



## THE IMPACT OF AGRIBUSINESS MUDHARABAH FINANCING ON COMMUNITY WELFARE: ASSESSING THE MODERATING ROLE OF ECO- LITERACY IN THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

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### Abstract

The primary issue identified is the unequal access to mudharabah financing in the agricultural sector, which impedes farmer empowerment. Additionally, sustainable natural resource management is adversely affected by the public's inadequate comprehension of eco-literacy. The objective of this investigation is to investigate the impact of agribusiness mudharabah financing on community welfare, with an emphasis on the role of eco-literacy as a moderating variable in the pursuit of the SDGs. SmartPLS 4.0 software was employed to analyse data using a quantitative approach. Purposive sampling was employed to gather primary data, which was subsequently analysed using a Likert scale with a total of 350 respondents. The study's results suggest that mudharabah financing has a beneficial effect on community welfare, and this relationship is further bolstered by eco-literacy. The achievement of SDGs such as No Poverty, No Hunger, Reduced Inequality, and Gender Equality is influenced by the more efficient and environmentally favourable management of enterprises by farmers who comprehend sustainability. This research contributes to the comprehension of the ways in which Islamic financing and eco-literacy can facilitate sustainable development. These results establish a foundation for the creation of financing products that are more sustainable and inclusive, as well as practical suggestions for policymakers to enhance ecological literacy among producers.

**Keywords:** Agribusiness Mudharabah Financing, Ecoliteracy, Community Welfare, SDGs

## INTRODUCTION

The Sustainable Development Goals (SDGs) are closely tied to the improvement of the quality of life and the alleviation of poverty, which is why community welfare is a critical strategic issue. Inequality between urban and rural areas continues to pose a significant challenge, despite a substantial decrease in poverty rates between 2022 and 2024, according to data from the Central Statistics Agency (BPS) of Lampung Province. Lampung Province's poverty rate was 11.57 percent in March 2022, but it declined to 11.11 percent in March 2023 and 10.69 percent in March 2024. The percentage of impoverished individuals was 10.62 percent in September 2024, representing a 0.07 percent decrease from March 2024 and a 0.49 percent decrease from March 2023 (Tobing-David et al., 2024). Nevertheless, the disparity in poverty rates between metropolitan and rural areas continues to be quite pronounced. Poverty rates have declined substantially in urban areas, such as Bandar Lampung City, while they remain relatively high in rural areas, including East Lampung and North Lampung Regencies. This disparity suggests that, despite the progress made in poverty reduction, the distribution of welfare between regions is still a structural challenge that necessitates significant consideration in order to achieve greater social equality in regional development (Pontoh et al., 2024).

The implementation of mudharabah financing for agribusiness, which is further supported by eco-literacy, is one potential solution that can enhance community welfare. A profit-sharing financing scheme between capital owners and business managers, known as Mudharabah financing, can offer agribusinesses the opportunity to access the funds necessary to develop agricultural or fisheries businesses with more manageable risks (Shuaib & Sohail, 2022). This model not only provides farmers and agribusinesses with access to finance but also provides them with the opportunity to expand their enterprises in sectors that have significant potential in the local economy. Additionally, it is imperative to enhance eco-literacy, as the implementation of environmentally responsible practices by agribusinesses can be influenced by their understanding of sustainability principles and the prudent management of natural resources (Widiastuti et al., 2022). The integration of eco-literacy into agribusiness mudharabah financing will guarantee that business expansion is not only economically profitable but also environmentally sustainable. Consequently, the quality of life in the community will be enhanced in a sustainable manner. Therefore, the integration of inclusive mudharabah financing and heightened ecological consciousness will significantly enhance community welfare and promote the sustainable growth of the agribusiness sector (Velepini, 2025).

The primary obstacles encountered in the implementation of mudharabah financing for agribusiness and the enhancement of eco-literacy to enhance community welfare are the absence of comprehension and implementation of sustainability principles within the agribusiness sector, as well as restricted access to financing that is based on sharia principles. Mudharabah financing, although it offers a fair alternative for profit sharing between investors and managers, is frequently impeded by the incapacity of business actors to ensure long-term business continuity and their lack of comprehension of this financing model (Khairunnisa Musari, 2021). However, the application of eco-literacy, which is associated with the knowledge and comprehension of environmental sustainability, is also a significant challenge, particularly for farmers and agribusiness entrepreneurs in regions that have not yet fully embraced the concept of environmentally friendly natural resource management.

(Raimi et al., 2024). Agribusiness practices have the potential to harm the environment, which will ultimately affect the well-being of the community and the results of business operations if eco-literacy is not enhanced. Consequently, the integration of inclusive mudharabah financing with heightened awareness of the significance of environmental sustainability is necessary to achieve sustainable prosperity. In order to establish a sustainable agribusiness ecosystem that has a beneficial effect on community well-being, this approach necessitates the cooperation of a variety of stakeholders, such as the government, financial institutions, and the education sector (Fošner, 2025).

The urgency and necessity of conducting this research are essential in light of the obstacles encountered in the pursuit of the Sustainable Development Goals (SDGs), particularly those associated with poverty alleviation, environmental preservation, and quality of life. The agriculture and fisheries sectors, which are the primary source of sustenance for many rural communities, have the potential to experience development through Sharia-based agro mudharabah financing (Soemitra et al., 2022). Nevertheless, the extent to which it affects community well-being, particularly in terms of business sustainability and long-term well-being, remains incomplete. However, eco-literacy is a moderating variable that is highly pertinent, as it is crucial to possess knowledge and a comprehension of environmental sustainability in order to guarantee that agribusiness practices are not only economically profitable but also environmentally benign (Tok et al., 2022). The potential of mudharabah financing can be impeded by business practices that fail to consider ecological impacts, resulting in damage to the community itself, if eco-literacy is not strengthened. Consequently, this research is urgently required to provide a more comprehensive understanding of the relationship between agribusiness mudharabah financing, community welfare, and the significance of eco-literacy in the pursuit of sustainable development objectives that are both environmentally benign and inclusive (Figueiredo et al., 2023).

The potential of agribusiness mudharabah financing, a profit-sharing-based financing model, to reduce poverty and hunger by providing the necessary capital to increase the productivity and income of farmers or agribusiness actors, particularly in rural areas vulnerable to poverty, is the reason for the relationship between the variables of agribusiness mudharabah financing, eco-literacy, community welfare, and the Sustainable Development Goals (SDGs). More sustainable incomes and respectable employment are anticipated to be generated as a result of this funding (SDG 8) (Rabbani et al., 2021). Furthermore, the introduction of eco-literacy, which is the knowledge of environmental sustainability, enables mudharabah financing to be allocated to the support of environmentally friendly agricultural and fisheries practices. This, in turn, contributes to the reduction of inequality in the distribution of natural resources, as well as inequality (SDG 10). Eco-literacy is also essential for increasing awareness of the significance of gender equality in the agribusiness sector. It promotes the involvement of women in business administration and impartial decision-making, thereby assisting in the realisation of SDG 5 (Ghazian & Lortie, 2024). In general, the integration of inclusive mudharabah financing, the enhancement of eco-literacy, and the enhancement of community welfare will have a more comprehensive effect on the support of the SDGs. This will be achieved by addressing poverty, hunger, and social inequality, as well as by creating sustainable and decent employment opportunities within an environmentally sound development framework (Sarabdeen et al., 2025).

Despite the fact that mudharabah financing has the potential to significantly enhance productivity and welfare in the agricultural sector, which is the economic backbone of many communities, particularly in rural areas, the existing research gap is that previous studies have generally not specifically focused on this topic in the agribusiness sector. While there are numerous studies that examine the subject of sustainability or financing, there is a dearth of research that specifically examines the role of eco-literacy in enhancing community welfare, particularly in the context of the implementation of sustainable natural resource management and environmentally friendly agricultural practices (Jan et al., 2021). Despite the numerous studies that have been conducted on a national or more general regional scale, there is a lack of research that specifically addresses the western region of Indonesia, such as Lampung Province. This region has distinct social and economic characteristics that necessitate a unique approach in the context of agribusiness development (Wright et al., 2022). Although the majority of current research employs a qualitative approach, it is incapable of providing a quantitatively measurable analysis of the impact of mudharabah financing and eco-literacy on community welfare, despite the fact that it offers in-depth insights. In the context of the SDGs, such as poverty alleviation (SDG 1), starvation reduction (SDG 2), reduced inequality (SDG 10), respectable work creation and economic development (SDG 8), and gender equality (SDG 5), previous research has also rarely discussed Sharia-based financing, particularly mudharabah .(Oe et al., 2022).

The uniqueness of this research is its specific emphasis on mudharabah financing in the agribusiness sector, a topic that has not been extensively investigated in the previous literature. This scheme has the potential to significantly enhance the agricultural sector, which is the primary source of livelihood for numerous rural communities. Moreover, this research underscores the significance of eco-literacy in enhancing community welfare by focussing on the concept of environmentally benign natural resource management, which has been neglected in previous research (Tok & Yesuf, 2022). The emphasis on the western region of Indonesia, specifically Lampung Province, is another distinctive characteristic. This region has unique social, economic, and environmental characteristics, necessitating a more specific local approach to addressing poverty and inequality. This study also employs primary data that has been processed using a sophisticated analytical tool, Smart PLS 4.0. This tool enables a more precise and quantifiable analysis of the relationships between variables, as well as a more comprehensive understanding of the impact of mudharabah financing and eco-literacy on community welfare (McManus et al., 2025). This research also emphasises the integration of SDGs, including no poverty (SDG 1), no hunger (SDG 2), reduced inequality (SDG 10), decent work creation and economic growth (SDG 8), and gender equality (SDG 5), with sharia-based financing, particularly mudharabah. This is a novel contribution to the literature on sustainability and Sharia-based economic development. (Lin et al., 2025).

The objective of this investigation is to investigate the potential positive or negative impact of eco-literacy on the relationship between agribusiness mudharabah financing and community welfare. In theory, this research contributes to the concept of Islamic financing by becoming an essential component, which emphasises not only financial returns but also social and environmental impacts. In conclusion, this investigation makes a theoretical contribution to the advancement of a more comprehensive Islamic financial economy by integrating the principles of inclusivity and sustainability into the mudharabah financing

framework. This creates the potential to create Islamic financing models that are more socially welfare-oriented and sustainable, while also more effectively supporting the achievement of the SDGs. In practical terms, this study offers policymakers, agribusiness actors, and Islamic financial institutions valuable insights for the development of more sustainable and inclusive financing strategies that not only enhance economic welfare but also promote environmental sustainability. Moreover, the results of this study can be used as a reference to develop mudharabah financing products that are more effective and in accordance with SDG principles, as well as to promote the development of eco-literacy among agribusiness actors.

## **REVIEW OF LITERATURE**

### **Welfare Theory**

In 1980, Amartya Sen introduced the capabilities approach, which served as the foundation for the theory of well-being. Sen contended that an individual's capacity to fulfil the functions that are deemed significant in life can be used to assess their well-being, in addition to their income or consumption. This concept underscores the importance of fostering an individual's ability to determine and implement what they deem valuable, regardless of whether it pertains to economic, social, or political matters (Sen et al., 2020). In this framework, well-being is assessed by an individual's capacity to function, which includes access to education, healthcare, employment, and social liberties. This method also acknowledges the significance of equal opportunities for all individuals to pursue their life objectives, which are not limited to material achievement alone but also encompass the freedom to determine the way of life they desire (Roger E. Backhouse, Antoinette Baujard, 2020).

The capacity of mudharabah financing to improve individual capabilities in the agribusiness sector is the basis of the connection between Amartya Sen's welfare theory and agribusiness mudharabah financing and community welfare. Farmers and agribusiness actors are able to access the capital necessary to increase production and income through profit-sharing-based mudharabah financing. This expands their capabilities to meet fundamental requirements and better their quality of life. In accordance with the capabilities approach principle, this financing not only offers financial support but also creates opportunities for individuals to realise their potential in the agribusiness sector (Li et al., 2022). Mudharabah financing can be further improved by the reinforcement of eco-literacy, which is the knowledge and awareness of environmental sustainability to promote community well-being. Eco-literacy guarantees that agribusiness increases production and income in an environmentally responsible manner, thereby preserving nature and preventing ecosystem damage that could affect the long-term quality of life. Therefore, eco-literacy supports Amartya Sen's theory of well-being by enabling individuals to not only access resources equitably but also to sustainably safeguard and utilise them for the benefit of themselves and future generations (Hong et al., 2023).

### **Public Welfare**

Social well-being is generally defined as a state in which individuals or groups within a community are able to satisfy their fundamental requirements, including food, clothing, shelter, education, and health, and have the opportunity to engage in social, economic, and psychological growth. Well-being is not limited to material possessions or income; it also

incorporates a more comprehensive quality of life, which includes access to freedom, human rights, and environmental protection (Rosman et al., 2022). Social well-being is essential for the reduction of inequality, inclusive economic development, and social stability. Prosperous societies are more adept at adapting to global economic changes and challenges and tend to have higher levels of social participation. Additionally, the establishment of an environment that promotes a more equitable distribution of resources and equal access to development opportunities can bolster social solidarity and expedite the attainment of the Sustainable Development Goals (SDGs). Consequently, social well-being is a foundation that facilitates sustainable economic development, poverty reduction, and a superior quality of life for all levels of society (Hussin et al., 2024).

### **Agribusiness Mudharabah Financing**

Mudharabah agribusiness financing is a financing scheme that is implemented in the agricultural and fisheries sectors based on sharia principles. In this scheme, an agreement is established between two parties: the capital proprietor (shahibul mal) and the business manager (mudharib). The capital proprietor provides funds for the agribusiness in this arrangement, while the business manager is responsible for the business's operations and a profit sharing agreement is predetermined. The capital proprietor is responsible for any losses that occur, unless they are the result of the manager's negligence. Profits generated by the business are distributed according to the agreed-upon ratios (Yuspin et al., 2020). Agribusiness mudharabah financing is essential for the development of the agribusiness sector, which is a critical sector of the economy, particularly in rural areas. This financing offers farmers and agribusinesses who encounter difficulties in obtaining conventional credit the necessary capital. Additionally, mudharabah financing promotes economic inclusivity by decreasing dependence on usurious financing systems, thereby aligning them with sharia principles. Therefore, agribusiness mudharabah financing contributes to sustainable economic development in the agribusiness sector and enhances productivity, welfare, and community food security (Fahrial et al., 2022).

### **Eco Literacy**

Ecological literacy, or the capacity to implement this knowledge in daily life to ensure the sustainability of ecosystems, is generally defined as a profound comprehension and awareness of the relationship between humans and the natural environment. Ecoliteracy is the comprehension of fundamental ecological principles, the significance of sustainable natural resource management, and the effects of human activities on the environment. Moreover, ecoliteracy encompasses the capacity to make decisions that account for the long-term effects on the environment in the context of economic sectors, communities, and individuals (Ozaki & Shaw, 2022). The critical function of eco-literacy is to influence more environmentally conscious and responsible behaviour, thereby mitigating the environmental damage caused by human activities. In the context of sustainable development, eco-literacy is essential for the establishment of a society that prioritises the preservation of an ecological equilibrium that supports a high quality of life over the long term, in addition to economic growth. Consequently, eco-literacy is instrumental in increasing public awareness of the significance of natural resource conservation, waste management, and climate change mitigation, all of which contribute to the more comprehensive and effective attainment of the Sustainable Development Goals (SDGs) (Tran et al., 2024).

### **Sustainable Development Goals (SDGs)**

The Sustainable Development Goals (SDGs) are a set of 17 global objectives that were unanimously adopted by all UN member states in 2015. Their purpose is to confront the most significant challenges that humanity is currently confronted with, including poverty, hunger, inequality, climate change, environmental degradation, and social justice. The SDGs are intended to be achieved by 2030. The achievement of each objective is monitored by distinct indicators that comprehensively address economic, social, and environmental factors (Al-Jayyousi et al., 2022). The SDGs play a critical role in establishing a comprehensive and inclusive framework that enables countries worldwide to achieve sustainable development. This development is characterised by the harmonious coordination of economic growth, poverty reduction, and environmental protection. The SDGs function as a framework for the development of policies and strategies that prioritise human well-being while simultaneously ensuring environmental sustainability and social justice. Consequently, the SDGs promote collaboration among governments, the private sector, civil society, and individuals to ensure that the benefits of development are felt by all parties, particularly the most vulnerable groups, and to create a more just, prosperous, and environmentally friendly World (Harahap et al., 2023).

### **Hypothesis Development**

#### **Mudharabah Financing for Agribusiness and Community Welfare**

The relationship between agribusiness mudharabah financing and community welfare is extremely close, as this financing scheme offers a practical solution to enhance the quality of life for entrepreneurs in the agriculture and fisheries sectors, which are the primary sources of income in numerous regions, particularly rural areas. The capital proprietor provides the funds necessary to develop the agribusiness in the mudharabah system, while the business manager is responsible for its operations. Profits are shared according to an agreed-upon proportion. This financing provides a pathway for agribusinesses that may encounter challenges in obtaining credit from traditional financial institutions, particularly those located in rural areas (Syahrul Hidayat et al., 2023). Business proprietors can directly influence their income and quality of life by expanding production capacity, increasing agricultural or fishery yields, and creating new employment with mudharabah financing. Additionally, this financing, which is based on sharia, has the benefit of eliminating the frequently heavy interest burden, which aligns it more closely with the principles of justice and welfare. Consequently, mudharabah agribusiness financing has the potential to serve as a substantial catalyst for the agribusiness sector's economic development, the enhancement of welfare distribution, and the reduction of poverty, particularly in regions that are heavily reliant on this sector (Safitri, 2025).

Results from (Syifa & Ridlwan, 2021) demonstrate that Islamic savings and loan cooperatives' mudharabah financing is instrumental in the agricultural sector's support, particularly in terms of the capital required to enhance productivity and expand agricultural enterprises. The agricultural sector's development is facilitated by the adequacy of capital acquired through this scheme, which has been demonstrated to enhance farmer welfare and generate new employment opportunities. (Yahaya et al., 2023) also expressed comparable findings, emphasising that Islamic financial instruments, such as mudharabah, have the potential to stimulate sustainable economic development in the investment and entrepreneurship sectors, as well as the economy as a whole. Furthermore, research conducted by (Ridwan & Khotimah, 2024) demonstrated that the welfare of Bank Syariah

Indonesia customers is substantially influenced by sharia financing in the form of murabahah. This finding confirms the significant role that sharia financial instruments play in enhancing public welfare in the context of sharia banking. Overall, these results suggest that sharia financing instruments, such as mudharabah, have the potential to significantly enhance public welfare and promote economic sustainability. This information serves as the foundation for the hypothesis on which this study is based. The following hypothesis is formulated by the research developed, taking into account the facts and theoretical framework aforementioned: **H1<sub>a</sub>**: There is a positive relationship between agribusiness mudharabah financing and community welfare.

### **Mudharabah Financing for Agribusiness and Community Welfare Moderated by Eco Literacy**

Eco-literacy fortifies the connection between agribusiness mudharabah financing and community well-being by fostering a more profound comprehension of the significance of sustainable natural resource management in enhancing business outcomes in the agriculture and fisheries sectors. The Mudharabah financing system, which is based on a profit-sharing system, offers agribusinesses the opportunity to access the capital necessary to expand their enterprises, thereby increasing income and creating employment opportunities. Nevertheless, agribusiness practices have the potential to cause ecosystem harm if they are not conducted with the requisite knowledge of environmental sustainability, which can impede the long-term sustainability of the business (Ferreira et al., 2021). This is the point at which eco-literacy is vital. Eco-literacy guarantees that the raised productivity and income achieved through mudharabah financing do not cause environmental harm by increasing awareness among agribusinesses about sustainability principles, including the use of environmentally friendly technologies, efficient water management, and organic farming. This, in turn, promotes the well-being of communities in a more sustainable manner, as they can continue to utilise the natural resources that sustain their livelihoods without jeopardising their sustainability. As a result, eco-literacy fortifies this relationship by establishing a balance between the environmental sustainability and economic growth that is generated by mudharabah financing, thereby facilitating the long-term and sustainable enhancement of community well-being (Shutaleva, 2023).

(Mamun et al., 2020) demonstrated that attitudes towards the environment can be significantly positively influenced by ecological literacy and perceived benefits, which can contribute to long-term economic development. The study emphasises the potential of ecological literacy to facilitate the implementation of environmentally beneficial practices, including composting, which not only alleviate environmental issues but also generate economic opportunities for low-income communities. (Qi et al., 2023) also discovered comparable results, which demonstrate that farmers in China can enhance their well-being by engaging in environmental preservation practices, which can lead to enhanced quality of life, more positive social interactions, and a reduction in environmental hazards. This research corroborates the assertion that eco-literacy can motivate producers to adopt sustainable agricultural practices, which can bolster mudharabah financing. Additionally, (Zhang et al., 2023) discovered that the integration of eco-literacy into agribusiness mudharabah financing has the potential to enhance its impact on community welfare by enhancing environmental sustainability, which has a positive impact on economic and social

welfare. The following hypothesis is formulated by the research developed, taking into account the facts and theoretical framework aforementioned:

**H2<sub>a</sub>:** Eco Literacy moderates the relationship between agribusiness mudharabah financing and community welfare

**RESEARCH METHOD**

This study employs a quantitative approach with a moderation strategy to determine the impact of agribusiness mudharabah financing on community welfare, with eco-literacy serving as a moderating variable. The quantitative approach enables researchers to numerically quantify the relationship between the variables in question, whereas the moderation strategy is employed to assess the extent to which eco-literacy can either bolster or erode the relationship between agribusiness mudharabah financing as the independent variable and community welfare as the dependent variable (Sugiyono, 2017). The independent variable in this study is agribusiness mudharabah financing, while the moderating variable is eco-literacy. The dependent variable is community welfare. Members of Baitul Tamwil Muhammadiyah (BTM) Lampung Province who were directly involved in agribusiness initiatives financed through mudharabah financing were the focus of this investigation, which was conducted from January to June 2025. A purposive sampling technique was employed to determine the location and sample of respondents, enabling researchers to identify individuals who meet specific criteria in accordance with the research objectives.

A Likert scale was employed to evaluate respondents' perceptions of the variables under investigation using a Google Forms-based questionnaire. The optimal sample size guidelines from Bougie and Sekaran (2019) and Roscoe (1975), were followed to select a sample of 350 respondents, which was considered representative of the population. The sample size ranged from 30 to 500 respondents. The sample selection criteria comprised BTM members who were engaged in agribusiness projects with mudharabah financing, business owners aged 24 to 75 years, a variety of educational backgrounds, and agribusinesses with a scale of areca nut trees that were 5-7 years old and had a mudharabah financing duration of 2-3 years. Researchers can acquire pertinent and comprehensive primary data concerning the correlation between mudharabah financing, eco-literacy, and community welfare in the context of the SDGs by utilising this questionnaire.

**Table 1.**  
**Operational Variables**

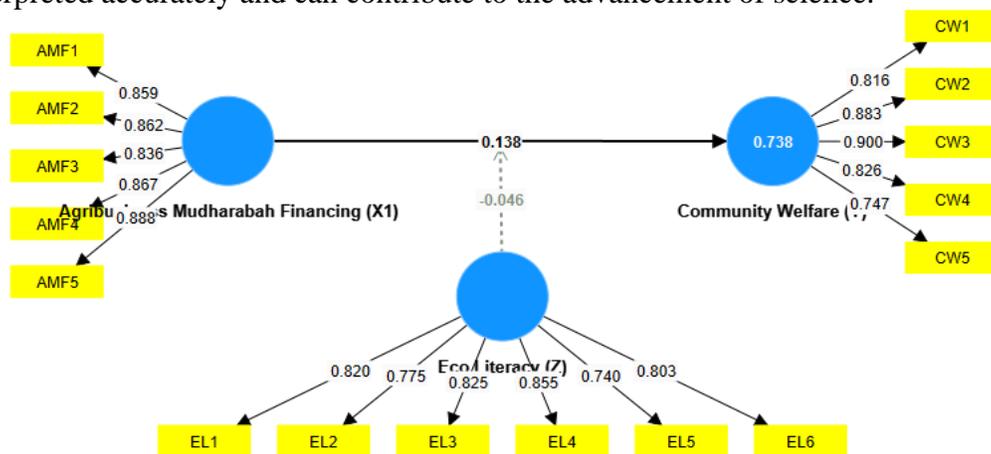
No.	Variables	Indicator	Scale
1.	Agribusiness Mudharabah Financing (X1)	Capital	Likert
		Business Management	
		Profit sharing	
		Business Risk	
		Agricultural Technology	
2.	Eco Literacy (Z)	Basic Ecological Understanding	Likert
		Environmental Awareness	
		Pro-Environmental Attitude	
		Knowledge about Sustainability	
		Ecological Skills	

3.	Community Welfare (Y)	Environmental Ethics	Likert
		Household Income	
		Asset Increase	
		Consumption and Expenditure	
		Jobs and Employment	
		Income Diversification	

The statistical software SmartPLS 4.0 was employed as the analysis instrument. Latent variable loading factor analysis was employed to conduct validity testing. An indicator was assumed to be valid if its loading value exceeded 0.70, which signified a significant correlation between the indicator and the construct being tested. The Cronbach's Alpha coefficient and composite reliability were also calculated to assess the instrument's reliability. Both values were found to be above 0.70, which suggests that the instrument consistently generates reliable data. (Hamid, 2019). Model quality assessment is conducted by calculating the coefficient of determination (R-Square), which is a measure of the model's ability to account for variability in the dependent variable. Model strength is indicated by an R-Square value larger than 0.5, while a value greater than 0.75 indicates a highly significant model. An R-Square value of 0.2 is considered adequate. The p-value and t-statistic are analysed during hypothesis testing. A p-value of less than 0.05 indicates statistically significant results, while a t-statistic value of greater than 1.96 suggests that the hypothesis can be accepted at the 0.05 significance level in a two-sided test (Hendriyadi, 2019).

**RESULTS AND DISCUSSION**

The primary objective of validity testing is to guarantee that a research instrument measures the construct or variable that is the subject of the study. Validity testing is a critical component of instrument quality that evaluates the degree to which the indicators within the instrument have a significant correlation with the construct being measured. This testing is essential for guaranteeing that the data obtained through the research instrument is dependable and accurately represents the variables under investigation. Thus, validity testing not only enhances the quality of instruments but also guarantees that research findings can be interpreted accurately and can contribute to the advancement of science.



Source: Data Processing Results (2025)

**Figure 2.**  
**Measurement Model Test Results**

In order to guarantee that a measurement instrument accurately measures the intended construct or variable, validity testing is an essential procedure in research. Researchers can identify and eradicate items in a questionnaire or instrument that are extraneous or do not support the construct of the variable being measured through content validity testing. This is essential for enhancing the quality of research instruments, as only items that are genuinely relevant and in alignment with the research objectives will be retained. Consequently, content validity testing not only enhances the instrument's suitability but also improves the reliability and accuracy of the data collected from it.

**Table 3.**  
**Results of Validity Test Implementation**

Variables		Indicator	Loading Value	Information
Agribusiness Financing (X1)	Mudharabah	AMF.1	0.859	Valid
		AMF.2	0.862	Valid
		AMF.3	0.836	Valid
		AMF.4	0.867	Valid
		AMF.5	0.888	Valid
Eco Literacy (Z)		EL.1	0.820	Valid
		EL.2	0.775	Valid
		EL.3	0.825	Valid
		EL.4	0.855	Valid
		EL.5	0.740	Valid
		EL.6	0.803	Valid
Community Welfare (Y)		CW.1	0.816	Valid
		CW.2	0.883	Valid
		CW.3	0.900	Valid
		CW.4	0.826	Valid
		CW.5	0.747	Valid

Source: Data Processing Results (2025)

The loading factor values of all indicators of the Agribusiness Mudharabah Financing (X1), Eco Literacy (Z), and Community Welfare (Y) variables exceed the recommended threshold of 0.70, as indicated by the results of the convergent validity test presented in Table 3. This suggests that all indicators employed in this investigation are valid, as they exhibit a robust correlation with the construct or variable under investigation. Consequently, the statements in each latent variable in this study can be relied upon to accurately represent the intended variable, thereby establishing a strong foundation for subsequent analysis. The strength of each factor is indicated by the indicator with the maximum loading value in each variable. The AMF.5 (Agricultural Technology) indicator, which has a loading value of 0.888, exhibits a highly significant correlation with the mudharabah financing construct for the Agribusiness Mudharabah Financing variable (X1). This suggests that the efficacy of financing is significantly enhanced by the implementation of technology in agribusiness. The EL.4 (Knowledge of Sustainability) indicator, which has a loading value of 0.855, is a standout for the Eco Literacy variable (Z). This indicates that an understanding of sustainability is essential for the development of ecological literacy that can support sustainability in agribusiness. Meanwhile, the CW.3 (Consumption and Expenditure) indicator in the Community Welfare variable (Y) has the maximum loading value of 0.900,

suggesting that household consumption and expenditure significantly contribute to the enhancement of overall community welfare.

**Table 4**  
**Results of Reliability Test Implementation**

Variables	Cronbach's Alpha	Composite Reliability
Agribusiness Mudharabah Financing (X1)	0.914	0.917
Eco Literacy (Z)	0.890	0.894
Community Welfare (Y)	0.891	0.897

Source: Data Processing Results (2025)

The reliability test results in Table 4 suggest that all variables in this study are highly reliable. The Cronbach's Alpha value of 0.914 and the Composite Reliability of 0.917 for the Agribusiness Mudharabah Financing variable (X1) suggest that the instrument employed to measure this variable is highly consistent and reliable. A Composite Reliability value of 0.80 or higher suggests that this instrument has exceptional reliability in measuring the construct of the variable, while a Cronbach's Alpha value of 0.70 or higher suggests that it has a high level of internal consistency.

The Cronbach's Alpha value of 0.890 and Composite Reliability of 0.894 in the Eco Literacy (Z) variable are also highly reliable, with values exceeding 0.70 and 0.80. This suggests that the instrument can be trusted to assess the level of ecological literacy in the context of this study. Similarly, the Community Welfare (Y) variable exhibits good reliability, with a Cronbach's Alpha value of 0.891 and Composite Reliability of 0.897. This ensures that the data collected from community welfare indicators can be trusted for use in further analysis. In general, the findings of this reliability test suggest that all research instruments employed in this investigation are highly consistent and can be trusted to accurately represent the variables under investigation.

**Table 5**  
**Structural Model Test Results**

Hypothesis	T – Statistics	P - Value
Agribusiness Mudharabah Financing (X1) -> Community Welfare (Y)	3.461	0.000
Eco Literacy (Z) -> Community Welfare (Y)	16.258	0.001
Eco Literacy (Z)*Agribusiness Mudharabah Financing (X1) -> Community Welfare (Y)	2.794	0.005

Source: Data Processing Results (2025)

The statistical significance of all hypotheses examined in this study is demonstrated by the results of the structural model test and is presented in Table 5. The initial hypothesis, which evaluates the impact of Agribusiness Mudharabah Financing (X1) on Community Welfare (Y), exhibits a T-statistic value of 3.461 and a P-value of 0.000. The relationship between agribusiness mudharabah financing and community welfare is significant when the P-value is less than 0.05. This suggests that agribusiness mudharabah financing is making a positive contribution to the improvement of community welfare. This influence is quite substantial, as evidenced by the T-statistic value of 1.96, which suggests that the agribusiness mudharabah financing distributed by Baitul Tamwil Muhammadiyah (BTM) Lampung Province has a substantial impact on the welfare of the community in Lampung Province.

The T-statistic value of 2.795 and a P-value of 0.005 indicate that the interaction between Agribusiness Mudharabah Financing (X1) and Eco Literacy (Z) has a substantial impact on Community Welfare (Y). This suggests that eco literacy can serve as a significant moderating variable, thereby enhancing the impact of agribusiness mudharabah financing on community welfare. Overall, the findings of this structural model test offer compelling empirical evidence that the welfare of communities is significantly impacted by agribusiness mudharabah financing, eco literacy, and their interaction. This information is particularly pertinent to the pursuit of the Sustainable Development Goals (SDGs). This also demonstrates that eco literacy enhances the impact of agribusiness mudharabah financing distributed by BTM Lampung Province on community welfare in Lampung Province.

**Table 6**  
**Test Results of R-Square Values on Endogenous Variables**

Variables	R Square	Adjusted R Square
Community Welfare (Y)	0.738	0.735

Source: Data Processing Results (2025)

The R-Square test findings in Table 7 show that this research model does a decent job of explaining how the dependent variable of Community Welfare (Y) changes. The R-Square value of 0.738 shows that 73.8% of the differences in community welfare can be explained by two variables in the model: Agribusiness Mudharabah Financing (X1) and Eco Literacy (Z). This may happen directly or via the interplay of the two as moderating factors. This relatively high R-Square value suggests that this study model may provide a robust and sufficient elucidation of the components affecting community welfare, making it pertinent for examining the correlation between Islamic finance and community quality of life. Nonetheless, the remaining 26.2% indicates that other elements affect community wellbeing but are not considered or included in this study paradigm. These components, absent from our model, may account for the residual 26.2% variability, especially within the realm of Islamic finance economics. Other Islamic financial products like musharaka and murabaha, zakat and waqf management, and how easy it is to get to Islamic financial institutions might all be variables that affect this. Also, macroeconomic variables may change how Islamic finance affects the well-being of a society. These features indicate that this study paradigm may be further developed to get a more thorough comprehension of community wellbeing.

**Agribusiness Mudharabah Financing and Community Welfare in Lampung Province**

The p-value is 0.000, which is less than 0.05, and the t-statistic value is 3.461, which is more than the critical value of 1.96. This means that the agribusiness mudharabah financing given out by Baitul Tamwil Muhammadiyah (BTM) Lampung Province has an effect on the welfare of the people in Lampung Province. This is because there are many essential parts of this funding that have a direct effect on the main components that improve the quality of life in the community. The first thing is the money that mudharabah finance gives you. With enough money, beneficiaries may grow their enterprises, buy equipment, buy more property, or buy the raw materials they need. This helps their firms flourish and produce more goods, which in turn raises the income of the households. Also, with the money they get, they may make their assets better, such by getting additional cattle or growing their farming companies, which are great assets for their family.

Also, mudharabah funding is very connected to running a company well. In this way, the training and counselling that BTM gives people helps them run their companies better.

Good management makes firms more secure and lucrative, which naturally helps families make more money and spend it more wisely. People who can run their firms properly will find it simpler to make more money and avoid losing money. This also helps jobs and employment since firms that are flourishing may hire more people in the area. Also, as communities make more money, it's easier for them to diversify their income by beginning side enterprises or investing in other successful areas.

The profit-sharing concept used in mudharabah financing helps businesses do well. This plan lets both the lender and the borrower enjoy the profits made by the firm that was funded. With equitable rewards, beneficiaries are more likely to operate their enterprises well, which will lead to more money for their families. Profits may be utilised to buy more assets or start new enterprises, which makes the family's economy stronger. But there are still commercial hazards that need to be dealt with. A profit-sharing arrangement lets the financial institution and the recipient share these risks, which makes it easier on the recipient's finances if their firm runs into problems. Training and mentorship are two examples of good risk management that may help businesses stay in business, create more jobs, and keep jobs stable. Using agricultural technology in mudharabah funding has a big effect on how well and how much work is done on farms. Farmers may get more out of their crops without spending a lot of money on technology. This has a direct effect on family income since enterprises that employ new technology can make more in less time. Also, this technology helps companies develop their assets since firms who do well with current technology will have more valuable resources and assets. Lastly, technology makes it easier for farmers to diversify their income by letting them grow their enterprises into other areas or goods. This makes their families' finances more stable in case of economic volatility.

The findings of this research demonstrate that agriculture mudharabah funding provided by Baitul Tamwil Muhammadiyah (BTM) in Lampung Province facilitates the attainment of certain Sustainable Development Goals (SDGs). This finance helps alleviate poverty (No Poverty) by giving farmers and micro-entrepreneurs access to money so they may grow their enterprises. It does this by raising family income and the value of assets created by agribusiness operations. Also, the success of the supported farms helps to reduce hunger (No Hunger) since higher agricultural outputs help communities better fulfil their food demands. This funding also helps to reduce inequality since it gives individuals from different backgrounds the chance to get loans that may help them improve their quality of life, whether they live in a city or a rural location.

Also, agribusiness mudharabah finance helps Decent Work and Economic Growth by creating new jobs in farming and companies that are associated to it. People may get steady and good employment when firms flourish. This also helps the economy expand in a way that includes everyone, which is important for the agricultural sector in Lampung Province, which is a key part of the economy. This funding also promotes gender equality by giving both men and women equal access to money to run their enterprises. The agriculture sector is usually run by males, but mudharabah finance gives women a chance to be more involved in the economy, which helps to make economic growth more equitable for men and women. This research demonstrates that agriculture mudharabah finance enhances community wellbeing and facilitates the attainment of larger Sustainable Development Goals (SDGs) within society.

Amartya Sen first put forth the theory of well-being in 1980. It stresses the importance of a person's ability to achieve the life functions they value, which depend not only on their income or resources but also on the freedom they have to choose and achieve the life they consider good. Sen emphasises the evaluation of well-being by metrics beyond mere income or consumption levels; he incorporates an individual's capacity to choose and pursue their preferred lifestyle, including dimensions of health, education, and chances for engagement in social and economic activities. This idea of well-being aligns with data indicating that agricultural mudharabah finance in Lampung Province positively impacts community well-being. This funding not only raises the income and assets of households, but it also gives people more skills to run their enterprises, enhances education via management training, and opens up new ways for people to get better agricultural technologies. This gives communities more flexibility and chances to enhance their general quality of life, which is in line with Amartya Sen's ideas on how to live a better life.

The results of this study align with the findings of (Syifa & Ridlwan, 2021), which indicate that Islamic savings and loan cooperatives utilising mudharabah financing significantly enhance the agricultural sector, particularly by supplying the necessary capital for the expansion and increased productivity of agricultural enterprises. The research indicated that enough capital acquired via mudharabah finance may enhance farmer welfare and provide more employment opportunities, hence fostering the expansion of the agricultural sector. This conclusion is corroborated by research (Yahaya et al., 2023) that underscores the potential of Islamic financial instruments, including mudharabah, murabahah, musharakah, ijarah, and Bay bi Thamin Ajil (BBA), to facilitate sustainable economic development. They demonstrate that these Islamic financial tools are advantageous for investment and entrepreneurship, and they may help expedite general economic development. Research conducted by (Ridwan & Khotimah, 2024) revealed that murabahah financing had a substantial effect on the welfare of customers at Bank Syariah Indonesia KCP BSD Tangerang. This suggests that sharia financing, specifically in the form of murabahah, contributes to the enhancement of community welfare, particularly within the realm of Islamic banking. Overall, these results show that sharia finance tools, like mudharabah, have a lot of potential to help the economy stay strong and make life better for everyone in the society.

### **Mudharabah Financing for Agribusiness and Community Welfare Moderated by Eco Literacy**

The p-value is 0.005, which is less than 0.05, and the t-statistic value is 2.794, which is more than the critical value of 1.96. This means that eco-literacy makes the agribusiness mudharabah financing that Baitul Tamwil Muhammadiyah (BTM) Lampung Province gives out stronger, which helps the people in Lampung Province. This is because knowing the basics of ecology gives you important information about ecosystems and how people and the environment interact. Farmers who have mudharabah finance may better understand how important it is to maintain the natural balance in their farming operations because of this information. Farmers may now use less chemicals that harm the environment, such dangerous pesticides, and switch to agricultural methods that are better for the environment. This immediately affects family earnings since healthier and more sustainable farms can provide better and more valued goods for the market, which raises their income. Environmental Awareness also helps farmers learn more about bigger environmental problems, such climate

change, pollution, and how to use natural resources in a way that doesn't harm them. This knowledge makes them want to utilise more environmentally friendly farming methods, such as using organic fertilisers and properly handling farm trash. This not only helps agricultural firms stay in business, but it also helps them spend and save more money. Better resource management lets them cut expenses and boost profits. This understanding also helps assets expand by keeping soil and natural resources healthy and productive over time. Pro-Environmental Attitudes are about actions that help the environment and encourage farmers to use farming methods that are good for the environment. Farmers with these pro-environmental views are also better at managing business risks because they are more likely to embrace technology and methods that lower long-term risks, including using efficient and environmentally friendly farming technologies. Also, these optimistic attitudes help farmers deal with the bad effects of climate change, which might jeopardise the long-term viability of their enterprises. This creates long-term jobs in the agricultural sector, which is good for the economy.

Sustainability knowledge gives you a better understanding of how to manage and preserve natural resources in a manner that doesn't harm the environment. Farmers may utilise this information to find and adopt agricultural techniques that are good for the environment. This makes their enterprises more resilient to outside problems like changing weather or market pricing. Farmers may diversify their revenue by using sustainability principles to add new goods to their company, including moving to organic farming or other value-added items that are in greater demand. This also affects the income of families since the variety of things made creates more chances to sell them and makes more money. Farmers may use the ideas of sustainability in their everyday lives thanks to the practical skills they learn in Environmental Ethics and Ecological Skills. Farmers may be more productive while protecting the environment by learning skills including ecologically friendly land management, water conservation, and agricultural waste management. Environmental ethics teaches moral ideals that assist farmers take care of the environment and keep their enterprises going. These skills and values not only lead to more assets and better use of resources, but they also make society as a whole healthier. This is because communities that follow sustainability principles are better at managing their natural resources wisely, improving their quality of life, and creating jobs that last. So, eco-literacy is very important for making agricultural mudharabah funding work better for the health of the community.

The findings of this research demonstrate that eco-literacy enhances the impact of agriculture mudharabah funding facilitated by Baitul Tamwil Muhammadiyah (BTM) in Lampung Province on community welfare. This mudharabah finance is a big help in reaching the SDGs, especially when it comes to lowering hunger and poverty. By giving farmers more money and helping them run their businesses, those who get loans may grow more crops, which in turn raises their family income. Farmers may also use resources more effectively, provide better goods, and make sure their companies are sustainable by using more environmentally friendly farming methods and learning about sustainability. This not only improves people's immediate well-being, but it also helps the economy flourish in a way that includes everyone and is good for the long term. This may help eliminate hunger and help communities fulfil their food requirements better.

Moderated by eco-literacy, mudharabah funding also helps to reduce inequality and encourage good labour, especially in farming. Eco-literacy helps people become more

environmentally conscious and pro-environmental, which makes them more likely to use sustainable and ecologically friendly farming methods. This, in turn, makes them more economically resilient and generates good employment in the field. This also helps to achieve gender equality since women who work in agriculture have more equitable access to money and job opportunities, which makes society as a whole better off. So, eco-literacy not only makes agricultural mudharabah finance more effective at building a more fair and sustainable economy, but it also helps reach numerous SDGs, such as No Poverty, Zero Hunger, Reduced Inequality, and Gender Equality.

Amartya Sen first came up with the idea of well-being in 1980. He said that an individual's ability to achieve the life functions they value is important, and that this depends not only on income or material resources, but also on the freedom of choice and the pursuit of a life they consider good. Sen posited that well-being need to be assessed more comprehensively, namely via people' capacity to lead the life they choose, including dimensions like as health, education, and chances for engagement in social and economic activities. This hypothesis is very important since it is supported by research that shows that eco-literacy makes agribusiness mudharabah finance have a bigger effect on the well-being of communities in Lampung Province. This funding not only raises the income and assets of households, but it also gives farmers and business owners the ecological knowledge and skills they need to run their operations in a way that is good for the environment. So, eco-literacy not only helps people live better lives by giving them more flexibility to choose a better way of life, but it also helps the economy, which is in keeping with Amartya Sen's ideas on well-being.

This conclusion aligns with studies (Mamun et al., 2020) indicating that ecological literacy and perceived advantages have a substantial favourable influence on environmental attitudes, potentially enhancing the economy in the long run. The research demonstrated that ecological literacy may promote the implementation of ecologically sustainable practices, such as composting, which not only mitigates environmental issues but also generates economic opportunities for low-income individuals. The research by (Qi et al., 2023) also revealed similar results, showing that Chinese farmers who safeguard the environment may immediately increase their quality of life and social relationships, as well as lower environmental dangers. This study corroborates the notion that ecological literacy might enhance farmers' motivation to embrace sustainable farming techniques, aligning with mudharabah finance principles. Moreover, (Zhang et al., 2023) discovered that enhancing environmental sustainability may positively influence economic and social well-being.

## CONCLUSION

Research and discussion on the connection between agribusiness mudharabah financing and community welfare, taking into account the role of eco-literacy as a moderating variable, discovered that mudharabah financing provided by Baitul Tamwil Muhammadiyah (BTM) Lampung Province positively influences community welfare, particularly by enhancing household income and augmenting assets derived from financed agricultural enterprises. This funding also creates new jobs and improves income diversity via side firms that have enough money. Eco-literacy, which involves knowing about sustainability and being mindful of the environment, makes this funding more effective by encouraging

beneficiaries to use ecologically friendly and sustainable farming methods, which help manage resources more effectively.

Eco-literacy helps make the effects of agricultural mudharabah funding on community welfare even stronger. This is because farmers who know how important sustainability is are more inclined to run their enterprises in ways that are better for the environment and more efficient. This helps to reach a number of the Sustainable Development Goals (SDGs), such as No Poverty, No Hunger, Reduced Inequality, and Gender Equality. This funding not only directly helps farmers, but it also helps the economy expand in a way that is fair and long-lasting, produces good employment in the agricultural industry, and gives women more equitable access to company management. This research demonstrates that the integration of mudharabah finance and eco-literacy substantially advances the attainment of sustainable development objectives and enhances the quality of life for people in Lampung Province.

In theory, this study adds to the body of knowledge on Islamic finance, especially mudharabah financing, by looking at it from the point of view of agriculture that focusses on sustainability and the well-being of the society. These theoretical implications enhance comprehension of the link between Islamic finance and the attainment of sustainable development goals (SDGs), especially those concerning poverty alleviation and environmental sustainability. In a practical sense, Islamic financial institutions can use the results of this study to create more innovative and environmentally friendly mudharabah financing products that not only help the agricultural sector grow but also follow the principles of sustainability and social well-being. Islamic financial organisations may use eco-literacy to design financing programs that look at more than just making money. They can also look at how the programs affect the environment and society. Islamic financial institutions may also show their commitment to social and environmental responsibility by including SDG principles in all of their financing products. This will also improve their image and credibility with the public and regulators.

There are a few things that this research doesn't do well that you should be aware of. This research exclusively examines the impact of agricultural mudharabah funding and eco-literacy on community wellbeing. Consequently, it is advisable to include other variables in Islamic financial economics, including various Islamic financing instruments (e.g., musyarakah, murabahah, and ijarah), which may provide a more comprehensive understanding of the influence of Islamic finance on welfare. Second, this research utilises just quantitative primary data; so, it is advisable to use a mixed methods strategy in the future to get more profound insights via the integration of quantitative and qualitative data. Third, this research is confined to the Lampung Province in western Indonesia. Consequently, it is advisable to do analogous study in eastern Indonesia to investigate the acceptance and utilisation of Sharia-based funding, such as mudharabah, by communities across several locations, taking into account the economic and cultural heterogeneity present in these areas.

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