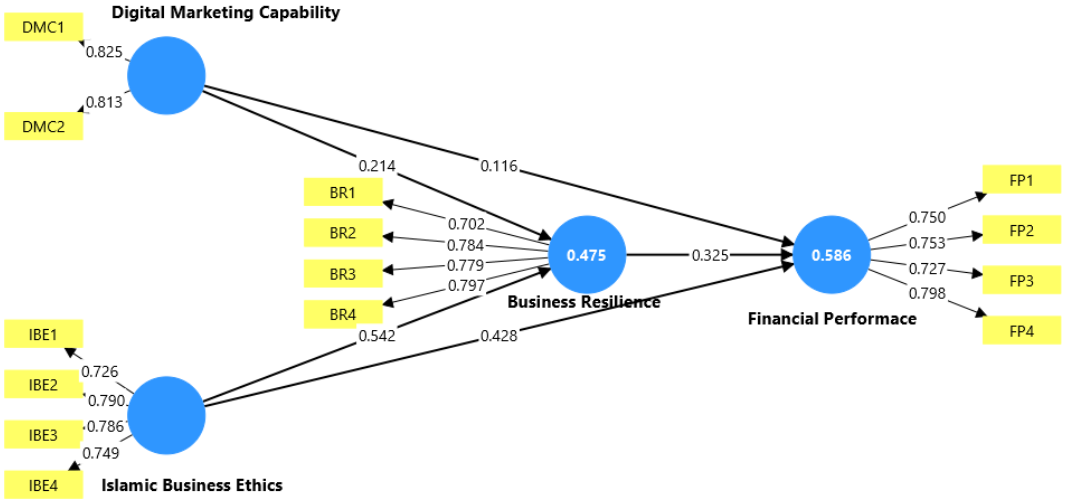
considered weak, a value **of 0.50** is considered moderate, and a value **of 0.75** is considered strong(Hair et al., 2013).

Table 9: R-Square Test Results

Var. Dependen	R-square	R-square adjusted
Business Resilience	0.475	0.468
Financial Performance	0.586	0.578

Source: Processed data (2026)

Both dependent variables (Business Resilience and Financial Performance) had a moderate R-Square value, indicating that the research model was quite good at explaining the relationship between the variables. Financial Performance has a higher R^2 value than Business Resilience, so independent variables in the model are more strongly explained by financial performance than business resilience. Overall, the model can be considered relevant and feasible for use in further analysis.



Source: Processed data (2026)

Figure 3: PLS SEM Algorithm Model Output

From the results above, Islamic Business Ethics is the most dominant variable, having a strong influence on Business Resilience and Financial Performance. While Digital Marketing Capability plays an important role in strengthening Business Resilience, it does not directly increase Financial Performance**.** Business Resilience is an important mediating variable that bridges the influence of digital capabilities and Islamic business ethics on financial performance. The model is overall fit and able to explain the relationships between variables well (moderate R^2).

4.9. Hypotheses Test

Table 10: Direct Effect Significance Test Results

Path Coefficients	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Remarks
Business Resilience -> Financial Performance	0.325	0.329	0.089	3.645	0.000	Proven

Digital Marketing Capability -> Business Resilience	0.214	0.216	0.072	2.954	0.002	Proven
Digital Marketing Capability -> Financial Performance	0.116	0.121	0.074	1.562	0.059	Unproven
Islamic Business Ethics -> Business Resilience	0.542	0.544	0.077	7.009	0.000	Proven
Islamic Business Ethics -> Financial Performance	0.428	0.422	0.084	5.085	0.000	Proven

Source: Processed data (2026)

Business Resilience → Financial Performance The path coefficient is 0.325 with values T = 3.645 and P = 0.000 (< 0.05). This means that business resilience has a significant effect on financial performance. The higher the business resilience, the better the company's financial performance. Then **Digital Marketing Capability → Business Resilience** path coefficient is 0.214 with T = 2.954 and P = 0.002 (< 0.05). This shows that digital marketing capabilities have a positive and significant effect on business resilience. Companies that are more digitally adaptive tend to be more resilient to change. Next, **Digital Marketing Capability → Financial Performance** Coefficient line 0.116 with T = 1.562 and P = 0.059 (> 0.05). This relationship is not significant, so digital marketing capabilities do not directly improve financial performance. It is possible that the effect is more **indirect** through Business Resilience. Islamic **Business Ethics → Business Resilience pathway** coefficient pathway 0.542 with T = 7.009 and P = 0.000 (< 0.05). This is the most powerful influence in the model. Islamic business ethics have proven to be significant in strengthening business resilience. Then I**slamic Business Ethics → Financial Performance** Coefficient line 0.428 with T = 5.085 and P = 0.000 (< 0.05). Islamic business ethics also have a significant effect on financial performance, showing that the application of Islamic ethical principles not only increases resilience, but also has a direct impact on financial results.

Most of the paths in the model are proven to be significant (Proven) except for the direct relationship between Digital Marketing Capability → Financial Performance. This shows that digital marketing capabilities play a more important role as a supporting factor for business resilience, which then has an impact on financial performance. Islamic Business Ethics has the strongest influence, both on Business Resilience and Financial Performance, so it becomes a key variable in the research model.

Table 11: Indirect Effect Significance Test Results (full mediation)

	Original sample (O)	**Sample mean (M)**	**Standard deviation (STDEV)**	**T statistics (|O/STDEV|)**	**P values**	Remark
Digital Marketing Capability -> Business Resilience -> Financial Performance	0.070	0.071	0.033	2.136	0.016	Proven

Islamic Business Ethics -> Business Resilience -> Financial Performance	0.176	0.179	0.056	3.164	0.001	Proven

Source: Processed data (2026)

Digital Marketing Capability → Business Resilience → Financial Performance The value of the indirect effect coefficient was 0.070 with T = 2.136 and P = 0.016 (< 0.05). This means that digital marketing capabilities do not have a direct effect on financial performance, but through Business Resilience the influence becomes significant. In other words, business resilience plays a role as a full mediator in this relationship.

Islamic Business Ethics → Business Resilience → Financial Performance The value of the indirect effect coefficient was 0.176 with T = 3.164 and P = 0.001 (< 0.05). This means that Islamic Business Ethics not only has a direct effect on financial performance, but also has a significant indirect influence through Business Resilience. This shows that the application of Islamic business ethics strengthens business resilience, which in turn improves financial performance.
Both mediation pathways have proven to be significant, so Business Resilience serves as an important mediator in the research model. For Digital Marketing Capability, the influence on financial performance only occurs through Business Resilience (full mediation). For Islamic Business Ethics, the influence on financial performance occurs both directly and through Business Resilience (partial mediation, although the table calls it "full mediation").

Overall, these results confirm that Business Resilience is a key variable that bridges the influence of strategic factors on financial performance.

4.10. Effect Size

Table 13: Effect Size (f2) Test Results

	Business Resilience	Digital Marketing Capability	Financial Performance	Islamic Business Ethics
Business Resilience			0.134	
Digital Marketing Capability	0.057		0.020	
Financial Performance				
Islamic Business Ethics	0.368		0.213	

Source: Processed data (2026)

Effect size is used to assess the strength of the influence of independent variables on dependent variables, where the value is 0.02 = small, the value is 0.15 = medium, and the value is 0.35 = large (Cohen, 1988).

Digital Marketing Capability to Business Resilience (0.057, small), meaning the digital marketing capabilities have a small influence on business resilience. This means that, although significant, its contribution is not dominant. Digital Marketing Capability to Financial Performance (0.020, very small) as the direct influence of digital marketing capability on financial performance is very weak. This is consistent with the results of direct effect tests that show a non-significant relationship. Islamic Business Ethics to Business Resilience (0.368, large) means that Islamic business ethics has a great influence on business resilience. This is the most powerful effect in

the model, affirming the role of ethics as the foundation of resilience. Islamic Business Ethics to Financial Performance (0.213, medium) Islamic business ethics also have a moderate effect on financial performance. This means that the application of Islamic ethical principles not only strengthens resilience, but also directly increases financial results. Business Resilience to Financial Performance (0.134, close to medium) Business resilience has a small to moderate influence on financial performance. This shows that a resilient company is better able to maintain financial performance.

Islamic Business Ethics is the variable with the strongest influence, especially on Business Resilience. Digital Marketing Capability has a small influence, more of a supporting factor. Business Resilience is an important mediator, with a moderate influence on Financial Performance.

Overall, the model shows that Islamic business ethics are a key factor, while digital marketing capabilities serve as a complement in improving financial resilience and performance.

5. Conclusion, Implications and Future Research

The digitalization of sharia-based MSMEs with a green business model orientation is an important strategy to face global challenges. Digital marketing capabilities and Islamic business ethics play a key role as the main drivers of green business model innovation, which in turn improves business resilience and financial performance. This conceptual article provides the foundation for further empirical research as well as practical recommendations for the sustainable development of sharia MSMEs.

In this research model, it can be seen that Islamic Business Ethics is the variable with the most dominant influence, especially on Business Resilience. The large effect size value shows that the application of Islamic business ethics is able to significantly strengthen the company's resilience, while making a direct contribution to improving financial performance. On the other hand, Digital Marketing Capability has only a small influence, so it plays more of a supporting factor. Digital marketing capabilities help companies adapt to a dynamic business environment, but it doesn't necessarily improve financial performance directly.

On the other hand, Business Resilience emerged as an important mediator that bridged the influence of these two strategic variables on Financial Performance. Business resilience has a moderate influence on financial performance, which means that a resilient company is better able to maintain stability and achieve better financial results.

Overall, this model affirms that Islamic Business Ethics is the main foundation in building resilience and corporate performance, while Digital Marketing Capability serves as a complement that strengthens resilience. With Business Resilience as a mediator, the relationship between variables becomes clearer: Islamic business ethics and digital capabilities together contribute to improved financial performance, albeit with different powers of influence.

In terms of theoretical development, this study expands the application of Dynamic Capability Theory in the context of sharia-based MSMEs. These findings reinforce the literature on the role of Islamic business ethics as a key variable in building organizational resilience and financial performance. The resulting model shows that business ethics not only function as norms or values, but also as a strategic determinant that is able to influence business outcomes in a real way. In addition, this study adds a new perspective that digital marketing capabilities, although not directly affecting financial performance, are still relevant as a supporting factor that strengthens business resilience. Thus, theories regarding the relationship between digital capabilities, business ethics, and financial performance can be further developed by emphasizing the mediating role of organizational resilience.

In terms of practical implications, the results of this study provide a direction for business managers and practitioners that the application of Islamic ethical principles is not just normative compliance, but a real strategy to strengthen company resilience and improve financial results. Companies that instill ethical values in their operations will be more trusted by stakeholders, more resilient to crises, and more sustainable in the long run. Meanwhile, investment in digital marketing capabilities remains important, not to directly increase profits, but to support business adaptability and resilience which ultimately impacts financial performance.

For future research directions, there are several paths that can be developed. First, research can extend the model by including other variables such as innovation, leadership, or organizational culture to see how those factors interact with business ethics and digital capabilities. Second, longitudinal studies can be conducted to test the consistency of the influence of these variables over a longer period of time, especially in the face of market dynamics and global crises. Third, cross-sector or cross-country research can provide comparative insights into how the role of Islamic business ethics and digital capabilities differ in diverse cultural and regulatory contexts. Thus, this research not only makes a significant theoretical contribution, but also offers practical guidance that is relevant to the business world, while also opening up a wide space of exploration for future research.

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