Economica: Jurnal Ekomomi Islam
Vol 16, No 2 (2025): 313–334
DOI: 10.21580/economica.2025.16.2.28314

economica
Jurnal Ekonomi Islam

Transforming Mosque Sustainability: Leveraging Islamic Economics and Finance for Community Empowerment

Rahmat Hidayat [1]*, Ahmad Rodoni [1], Budi Sukardi [2], Fachrurazi [3], Eko Asmanto [4], Nurizal Ismail [5]

[1] Universitas Islam Negeri Syarif Hidayatullah Jakarta, Jakarta, Indonesia
[2] Universitas Islam Negeri Raden Mas Said Surakarta, Surakarta, Indonesia
[3] Institut Agama Islam Negeri Pontianak, Pontianak, Indonesia
[4] Universitas Muhammadiyah Sidoarjo, Sidoarjo, Indonesia
[5] International Islamic University Malaysia, Kuala Lumpur, Malaysia

Abstract

This research focuses on the shift in mosque empowerment models, particularly in terms of financial sustainability, rooted in Islamic economics and finance. By exploring the correlation of Islamic economics (Y), Islamic finance (Y), and mosque sustainability (Z), this research can utilize the mixed method approach of quantitative analysis to survey 200 congregation members, conduct in-depth interviews with five key informants, and employ PLS-SEM. This is the first mosque sustainability performance study to provide a quantitative analysis, along with PLS-SEM, and to correlate finance and economics in the Islamic context. Findings indicate that Islamic finance intermediates the influence of Islamic economics on mosque sustainability (indirect $\beta=0.527$; $p<0.001$). Islamic economics is explained to have a considerable direct influence on Islamic finance ($\beta=0.782$; $p<0.001$) as well as Islamic finance being the greatest contributor to mosque sustainability ($\beta=0.673$; $p<0.001$). This research affirms the four-dimensional sustainability pillar and the anticipation of mosque management to respond to the SDGs. This provided strong financial governance, partnership with Islamic banking, trained financial governance, and Islamic financial literacy courses.

Keywords: Community Empowerment; Islamic Economics; Islamic Finance; Mosque Sustainability; ZISWAF Management

Citation (APA):
Hidayat, R., Rodoni, A., Sukardi, B., Fachrurazi, Asmanto, E., & Ismail, N. (2025). Transforming Mosque Sustainability: Leveraging Islamic Economics and Finance for Community Empowerment. *Economica: Jurnal Ekonomi Islam, 16*(2), 313–334. https://doi.org/10.21580/economica.2025.16.2.28314

Submitted: 9 Aug 2025
Revised: 16 Sep 2025
Accepted: 22 Oct 2025
Published: 14 Nov 2025

*Corresponding Author. Email: rahmathidayat@uinjkt.ac.id

Introduction

With more than 800,000 mosques, Indonesia has the most institutional potential in the Islamic world. However, it also faces a major functional conundrum. Although there will be 299,692 mosques by 2024, according to data from the Mosque Information System (SIMAS), most of them will only be used for ritual worship (Aprionis, 2020). The sharia economy, character education, and community economic empowerment have not yet reached their full potential in many mosques. Weak governance, reliance on unplanned donations, and a lack of managerial literacy among administrators are among the major problems that frequently arise and lead to ineffective and short-lived empowerment initiatives. The gap in services provided to the congregation is further widened by the differences in facilities between mosques in urban and rural areas. Prior research on mosques has tended to describe architectural features, economic empowerment, or management. Mosques have a strategic role in socio-economic development, according to Wakil et al. (2024) and Castrawijaya (2023), but Ozturkcan & Okan (2018) and Rohimat (2020) point to poor governance and financial reliance as major barriers. There is still a dearth of empirical research that quantitatively examines the causal relationships between Islamic economic variables, Islamic finance, and mosque sustainability, despite studies like those by Safi'i et al. (2025) and Sulastiningsih et al. (2024) showing the effectiveness of economic empowerment models through participatory action research. A quantifiable model that explains how the convergence of these instruments (green sukuk cooperatives and ZISWAF) systematically contributes to the institutional independence of mosques is currently lacking in the literature.

Through the development and testing of a model for sustainable mosque empowerment through the integration of Islamic economic and financial principles, this study seeks to close the conceptual and empirical gaps This study will specifically look at how Islamic financial practices in mosques like open ZISWAF management and innovative digital finance are impacted by the application of Islamic economic principles, such as creating profitable business units and providing entrepreneurship training. Additionally, this study will examine how these two factors work together to affect mosque sustainability from an institutional, social, and economic standpoint. This study provides a thorough examination of the processes that convert mosques from organizations that rely on donations to self-sufficient and create hubs for community empowerment using the Bintaro Jaya Grand Mosque (MRBJ) as the case study. The main idea of this study is to say that Islamic finance practices, if interfaced professionally, are critical to bridging the gap between Islamic economics on the one hand and practical influence on institutional independence on the other. If ZISWAF instruments and other financial innovations are not handled in a transparent, accountable, and value-adding manner, the economic principles of Islam are going to remain a theoretical underpinning with no practical influence on institutional independence. This study seeks to demonstrate that the hypothesis of Islamic finance partially mediating the positive effect of Islamic economics on the sustainability of the mosque is correct. Hence, to cement the mosque's position as a key pillar of modern Islamic civilization, a departure from traditional management to contemporary Islamic economic and financial governance is no longer a choice, but a strategic imperative.

Literature Review

Islamic Economics

Islamic economics as a socio-economic framework lies on three crucial principles in all economic activities, namely justice (*'adl*), benefit (*maslahah*), and balance (*tawazun*) (Chapra, 1995). Islamic economics goes beyond merely regulating transactions by incorporating ethics, morality, and social responsibility, in the pursuit of falah (holistic well-being). Ibn Khaldun noted that the mosque and social order's institutional stability relies heavily on the community's primary economic strength (Fahmi et al., 2023). This concept positions the mosque as the epicenter of wealth distribution and community empowerment. It reflects the Islamic welfare theory's principle that wealth must circulate for the benefit of all (Muthoifin & Rhezaldi, 2024).

Emphasizing justice and wealth distribution principles through ZISWAF, Islamic economics generates a social ecosystem that nurtures Islamic financial institution growth (Chapra, 2000). When applied at a community level, such as a mosque, the Islamic economics and economic finance values require transparent and Sharia-compliant financial mechanisms. Robust Islamic financial systems require ZISWAF active management and the establishment of mosque-based economic enterprises to accountably and effectively channel funds. Consequently, Islamic economic principles should be implemented strongly within mosques so that the Islamic financial system can develop more efficiently (Choudhury, 2016).

H_1: Islamic economics has a positive and significant effect on Islamic finance.

Islamic Finance

Islamic finance is about providing community-sourced managed funds, which are community impact funds. These are managed in accordance with the Islamic Sharia law. These funds strictly prohibit the elements of riba (*usury*), illegal betting (*gharar*), and gambling (*maysir*). These funds are also required to be managed with the elements of being transparent, accountable, and inefficiency (Azwar & Usman, 2024; Sanusi et al., 2015). The Islamic governance theory emphasizes the importance of trust (*amanah*), accountability (*mas'uliyyah*), and deliberation (*shura*) in guiding these normative aspects. This is how they ensure mosques operate sustainably (As-Salafiyah et al., 2022; Fahmi, 2016).

One of the important advantages of Islamic finance is its potential for enhancing institutional stability. Tabarik & Alfarezel (2025) discuss the transparent and Sharia-compliant fundamental management systems that Islamic finance has to offer. Holle et al.(2023) suggest that Mosques can professionalize their Islamic financial principles and thus strengthen congregational participation, ZISWAF, and financial accountability management. This could lessen the dependence on incidental donations. In turn, such financial stability would help the mosque in the constant management of its social and educational programs, social and educational programs, the physical maintenance of its infrastructure, and ultimately the operational sustainability in the long run. Well-governed financial systems should be the ideal for self-sustaining religious institutions such as mosques.

H_2: Islamic finance has a positive and significant effect on mosque sustainability.

Mosque Sustainability

Mosque sustainability means the long-term social and financial viability of a mosque (Malee & Balwi, 2021). According to Elkington's triple bottom line principles (1997), mosque sustainability incorporates three pillars. They are economic sustainability (financial independence), social sustainability (community empowerment), and environmental sustainability (eco-mosque). According to mosque sustainability theory, Islamic values and modern management practices based on good governance and community empowerment should be integrated. As civil institutions, mosques are expected to develop more resilient and relevant to the changing times through this multifaceted approach.

Mosque sustainability is directly impacted by Islamic economics, economic activities that generate independent revenue streams and build community resilience. For instance, sharia cooperatives and MSME training programs as mosque-based enterprises create income and have a strong ability to contribute funds and improve their congregants' economic well-being. The theory of social embeddedness states that economic activities rooted in shared social and religious values, such as those promoted by mosques, reinforce the resilience and sustainability of the institution (Aneesh et al., 2024; Granovetter, 2018). For this direct economic empowerment, the mosque has been a vital and self-sustaining community hub.

H_3: Islamic economics has a positive and significant effect on the sustainability of mosques.

The Mediating Role of Islamic Finance

Islamic finance has played a crucial role as a mediator since Islamic economic activities require well-organized financial channels to translate their benefits into institutional sustainability. According to Tahiri Jouti's integrative framework (2019), Islamic financial instruments such as productive waqf and zakat bridge community economic activities and institutional socioeconomic sustainability.. The absence of a professional financial system in managing funds from economic programs limits the mosque's long-term sustainability. Consequently, Islamic finance is the essential mechanism that transforms Islamic economics principles into measurable and sustainable outcomes for the mosque (Billah et al., 2024; Holle et al., 2023).

H_4: Islamic finance mediates the influence of Islamic economics on mosque sustainability.

Methods

Bintaro Jaya Grand Mosque or Masjid Raya Bintaro Jaya (MRBJ) was selected as the primary unit of analysis in this study. The subjects in this study include stakeholders involved in the mosque's Islamic economics and finance. They are mosque administrators, ZISWAF managers, MSME partners, and active congregants who participate in mosque empowerment programs. MRBJ was selected for three strategic considerations. First, for over five years, MRBJ has comprehensively and systematically implemented Islamic economic and financial programs through an active sharia cooperative. Second, the mosque has maintained a transparent and accountable financial reporting system. The objective evaluation of research variables is facilitated. Third, MRBJ is located in the city of South Tangerang, where MRBJ is surrounded by heterogeneous congregants, thus making MRBJ representative of mosque-based economic empowerment studies in Indonesia. Together, these three factors provide a rich empirical context for the analysis of the causal relations between Islamic economics, Islamic finance, and the sustainability of the mosque. To generate a holistic understanding of the role of Islamic economics and finance in mosque sustainability, the study employed an explanatory sequential mixed-methods design, which integrates both quantitative and qualitative approaches. The approach was selected because it can statistically test causal relationships between variables and was found most suitable for a sequential explanatory design in which qualitative data helps to explain the quantitative results.

Primary quantitative data were obtained from 200 respondents selected through purposive sampling. Three criteria applied in selecting these respondents are: (1) active MRBJ congregants for a minimum of 1 year, (2) involvement in mosque economic programs (cooperatives, MSMEs, or ZISWAF), and (3) understanding of the mosque's financial system. Besides, primary qualitative data were collected from 5 key informants. They are the DKM chairman, zakat administrators, waqf managers, cooperative administrators, assisted MSME actors, and entrepreneurship training participants selected through snowball sampling. The selection of these data sources is based on the need to obtain multistakeholder perspectives on the implementation of Islamic economics and finance in the mosque. Secondary data were obtained from mosque financial reports, program documentation, and empowerment activity archives. The combination of primary and secondary data sources ensures the validity and reliability of research findings and provides a comprehensive picture of the evolution of the mosque's economic programs.

The research variables consist of Islamic economics variables (X), namely sharia-based economic activities that contribute to strengthening the social and economic functions of mosques, with indicators of productive business management by mosques (cooperatives, halal business units), mosque participation in congregational economic empowerment (training, MSME financing), utilization of productive waqf for economic activities, and collaboration with external halal economic sectors (Islamic financial institutions, MSMEs, etc.) (As-Salafiyah et al., 2022; Billah et al., 2024; Fathma et al., 2024). Islamic finance variables (Y), namely Islamic financial instruments (Zakat, Infaq, Alms, Waqf) and accountable financial governance, with indicators of structured collection and distribution of ZISWAF funds, transparency and accountability of mosque financial statements, sharia-based financial innovation (Sharia QRIS, digital donation applications), and effectiveness of financial management in supporting socio-religious programs (Haneef et al., 2013; Mohamed Imtiyaz et al., 2022). The mosque sustainability variable (Z) describes the survival of the mosque in economic, social, and institutional aspects in the long term, with indicators that the mosque has a regular and stable source of funding, availability of a sustainable congregational development program, active involvement of worshippers in mosque activities, and operational independence without full dependence on incidental donations (Hamidi et al., 2025; Mohamed et al., 2023).

Quantitative data collection used a structured questionnaire with a 1-5 Likert scale that had been tested for validity and reliability through a pilot test on 30 respondents (Cronbach's $\alpha \geq 0.70$). In order to accomplish a high response rate and gain quality information, the questionnaires were administered to the respondents during mosque events. This was a direct approach to the collection of qualitative data. For qualitative data collection, the researcher used semi-structured in-depth interviews, focus group discussions (FGD), and participant observation of the mosque's economic activities, which include cooperative management, ZISWAF management, and distribution, MSME training activities, and the mosque's economic activities. The FGDs were geared toward economic benefits, challenges to implementation, and sustainability of the programs. For each of the activities, participant observation was used to get the social dynamics and management practices. The convergence of these methods of data collection reinforced the findings of the research in terms of validity and reliability.

In addition, the analysis of the quantitative data employed PLS-SEM, which was facilitated by SmartPLS 3.0. It involves a two-stage approach in which the outer model is evaluated, and the construct validity and reliability (loading factor ≥ 0.70, AVE ≥ 0.50, composite reliability ≥ 0.70, cronbach alpha ≥ 0.60) is assessed, and then the inner model is evaluated in testing the hypotheses by path coefficient, R-square, effect size (f^2), and predictive relevance (Q^2). Bootstrapping was employed to test the significance.

Meanwhile, qualitative data were analyzed through thematic analysis following Braun & Clarke (2022) a framework. The stages include data familiarization, initial coding, theme identification, theme review, theme definition, and report writing. To ensure research result validity and credibility, and to provide a holistic understanding of Islamic economics and finance roles in mosque sustainability, data, method, and investigator triangulation of both qualitative and quantitative findings were used.

Results and Discussion

Quantitative Analysis

The quantitative data analyses from 200 surveyed respondents show the following findings. The validity and reliability of measurement indicators were assessed by the outer model evaluation using several criteria. They are factor loading (>0.7), average variance extracted (AVE >0.5), composite reliability (CR >0.7), Cronbach's alpha (>0.6), and discriminant validity. Detailed results of these assessments are presented in Tables 1, 2, 3, and 4.

Table 1. Indicator Reliability

Indicator	Islamic economic (X)	Islamic finance (Y)	Sustainability Mosque (Z)
Mosques play an active role in economic empowerment activities of the people (X1)	0,860	-	-
Mosque organizes sharia-based entrepreneurship training (X2)	0,875	-	-
The mosque supports the growth of sharia MSMEs in the surrounding environment (X3)	0,914	-	-
Economic activities carried out by mosques in accordance with sharia principles (X4)	0,911	-	-
Economic empowerment in mosques has a positive impact on the community (X5)	0,742	-	-
The mosque manages zakat, infaq, and alms funds professionally (Y1)	-	0,919	-
Waqf funds collected by mosques are managed for productive activities (Y2)	-	0,848	-
The financial transparency of the mosque is regularly conveyed to the congregation (Y3)	-	0,794	-
Mosque financial management supports social and educational programs (Y4)	-	0,874	-
The mosque has a good financial recording and reporting system (Y5)	-	0,813	-

Indicator	Islamic economic (X)	Islamic finance (Y)	Sustainability Mosque (Z)
The mosque has a stable and sustainable source of funding (Z1)	-	-	0,850
Religious programs in mosques run regularly and organized (Z2)	-	-	0,822
The mosque is able to adapt to the socio-economic needs of worshippers (Z3)	-	-	0,848
Mosque facilities are managed and maintained well on an ongoing basis (Z4)	-	-	0,750
The mosque management has a long-term vision in the development of the mosque's function (Z5)	-	-	0,743

As shown in Table 1, the factor loadings for the Islamic economic indicators (X1–X5) range from 0.742 to 0.914. The loadings ranged from 0.794 to 0.919 for Islamic finance indicators (Y1 to Y5) and from 0.743 to 0.850 for sustainability indicators (Z1 to Z5). Since all values are greater than the 0.70 recommended threshold, it is safe to conclude that all indicators are measuring their constructs. The strongest supports are X3: 0.914 sharia MSMEs, Y1: 0.919 professional ZISWAF management, and Z1: 0.850 stable funding sources. These results reflect the robust convergent validity of the constructs, confirming that the measuring instruments are reliable and the constructs are accurately quantified. Thus, the robustness of the measurement model provides valid grounds for testing the structural model and the related research hypotheses.

All of the constructs pertaining to Islamic economics, Islamic finance, and mosque sustainability passed the measurement model evaluation, with each of the indicators possessing loading factors above the recommended minimum (> 0.70). In fact, the most significant indicators pertaining to the constructs of Islamic economics and Islamic finance possess even greater loadings (> 0.90) indicating their dominant measurement role. This outstanding performance on all indicators validates the measurement model and affirms the existence of strong convergent validity, suggesting that all measurement items are well integrated and aligned with their particular latent variable. This creates a strong and dependable measurement framework, a condition that is essential for dependable analysis of the structural model on which the research hypotheses will be tested. Moreover, it demonstrates that the indicators do in fact measure the concept to which they refer, suggesting that the analysis of the structural model will produce some meaningful results.

Table 2. Construct Reliability and Convergent Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Islamic economic (X)	0,913	0,914	0,935	0,744
Islamic finance (Y)	0,904	0,910	0,929	0,724
Sustainability Mosque (Z)	0,862	0,864	0,901	0,647

Table 2 displays the results for the reliability tests and the convergent validity tests. All constructs complied with the outlined statistical requirements. For these, and the other results, Cronbach's Alpha values ranged from 0.862 to 0.913, Composite Reliability (CR) from 0.901 to 0.935, and Average Variance Extracted (AVE) from 0.647 to 0.744. These results indicate three main trends. First, all constructs have outstanding internal reliability, as evidenced by values of Cronbach's Alpha and CR far exceeding the benchmark of > 0.70. Second, the convergent validity of each construct is strongly confirmed, as the AVE values for Islamic Economics (0.744), Islamic Finance (0.724), and Mosque Sustainability (0.647) all exceed the minimum value of 0.50. Third, high AVE values indicate that more than 64% of the variance in the indicators can be explained by their respective latent constructs. These findings interpret that the measurement model (outer model) used in this study is valid and reliable. Excellent reliability (CR > 0.90) indicates strong internal consistency of each set of indicators, while met convergent validity (AVE > 0.50) confirms that the indicators effectively measure the intended construct. Thus, this measurement model is feasible and strong enough to proceed to the structural model analysis (inner model) to test the causal relationships between variables.

Table 3. Discriminant Validity (Fornell-Larcker)

	Islamic economic (X)	Islamic finance (Y)	Sustainability Mosque (Z)
Islamic economic (X)	0,863	-	-
Islamic finance (Y)	0,782	0,851	-
Sustainability Mosque (Z)	0,769	0,863	0,804

Table 3 presents the discriminant validity test using the Fornell-Larcker criterion. It is shown that the square root of the AVE value for each construct (marked in bold on the diagonal) is higher than the correlation between the other constructs. In detail, the square root of the AVE for the constructs of Islamic Economics (0.863), Islamic Finance (0.851), and Mosque Sustainability (0.804) consistently exceeds their respective correlation values with the other constructs. This state designates that each construct has good discriminant validity since each of them is more strongly correlated with its own indicators than with indicators of other constructs. Thus, this measurement model meets the criteria for discriminant validity and there is no significant overlap or multicollinearity between constructs. This is important to ensure that each latent variable uniquely explains its theoretical concept without measurement redundancy. Therefore, the structural model can be tested more accurately.

Table 4. HTMT (Heterotrait-Monotrait Ratio)

	Islamic economic (X)	**Islamic finance (Y)**	**Sustainability Mosque (Z)**
Islamic economic (X)	-	-	-
Islamic finance (Y)	0,845	-	-
Sustainability Mosque (Z)	0,860	0,969	-

Analyzing construct correlations, as presented in Table 4, shows strong and positive correlations among the latent variables Islamic economics (X), Islamic finance (Y), and mosque sustainability (Z). The correlation value between Islamic economics and Islamic finance is 0.845, and the correlation value between Islamic economics and mosque sustainability is 0.860. The strongest correlation is between Islamic finance and mosque sustainability, which is 0.969. The strength of these correlations is indicative of the relationships and relative importance of the three constructs, with Islamic finance being the principal mediator in the model. This suggests that the application of Islamic economic principles, including productive ZISWAF and sharia-compliant business units, significantly impacts mosque sustainability through well-managed Islamic financial practices. Consequently, the model shows that the economic- and finance-oriented integration of principles of Islamic practices and modern mosque governance is primary to the attainment of sustainability in the long run.

The analysis of the inner model (inter-variable relationships) using path coefficients along with r-square (R^2), effect size (f^2), and predictive relevance (Q^2) are presented in Tables 5, 6, and 7.

Table 5. R-square (R^2)

	R Square	R Square Adjusted
Islamic finance (Y)	0,612	0,610
Sustainability Mosque (Z)	0,767	0,765

The PLS-SEM analysis indicates that the R^2 value for the construct Islamic Finance (Y) is 0.612 and Mosque Sustainability (Z) is 0.767. This indicates that 61.2% of the variation in Islamic Finance is explained by the Islamic Economics variable while 76.7% of the variation in Mosque Sustainability is explained by the combination of Islamic Economics and Islamic Finance. Such high R^2 values show that the research model possesses moderate to high predictive accuracy which is further confirmed by the single Adjusted R^2 value (0.002 difference) which indicates no overfitting. This finding strongly suggests that the synergy of economic practices with sharia-compliant financial management is pivotal in achieving mosque sustainability. Thus, it endorses the proposed model's predictive power and feasibility.

Table 6. Effect Size (f^2)

	Islamic economic (X)	Islamic f inance (Y)	Sustainability Mosque (Z)
Islamic economic (X)	-	1,578	0,098
Islamic finance (Y)	-	-	0,755
Sustainability Mosque (Z)	-	-	-

Table 6 shows the effect size (f^2) values. The influence of Islamic economics (X) on Islamic finance (Y) has an f^2 value of 1.578 while its influence on mosque sustainability (Z) is 0.098. The influence of Islamic finance (Y) on mosque sustainability (Z) has an f^2 value of 0.755. These values indicate that Islamic economics has a very large influence on Islamic finance. However, its direct influence on mosque sustainability is relatively small. Conversely, Islamic finance shows a large influence on mosque sustainability. While a healthy mosque financial system lays a strong foundation, their direct contribution to sustainability of the institution is not as considerable as when Islamic finance practices are involved. In other words, Islamic finance works as the pivotal element that changes the Islamic economic values to concrete mosque sustainability. Therefore, it reinforces that its mediating role is indispensable in this model of research.

Table 7. Predictive Relevance (Q^2)

	SSO	SSE	Q^2 (=1-SSE/SSO)
Islamic economic (X)	1000,000	1000,000	
Islamic finance (Y)	1000,000	564,623	0,435
Sustainability Mosque (Z)	1000,000	511,995	0,488

Predictive relevance test results of the model have the Q^2 values as excellent on both endogenous variables. The Islamic Finance variable (Y) recorded a Q^2 value of 0.435 whilst the Mosque Sustainability variable (Z) reached 0.488. This means the structural model has strong predictive ability, where the Q^2 values of both variables are far above the threshold of 0.35, indicating high predictive relevance. The exogenous variable of Islamic Economics is proven to be able to explain variations in Islamic Finance substantially. In addition, the combination of Islamic Economics and Islamic Finance variables collectively can explain almost 49% of the variation in Mosque Sustainability. This high Q^2 value indicates that the model is not only statistically fit, but also practically relevant and applicable, emphasizing the crucial role of synergy between Islamic economics and finance in promoting mosque sustainability.

The significance and bootstrapping tests, that is, t-statistical values and p-values to test the hypotheses, are proven in Table 8.

Table 8. Path Coefficient dan Specific Indirect Effect

	(O)	(M)	(STDEV)	(O/STDEV)	P Values
Islamic economic (X) -> Islamic finance (Y)	0,78	0,78	0,03	24,94	0,00
Islamic economic (X) -> Sustainability Mosque (Z)	0,24	0,24	0,07	3,61	0,00
Islamic finance (Y) -> Sustainability Mosque (Z)	0,67	0,68	0,06	11,54	0,00
Islamic economic (X) -> Islamic finance (Y) -> Sustainability Mosque (Z)	0,53	0,53	0,05	10,88	0,00

The results of the PLS-SEM analysis show a significant influence of Islamic economics on Islamic finance ($\beta=0.782$, $p<0.001$), Islamic finance on mosque sustainability ($\beta=0.673$, $p<0.001$), and Islamic economics on mosque sustainability ($\beta=0.243$, $p<0.001$). The mediation effect of Islamic finance is also significant ($\beta=0.527$, $p<0.001$). This means that sharia-based economic practices strengthen the Islamic financial system in mosques, which then directly and indirectly improves the operational and program sustainability of mosques. There are three main patterns: (1) the strongest influence comes from the mediation pathway, (2) Islamic finance is a key variable linking Islamic economic principles with sustainability outcomes, and (3) the direct influence of Islamic economics remains significant, although smaller. This finding interprets that to achieve optimal mosque sustainability, the application of Islamic economic principles must be supported by professional and accountable sharia financial governance.

Qualitative Analysis

Strengthening Mosque Finances through Optimizing ZISWAF

The informants stated that ZISWAF funds have been the backbone of the mosque's operational sustainability. One informant (participant/jamaah) said,

> ”We use cash waqf to build a shophouse, and the rental income is used to finance mosque programs” (participant/jamaah).

In addition,

> ”ZISWAF funds not only function as social funds, but are also developed into productive waqf assets for economic empowerment” (participant/jamaah).

The statement proves that ZISWAF is no longer seen as merely consumptive funds. It is as strategic capital for the mosque's financial independence. The emerging pattern is a transformation from traditional philanthropy to sharia-based social investment. This finding interprets that optimizing ZISWAF productively is the key to transforming mosques from donation-dependent institutions into independent and sustainable economic entities.

MSME Ecosystem as a Driver of the Congregation's Economy

Halal bazaars and mosque cooperatives have been strategic media for Micro, Small, and Medium Enterprises (MSMEs) to grow.

> ”I was facilitated to participate in the Friday bazaar, from there my business began to be known to the congregation”, said an MSME actor (participant/MSME actor).

The mosque also facilitates a soft loan program *(qardhul hasan)* that has grown from 18 to 1,700 fostered MSMEs in five years. Mosques have transformed into incubators and accelerators for community-based microeconomic growth. The identified pattern is the creation of an inclusive microeconomic ecosystem in which mosques act as hubs connecting producers (MSMEs) with consumers (congregation). Mosques can drive community economic resilience by providing market platforms and access to capital in accordance with sharia principles.

Transparent Governance as a Foundation of Trust

Mosque managers have begun communicating financial reports to the community every month from the mosque pulpit.

> "Every month we announce the income and the expenses; this builds trust with the community,", a DKM administrator explained.

Monthly financial transparency actively encourages trust and community participation in the mosque's initiatives. In addition, the comprehensive foundation and professional organizational framework, structural pillars in da'wah, ri'ayah, tarbiyah, and collaboration, promote the responsibility of every element. This demonstrates that the strategic inclusion of financial data, without requests from the community, and a professional organizational framework, allows participatory governance to be implemented. Management of the mosque is advancing from traditional, closed, and siloed systems to the principles of good Islamic governance. Accountability and transparency, in this case, are neither a legal obligation nor an administrative assumption; they are the first fundamental principles to be implemented for trust and the mosque's sustainability as an institution.

Capacity Building through Training and Collaboration

The mosque actively organizes training programs on Islamic economic and financial literacy.

> ”We were given training on Islamic bookkeeping and how to manage micro-enterprises”, said a congregant (participant/DKM).

MRBJ also establishes strategic collaborations with various parties. It includes Islamic boarding schools, farmers, companies (through CSR), and digital platforms to expand the marketing network for the products of the assisted MSMEs. The role of the mosque has evolved into an economic education institution and a facilitator of strategic partnerships for the community. The emerging pattern is a holistic empowerment approach that provides capital and increases human resource capacity as well as expands market access. The interpretation is that the sustainability of mosque-based economic empowerment is highly dependent on investment in capacity building, including knowledge and skills, and the ability to build mutually beneficial collaborative networks.

Discussion

This study confirms that Islamic economics significantly strengthens Islamic finance ($\beta=0.782$, $p<0.001$). This study validates that Islamic economics considerably improves Islamic finance ($\beta=0.782$, $p<0.001$). For mosque sustainability, it serves as an important mediator (indirect $\beta=0.527$, $p<0.001$). There are three important drivers. First, ZISWAF programs and sharia cooperatives promoted economic financial inclusion and financial wellbeing of the congregants. Second, trust of the congregation is bolstered by the financial management's transparency and digital innovation. Finally, the mediating role of Islamic finance is more pronounced than the direct impact of Islamic economics on sustainability, indicating that professionally and financially managing an institution is paramount to realizing the potential Islamic economic principles advocacy. This corroborates with the results of Rarasati & Priyadi (2024) and Tabarik & Alfarezel (2025). Islamic finance's prominence in mosque sustainability stems in part from the demand for transparency and value from socio-religious repercussions in the country's context. Azwar & Usman (2024) noted the transformed mosque as a socio-economic community center. This shift in socio-economic community center functions of the mosque has been demonstrated in the success of MRBJ. Meeting urban congregational expectations of accountable ZISWAF management and digital payments meet mosque expectations. Suarni & Nurbaya (2024) noted the mosque's functions as a socio-economic community center for local economic development and community welfare.

This study validates the research conducted by Fahmi (2022) on the theory of social enterprises. Fahmi explains that Sharia-compliant businesses yield remarkable returns that can be rolled over to support community welfare. The role of Islamic social finance as a development tool speaks to the integration of Islamic finance with economic activities (Islamic economics) to achieve enduring institutional goals (sustainability of mosques) over a protracted period. This integration speaks to Ibn Khaldun's social equilibrium theory. He posited that the economic power of a given community fortifies the stability of its religious institution (Burki et al., 2021; Fahmi et al., 2023). It illustrates how the most efficient method in achieving the sustainability of a mosque in line with Islamic economics principles is through professionally and transparently governed Islamic finance. This is a real-life application of the theories, both classical and contemporary, in demonstrating governance. This study suggests a more comprehensive understanding of mosque sustainability. Rather than being uniform, sustainability can evolve from the interactions of economic empowerment and financial governance. It seeks to move beyond a financial view to a more integrated approach where economic (training, MSMEs) and financial (ZISWAF management, reporting) aspects work synergistically to create a sustainable mosque. It demonstrates that Islamic finance can channel Islamic economic values and foster real social and institutional resilience. This understanding adds to the literature of non-profit management. In the context of faith-based organizations, it highlights the need for a blend of economic sustainability, social capital, and spiritual congruence to achieve the desired sustainability.

Prior studies have viewed the economics of a mosque and its finances independently. This study addressed this gap by designing an integrated model, subsequently tested using PLS-SEM. While Muthoifin & Rhezaldi (2024) acknowledged the importance of the economic impact of mosques, this study measures the mediating effect of financial management and clarifies the extent to which economic empowerment propels sustainability. It also builds on the work of As-Salafiyah et al. (2022) by empirically correlating the principles of Maqasid al-Shariah with practical performance indicators. By using quantitative path analysis and qualitative thematic studies on ZISWAF independence and literacy, this research provides a better context and more detailed explanation on the mosque sustainability mechanisms than the current literature. This model's scaling will require a strategic action plan. Scale this model and develop a strategic action plan. First, DKM & mosque management bodies should focus on financial literacy development and the cultivation of more professional management. Second, Islamic financial institutions and mosques should strengthen ties and partnerships to develop more accessible financing to mosque enterprises. Finally, Islamic councils & mosque regulators should work on the development of a Sharia-compliant financial reporting framework to strengthen accountability, transparency and public trust. Finally, a national network of empowered mosques should be established to share best practices and foster collaborative economic projects. These steps will help transform mosques from donation-dependent entities into self-sustaining socio-economic centers for community empowerment.

Conclusion

Firstly, this study shows that Islamic economics has a bearing effect on the evolution of Islamic finance, which certainly, directly or indirectly, through Islamic finance provides support to the sustainability of the mosque. This underlines the function of sharia-based economic and financial management as the primary pillar that supports sustainability of the mosque as a socio-economic institution. The mosque has shown integration of productive financial management through the advancement of financial ZISWAF instruments, and the commitment to transparency and digital innovations. These have enhanced the stability and self-reliance of the mosque, in consonance with maqāshid al-syarīʿah which stipulates the preservation of property, life, and social equilibrium.

This study further ascertains that sustainability of the mosque transcends financial parameters to include social and cultural dimensions of community and the mosque. The mosque has served as a nucleus for economic empowerment as well as providing custodianship to community finances which in turn enhances trust and active participation. This demonstrating remarkable transformation of the mosque as a religious institution, as it adapts to the modern socio-economic dynamics, excluding no Islamic tenets. The synergy model for Islamic economics and finance has become a best practice to be adopted by other mosques to enhance their socio-economic position in society.

For the sustainability of the mosque, the research results highly suggest the mosque manager to facilitate learning and improve the capacities of his personnel in the area of Sharia-compliant economic and financial management by integrating financial and digital technologies, and partnering with Islamic financial institutions. These recommendations best promote effective, responsible, and responsive management of the mosque and will contribute to the mosque's long-term sustainability. There are, of course, some limitations in the location and the sample of the study. To gain a better insight into the economic and financial dynamics of the mosque, it is important to conduct a repeat study with a wider scope and incorporate more mediating or moderating variables.

BIBLIOGRAPHY

Aneesh, A. A. K., Jaleel, K. A. A., Shaidha, A. R., Rasheed, K. M. A., Mahale, P., Mubeena, M., Nubeera, M., Praveena, S., & Dhanyashree, P. (2024). Role of Mosque Management Committee in Empowering the Muslim Community in India: A Systematic Review. In *Studies in Systems, Decision and Control* (Vol. 223, Issue March, pp. 329–340). https://doi.org/10.1007/978-3-031-51997-0_28

Aprionis. (2020). *Ketum DMI Jusuf Kalla: Jumlah masjid Indonesia terbanyak di dunia*. Antaranews.Com. https://www.antaranews.com/berita/1323622/ketum-dmi-jusuf-kalla-jumlah-masjid-indonesia-terbanyak-di-dunia

As-Salafiyah, A., Rusydiana, A. S., & Mustafa, M. I. (2022). Maqashid sharia-based mosque empowerment index. *International Journal of Ethics and Systems*, *38*(2), 173–190. https://doi.org/10.1108/IJOES-06-2021-0122

Azwar, A., & Usman, A. H. (2024). Mosque Empowerment: The Quranic Perspective and Financial Management. *International Journal of Mosque, Zakat And Waqaf Management (Al-Mimbar)*, *4*(2), 1–19. https://almimbar.uis.edu.my/index.php/almimbar/article/view/101

Billah, M. M., Hassan, R., Haron, R., & Zain, N. R. M. (2024). *Islamic Sustainable Finance*. Routledge. https://doi.org/10.4324/9781003395447

Braun, V., & Clarke, V. (2022). *Thematic analysis: a practical guide*. SAGE Publications Ltd.

Burki, U., Azid, T., & Dahlstrom, R. F. (2021). *Foundations of a Sustainable Economy*. Routledge. https://doi.org/10.4324/9781003010579

Castrawijaya, C. (2023). *Manajemen Masjid Profesional di Era Digital*. AMZAH.

Chapra, M. U. (1995). Islam and The Economic Challenge. In *Islamic Economic Series*. The International Institute of Islamic Thought.

Chapra, M. U. (2000). *The Future of Economics: an Islamic Perspective*. The Islamic Foundation.

Choudhury, M. A. (2016). *Islamic Financial Economy and Islamic Banking*. Routledge. https://doi.org/10.4324/9781315590011

Elkington, J. (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. New Society.

Fahmi, R. A. (2016). *Praktik Manajemen Keuangan Masjid Berbasis Pemberdayaan Ekonomi Umat Di Kota Yogyakarta* [Universitas Islam Indonesia]. https://dspace.uii.ac.id/handle/123456789/33285

Fahmi, R. A. (2022). Transformation of Mosque Management Through Islamic Social Enterprise Concept. *Journal of Islamic Economics Lariba*, 157–178. https://doi.org/10.20885/jielariba.vol8.iss1.art10

Fahmi, R. A., Suyitno, S., & Rochmiatun, E. (2023). Mosque-based Economic Empowerment in the Malay World: Views of Ibnu Khaldun's Asabiyah and Malik Bennabi's Civilization Theories. *Al-Qalam*, *29*(1), 88. https://doi.org/10.31969/alq.v29i1.1208

Fathma, Â., Rizki, D., & Fatimah, R. (2024). The Empowerment of Mosque-Based Micro, Small, and Medium Enterprises (MSMEs) with a Marketpreneur Approach and Maqashid Syariah. *International Journal of Nusantara Islam*, *12*(1), 1–18. https://doi.org/10.15575/ijni.v12i1.32135

Granovetter, M. (2018). Economic Action and Social Structure: The Problem of Embeddedness. In *The Sociology of Economic Life* (Vol. 91, Issue 3, pp. 22–45). Routledge. https://doi.org/10.4324/9780429494338-3

Hamidi, M. L., Setiawan, G., & Asutay, M. (2025). The quest for sustainable mosques: A paradigm shift with the quadruple bottom line framework. *Sustainable Futures*, *9*(November 2024), 100588. https://doi.org/10.1016/j.sftr.2025.100588

Haneef, M. A., Pramanik, A. H., Mohammed, M. O., Dahiru, A., & Amin, F. B. (2013). Integration of Waqf and Islamic Microfinance for Poverty Reduction: A Survey in Kuala Selangor, Malaysia. *Journal of Islamic Finance*, *2*(2), 1–16. https://doi.org/10.31436/jif.v2i2.16

Holle, M. H., Asiyah, B. N., Zumaroh, Z., Koerniawati, D., Mohamad, S. I. S., & Pellu, A. (2023). The Relevance of Mosque Financial Inclusion and Economic Sustainability. *El-Qist: Journal of Islamic Economics and Business (JIEB)*, *13*(2), 178–189. https://doi.org/10.15642/elqist.2023.13.2.178-189

Malee, S. Z. B. A., & Balwi, M. A. W. F. B. M. (2021). Ensuring Environment, Social & Financial Sustainability during a Pandemic: The Story of a Singapore Mosque. *Journal of Muslim Minority Affairs*, *41*(4), 703–718. https://doi.org/10.1080/13602004.2022.2034683

Mohamed, I. S., Mustafa, N., Syed Yusuf, S. N., & Rozzani, N. (2023). Issues in Financial Governance Practices in Malaysia's Mosques. *Journal of Nusantara Studies (JONUS)*, *8*(3), 134–146. https://doi.org/10.24200/jonus.vol8iss3pp134-146

Mohamed Imtiyaz, M. N., Razak, D. A., Che Embi, N. A., & Kassim, S. (2022). Mosque based sustainable financing model for micro enterprises using cash Waqf in

Selangor state of Malaysia. *IIUC Business Review*, *7–8*(Dec 2018-19), 9–30. https://doi.org/10.3329/iiucbr.v8i1.62172

Muthoifin, M., & Rhezaldi, A. Y. (2024). Community economic empowerment through mosque management to improve people's welfare. *Multidisciplinary Reviews*, *7*(8), 2024134. https://doi.org/10.31893/multirev.2024134

Ozturkcan, S., & Okan, E. Y. (2018). *Marketing Management in Turkey* (S. Ozturkcan & E. Y. Okan (eds.)). Emerald Publishing Limited. https://doi.org/10.1108/9781787145573

Rarasati, I., & Priyadi, U. (2024). Empowering MSMEs: The Role of Mosques in Community Economic Development. *Shirkah: Journal of Economics and Business*, *9*(3), 397–410. https://doi.org/10.22515/shirkah.v9i3.566

Rohimat, A. M. (2020). Socio-entrepreneurship Dewan Kemakmuran Masjid (DKM) dalam Membentuk Kesalehan Sosial di Tengah Covid-19. *Living Islam: Journal of Islamic Discourses*, *3*(1), 105. https://doi.org/10.14421/lijid.v3i1.2216

Safi'i, M. A., Shulthoni, M., Arwani, A., Aenurofik, A., Darutama, A., Kamal, M. R., & Sholeh, M. H. (2025). Strengthening the Role of Mosques for Community Economic Empowerment. *Jurnal Pemberdayaan Masyarakat*, *13*(1), 36. https://doi.org/10.37064/jpm.v13i1.23503

Sanusi, Z. M., Johari, R. J., Said, J., & Iskandar, T. (2015). The Effects of Internal Control System, Financial Management and Accountability of NPOs: The Perspective of Mosques in Malaysia. *Procedia Economics and Finance*, *28*, 156–162. https://doi.org/10.1016/S2212-5671(15)01095-3

Suarni, A., & Nurbaya, S. (2024). Mosque Financial Management and Halal Economy Ecosystem: An Analysis of Muhammadiyah Mosques in South Sulawesi, Indonesia. *IBAF E-Proceedings*, *11*(1), 38–53. https://doi.org/10.33102/vvgpdp28

Sulastiningsih, S., Waeno, M., Wikaningtyas, S. U., Dewangga, R., Yanuar, M. F. A., & Nurjanah, E. (2024). Pemberdayaan dan Pengembangan Ekonomi Umat Berbasis Koperasi Syariah Masjid. *Jurnal Pengabdian Masyarakat Widya Wiwaha*, *2*(3), 106–113. https://doi.org/10.32477/jpm.v2i3.1108

Tabarik, A., & Alfarezel, C. (2025). Evaluation Study of Islamic Microfinance Program Based on Islamic Social Funds (Zakat, Waqf, and Sadaqah). *Seriat Ekonomisi*, *2*(1), 1–8. https://doi.org/10.35335/8eqn3v81

Tahiri Jouti, A. (2019). An integrated approach for building sustainable Islamic social finance ecosystems. *ISRA International Journal of Islamic Finance*, *11*(2), 246–266. https://doi.org/10.1108/IJIF-10-2018-0118

Wakil, M. N. A., Rahman, A. A., & Baharuddin, A. S. (2024). Pemerkasaan Institusi Masjid sebagai Pusat Bantuan Ekonomi Lokal di Malaysia. *Journal of Fatwa Management and Research*, *29*(2), 115–126. https://doi.org/10.33102/jfatwa.vol29no2.584