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Does Agribusiness Mudharabah Financing Enhance Community Welfare? Initiatives to Achieve Sustainable Development Goals

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ABSTRACT

The primary issue is the disparity in access to agribusiness financing, particularly regarding sharia finance models like mudharabah, which may impede the empowerment of farmers and agricultural entrepreneurs. While mudharabah financing may enhance welfare, issues persist regarding public comprehension of the sharia financing process and the viability of the financed enterprise. An further concern is the reliance on the profit-sharing system, which requires effective management, alongside market uncertainties and natural catastrophes that often jeopardize the security of farmers' income. This research aims to examine the correlation between agricultural mudharabah funding and community welfare in Lampung Province in the context of achieving the Sustainable Development Goals (SDGs). This quantitative investigation used SmartPLS 4.0 statistical software. Primary data were obtained by using a purposive sampling method to pick a sample of respondents. This research used a total of 250 samples. The Likert scale was employed to assess the indications, and data were gathered utilizing Google Forms. The study results indicate that agricultural mudharabah finance significantly influences community wellbeing, particularly for farmers and agribusiness stakeholders. Agribusiness mudharabah finance significantly contributes to the attainment of many Sustainable Development Goals, including poverty alleviation, food security, mitigation of social inequalities, and gender equity.

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1. Introduction

Community wellbeing is a critical factor in achieving the Sustainable Development Goals (SDGs), particularly with poverty reduction and enhancing quality of life. According to statistics from the Central Statistics Agency (BPS) of Lampung Province, despite a reduction in the poverty rate in urban areas, the discrepancy between urban and rural regions remains substantial [1]. Data from the Central Statistics Agency (BPS) of Lampung Province indicates a declining proportion of impoverished individuals in the region from 2022 to 2024. In March 2022, the poverty rate was documented as 11.57 percent. Subsequently, in March 2023, the number fell to 11.11 percent. In March 2024, the proportion

of impoverished individuals declined to 10.69 percent. In September 2024, the poverty rate in Lampung Province was documented at 10.62 percent, reflecting a decline of 0.07 percentage points from March 2024 and 0.49 percentage points from March 2023. Despite a reduction in the poverty rate in urban regions, the discrepancy between urban and rural areas remains substantial. In metropolitan regions, such as Bandar Lampung City, the poverty rate has been shown to have decreased, however in rural areas, particularly in East Lampung Regency and North Lampung Regency, the poverty rate remains comparatively elevated [2].

Implementing agriculture mudharabah funding may enhance communal wellbeing. Mudharabah finance, predicated on profit sharing, enables farmers to get cash without the encumbrance of exorbitant loan interest, so facilitating the advancement of their agricultural enterprises. The correlation between agribusiness mudharabah finance and community welfare in achieving the SDGs is rooted in the capacity of this financing to foster economic sustainability for farmers and micro-entrepreneurs within the agricultural sector. Mudharabah finance provides access to interest-free cash, which may enhance agricultural productivity, expand corporate capacity, and improve the quality of agribusiness goods [3]. A mutually advantageous collaboration between farmers and financial institutions, mudharabah finance promotes enhanced agricultural productivity, hence alleviating poverty and creating new employment possibilities within the agricultural sector and other sectors. Consequently, mudharabah directly facilitates the attainment of many Sustainable Development Goals (SDGs), particularly SDG 1 (Eradicating Poverty) and SDG 2 (Ending Hunger), which emphasize the economic empowerment of farmers and rural communities [4].

The primary issue is to the discordance between the finance structure implemented and the actual circumstances of agribusiness participants, particularly smallholders and micro-entrepreneurs in the agricultural domain. Mudharabah financing, while advantageous for equitable profit sharing devoid of interest, frequently encounters challenges in its execution due to the unpredictability of agricultural outcomes affected by climatic conditions, commodity pricing, and constraints in technology and resources. This creates a disparity in the equitable allocation of outcomes between capital sources and receivers, therefore diminishing the economic viability of farmers and commercial entities [5]. Ignorance or a lack of comprehension of the concepts of mudharabah and company risk management are impediments that diminish the efficacy of funding in enhancing wellbeing. Furthermore, a significant issue is the restricted availability of quality mudharabah finance, particularly in distant regions or among farmers without collateral or a favorable credit history. Despite the existence of financial institutions offering mudharabah finance, their insufficient comprehension of the local agriculture sector's demands and features often renders this financing suboptimal [6].

The importance of this study is paramount given the economic and social realities in the area, which continue to encounter substantial problems. Lampung Province, recognized for its substantial agricultural foundation, has significant potential to enhance the wellbeing of its populace via the agribusiness industry. This industry is often impeded by restricted access to funding that aligns with the specific requirements of farmers and micro-entrepreneurs. Mudharabah finance, grounded on profit-sharing principles, offers a solution to this difficulty by facilitating access to cash devoid of onerous interest, hence enhancing the productivity and efficiency of agricultural enterprises [7]. This study is critical to ascertain the direct effects of mudharabah finance on poverty alleviation, income enhancement, and the attainment of food security in Lampung, which align with the Sustainable Development Goals. The need to do this study is propelled by alterations in the external environment, including climate change and commodity price volatility, which are progressively impacting the sustainability of agricultural enterprises in Lampung. When executed correctly, Mudharabah finance may serve as a potent mechanism to enhance farmers' resilience against external hazards and augment their ability to confront these issues. This study, concentrating on Lampung Province, aims to provide a pertinent and targeted contribution to its distinct local circumstances, ensuring that the proposed solutions are more appropriate and aligned with the demands of the local population [8].

This paper identifies a research vacuum due to the absence of investigations explicitly addressing mudharabah funding within agriculture. Most prior research has concentrated on sharia finance

broadly, neglecting to emphasize the agricultural or agribusiness sector specifically. This has resulted in an insufficient comprehension of the mudharabah finance mechanism used in the agricultural sector, particularly regarding food security and the enhancement of farmer income. The majority of these research are mostly theoretical or qualitative, offering a constrained perspective on the actual effects of mudharabah finance on the sustainability and wellbeing of communities within the agriculture sector [9]. Furthermore, a notable gap found is the scarcity of study concentrating on specific locations in Indonesia, particularly Lampung Province. Despite the implementation of agribusiness mudharabah funding in numerous places, comprehensive study on its effects in western Indonesia, particularly in Lampung, remains scarce. Lampung Province exhibits distinct agricultural features, presenting distinctive obstacles and potentials that influence the efficacy of mudharabah funding implementation. This disparity is further exacerbated by the predominance of qualitative research, which fails to provide a better quantitative assessment of the influence of finance on community wellbeing [10].

This study's originality is in its methodology, which integrates sharia finance factors, particularly agricultural mudharabah funding, to assess its effect on community welfare. This paper examines the implementation of mudharabah finance specifically within the agribusiness sector, considering the unique peculiarities of agricultural enterprises in Indonesia, despite its broader discussion in general literature. Mudharabah finance, emphasizing profit-sharing principles, provides a more equitable option for farmers and micro-entrepreneurs, particularly within the agricultural sector [11]. This research is new in its geographical emphasis on Lampung Province, a location in western Indonesia with substantial agricultural potential, however it encounters considerable constraints regarding access to funding and economic stability. This research combines a quantitative methodology with pertinent primary data collecting to provide more objective and generalizable results. The analytical instrument used is Smart PLS 4.0, enabling a more thorough and systematic examination of the interrelationships across variables, including both measurement and model architecture [12].

This research seeks to examine the correlation between agricultural mudharabah funding and community welfare in Lampung Province in the context of achieving the Sustainable Development Goals (SDGs). The theoretical contribution of research in Islamic finance is the advancement of a more inclusive and sustainability-oriented Islamic finance theory. This study has the potential to advance and enhance the theory of financial inclusion within the framework of sharia, by concentrating on mudharabah financing as a mechanism to bridge the funding gap for small and medium businesses (SMEs) in the agriculture sector. Through mudharabah, farmers and agribusiness stakeholders may get funding devoid of interest, while still emphasizing the principles of equity in the allocation of outcomes. This study advances the philosophy of financial inclusion in Islamic finance by highlighting the need of equitable and transparent access to financing for sectors inadequately supplied by the traditional financial system. This study enhances the philosophy of sustainability and inclusion within Islamic banking by presenting a funding model that is more attuned to global concerns, including climate change, food security, and economic injustice. In the context of the SDGs, mudharabah serves as a tool that facilitates the attainment of objectives pertaining to poverty reduction, food security, and sustainable economic development.

This study's practical contribution is significantly pertinent to policymakers, Islamic financial institutions, and agriculture professionals. This research offers policymakers insights on the need of formulating policies that promote inclusive and equitable access to Islamic finance for farmers and agribusiness stakeholders. This research demonstrates the potential of mudharabah finance to address challenges in capital access within the agricultural sector, serving as a foundation for policy development that promotes more investment by Islamic financial institutions in agribusiness. This research offers practical assistance for Islamic financial institutions in developing mudharabah financing solutions that better align with the requirements of farmers and micro-entrepreneurs in the agriculture sector. Mudharabah finance, centered on profit-sharing principles, offers a more adaptable option for businesses facing challenges in obtaining traditional funding. Islamic financial institutions may use the results of this research to enhance their financing portfolios, provide more suitable products for the agriculture sector, and bolster the sustainability of their clients' enterprises. This

research offers agribusiness practitioners insights into the efficient use of mudharabah finance to enhance company capacity and agricultural output.

The state of the art content centers on mudharabah financing within the agribusiness sector, a topic that has been insufficiently examined in prior literature, despite its significant potential to bolster the agricultural sector, a primary livelihood source for numerous individuals in rural areas, an aspect that has garnered limited attention in earlier studies [12]. A distinctive aspect is the emphasis on the western region of Indonesia, particularly Lampung Province, which has distinct social, economic, and environmental attributes, necessitating a tailored local strategy to tackle issues of poverty and inequality. This study employs primary data analyzed using the advanced tool Smart PLS 4.0, which facilitates a more precise and measurable examination of the relationships between variables, thereby elucidating the impact of mudharabah financing and eco-literacy on community welfare [13]. This study additionally highlights sharia-compliant financing, particularly mudharabah, in conjunction with the Sustainable Development Goals (SDGs), including the eradication of poverty (SDG 1), elimination of hunger (SDG 2), reduction of inequality (SDG 10), promotion of decent work and economic growth (SDG 8), and advancement of gender equality (SDG 5), representing a novel contribution to the literature on sustainability and sharia-compliant economic development [14].

Theory of Welfare

Amartya Sen introduced the theory of well-being in 1980, highlighting the significance of freedom and people's capacity to achieve their full potential as fundamental components in evaluating well-being. Sen condemned the conventional methodology that assesses well-being only via economic metrics like income or consumption [15]. Conversely, Sen introduced the notion of "capabilities," referring to people's capacity to choose and pursue lifestyles they deem valuable. This theory posits that well-being is contingent not just on the consumption of commodities and services, but also on the degree of individual freedom to cultivate and pursue chosen lifestyles. Within this perspective, well-being encompasses social, political, and economic elements, including external influences that may influence an individual's freedom, including economic possibilities and resource accessibility [16].

The connection between Amartya Sen's welfare theory and agribusiness mudharabah finance is evident in the manner in which mudharabah financing enhances the ability and autonomy of people, particularly farmers and agribusiness stakeholders, to choose and cultivate a more successful existence. Mudharabah finance, an Islamic financial model based on profit-sharing, facilitates money access for small company operators without onerous interest rates, so enabling them to enhance output and grow their enterprises [17]. Consequently, mudharabah fosters an environment conducive to enhancing economic potential, hence augmenting people's freedom to make superior life choices. Efficient mudharabah finance positively influences food security and community economic empowerment, aligning with the broader objective of Sen's welfare theory, which seeks to enhance individual freedom for the realization of their full potential across multiple life dimensions [18].

Hypothesis Development

Mudharabah Financing for Agribusiness and Community Welfare

Research by Syifa and Ridlwan (2021) indicates that mudharabah finance offered by sharia savings and loan cooperatives plays a crucial role in bolstering the agricultural sector, particularly by supplying the necessary money to enhance production and develop agricultural enterprises. The sufficiency of money acquired via this strategy has been shown to enhance farmer welfare and provide new employment, hence fostering the expansion of the agricultural industry. [19]. Comparable conclusions were articulated by Yahaya et al. (2023), highlighting that Islamic financial instruments, such as mudaraba, may foster sustained economic development, benefiting not just the investment and entrepreneurial sectors but the economy at large. [20]. The study (Ridwan & Khotimah, 2024) revealed that mudharabah sharia financing significantly impacts the welfare of Bank Syariah Indonesia customers, thereby affirming the crucial role of sharia financial instruments in enhancing community welfare within the realm of sharia banking. These data suggest that sharia finance mechanisms, such

as mudharabah, has significant potential to enhance economic sustainability and elevate communal welfare, forming the foundation for the hypothesis in this research. [21]. In light of the aforementioned data and theoretical framework, the study posits the following hypothesis:

H1a: There is a positive relationship between agribusiness mudharabah financing and community welfare.

2. Method

This research employs a quantitative methodology using an associative technique to examine the impact of Mudharabah Agribusiness finance on community welfare in Lampung Province. The associative technique enables the examination of the link between two variables: the independent variable, Mudharabah Agribusiness finance (X1), and the dependent variable, community welfare (Y). This research seeks to ascertain the nature and direction of the link between the two variables and to evaluate the significance of the identified statistical correlation [22]. This technique aims to enhance comprehension of the connection qualities among the examined variables, hence contributing to the body of knowledge in economics. The research was carried out from January to June 2025, concentrating on members of Baitul Tamwil Muhammadiyah (BTM) in Lampung Province who participated directly in agriculture initiatives financed by Mudharabah funding. The data collecting approach used a purposive sampling methodology, enabling researchers to pick samples that meet specified criteria pertinent to the study aims. The requirements include members of BTM Lampung Province engaged in agriculture projects financed by the Mudharabah program, namely those aged between 24 and 75 years who have operated an agribusiness for a period of 5 to 7 years. The appropriate sample size, according to Bougie and Now (2019) And Roscoe (1975), ranges from 30 to 500 respondents; hence, this research included 250 respondents deemed representative of the population. Data were gathered using a Google Forms questionnaire utilizing a Likert scale to evaluate respondents' impressions of the researched factors. This questionnaire enables researchers to get pertinent and comprehensive primary data about the impact of Agribusiness Mudharabah finance on community welfare in Lampung Province.

The analytical instrument used is SmartPLS 4.0, utilized for conducting external and internal model assessments, as well as for verifying the validity and reliability of the research instrument. Validity assessment is conducted by latent variable loading factor analysis, with a loading value being valid if it exceeds 0.70, indicating a robust association between the indicators in the research instrument and the concept being assessed. The Cronbach's Alpha coefficient and composite reliability are computed to confirm the instrument's consistency. A dependability rating over 0.70 is deemed acceptable, signifying that the measuring device yields consistent and dependable data for further analysis [25]. The evaluation of model quality is conducted by computing the coefficient of determination (R-Square), which reflects the degree to which the model accounts for the variability in the dependent variable. A model with an R-Square value beyond 0.2 is deemed suitable for analysis; a value surpassing 0.5 signifies a moderately powerful model, while a value exceeding 0.75 is regarded as very significant in several analytical contexts. Hypothesis testing is conducted by the examination of the p-value and t-statistic. A p-value below 0.05 signifies statistical significance, however a t-statistic of 1.96 suggests that the hypothesis may be accepted at a 0.05 significance level in a two-tailed test. This analytical tool enables researchers to examine the correlation between variables with exceptional precision and dependability, ensuring the validity and consistency of the study results [26].

3. Results and Discussion

Results

Validity testing is an essential process in research to confirm that the measuring instrument properly assesses the desired concept or variable. During the content validity assessment, researchers may identify and remove questions in the questionnaire or instrument that are extraneous or do not align with the concept of the variable being measured. Enhancing the quality of the research instrument is crucial, since only elements that are really relevant and aligned with the study goals will be preserved. Consequently, content validity assessment enhances the instrument's appropriateness while also augmenting the reliability and precision of the acquired data.

Table. 1. Results of Validity Test Implementation

Variables	Indicator	Loading Value	Information
Agribusiness Mudharabah Financing (X1)	AMF.1	0.880	Valid
	AMF.2	0.895	Valid
	AMF.3	0.861	Valid
	AMF.4	0.895	Valid
	AMF.5	0.906	Valid
Community Welfare (Y)	CW.1	0.844	Valid
	CW.2	0.874	Valid
	CW.3	0.893	Valid
	CW.4	0.810	Valid
	CW.5	0.753	Valid

Source: Data Processing Results (2025)

The validity test findings in Table 1 demonstrate that each variable indicator exhibits a loading value over 0.70, indicating a robust association between each item in the measuring instrument and the corresponding variable. The loading value substantiates the reliability of the indicators in accurately representing the construct or variable examined in this research, specifically for the agricultural mudharabah funding variable (X1) and community welfare (Y). Consequently, the findings of this validity assessment demonstrate that the used instrument is capable of yielding relevant and dependable data. For the agricultural mudharabah funding variable (X1), the indicators MFA.1, MFA.2, MFA.3, MFA.4, and MFA.5 have loading values between 0.861 and 0.906. This figure demonstrates that these indicators are very effective in assessing elements associated with Mudharabah funding within the agriculture sector. The excellent validity signifies that the tool used effectively delineates significant aspects affecting Agribusiness Mudharabah finance, a primary subject of our research. Accurate measurement of this variable guarantees that the data on Mudharabah finance accurately reflects its impact on community welfare.

The validity test findings for the community welfare variable (Y) indicate valid indications, with loading values ranging from 0.753 to 0.893. Despite the CW.5 indicator has a little lower loading value than other indicators (0.753), it nevertheless adheres to the accepted validity criteria in social research. This indicates that the measurement instrument for community wellbeing, despite minor fluctuations in correlation strength, is dependable for assessing the intended level of welfare. The results of this validity test instill confidence that the research instrument used in this study is of superior quality, enabling researchers to ascertain a genuine correlation between Mudharabah Agribusiness finance and community welfare in Lampung Province.

Table. 2 Results of Reliability Test Implementation

Variables	Cronbach's Alpha	Composite Reliability
Agribusiness Mudharabah Financing (X1)	0.933	0.949
Community Welfare (Y)	0.891	0.921

Source: Data Processing Results (2025)

This research employs reliability testing to assess the consistency and stability of the equipment used, guaranteeing that these measuring tools provide dependable and consistent data for drawing conclusions. The reliability testing is crucial, since defective devices may introduce bias in data gathering and result in erroneous findings. Consequently, increased reliability in research equipment will enhance the validity of study results, since the acquired data may be deemed precise and consistent. The reliability test results shown in Table 2 demonstrate the instrument's exceptional quality. Testing using Cronbach's Alpha and Composite Reliability revealed that all variables in this research attained high values, indicating that the instrument had sufficient reliability in assessing the examined ideas. The Mudharabah Agribusiness finance variable (X1) has a Cronbach's Alpha score of 0.933 and a Composite Reliability of 0.949, signifying exceptional internal consistency and indicating that this instrument is very reliable for measuring Mudharabah Agribusiness financing. These figures demonstrate that the instrument may be depended upon to measure this variable with a high degree of accuracy. Similarly, the community welfare variable (Y) exhibits a Cronbach's Alpha value of 0.891 and a Composite Reliability of 0.921, demonstrating that this instrument possesses robust and sufficient reliability for assessing the welfare of the community benefiting from Mudharabah Agribusiness financing provided by Baitul Tamwil Muhammadiyah (BTM) in Lampung Province. A reliability number over 0.8 signifies that the instrument used is dependable for yielding consistent and precise results, hence allowing the study findings to be regarded with a high degree of confidence.

Table. 3 Structural Model Test Results

Hypothesis	Original Sample	T – Statistics	P - Value
Agribusiness Mudharabah Financing (X1) -> Community Welfare (Y)	0.583	9.876	0.000

Source: Data Processing Results (2025)

The findings of the structural model analysis in this research reveal a substantial correlation between Agribusiness Mudharabah finance (X1) and community welfare (Y) in Lampung Province. The correlation coefficient between Agribusiness Mudharabah finance and community wellbeing is 0.583, indicating a moderately high positive association between the two variables. The t-statistic of 9.876 indicates a statistically significant association, since it substantially exceeds the t-value threshold of 1.96. This validates that the impact of Agribusiness Mudharabah finance on community welfare is a legitimate conclusion in this research. Furthermore, the p-value of 0.000, which is below the significance threshold of 0.05, reinforces the results, suggesting that the correlation between Agribusiness Mudharabah finance and community wellbeing is not coincidental, but rather a substantial effect. Consequently, it may be inferred that Agribusiness Mudharabah finance significantly contributes to enhancing community welfare in Lampung Province. The findings provide actual evidence that effective financial management in the agriculture sector may enhance the economic circumstances and welfare of the communities engaged in these activities.

Table. 4 Test Results of R-Square Values on Endogenous Variables

Variables	R Square	Adjusted R Square
Community Welfare (Y)	0.340	0.337

Source: Data Processing Results (2025)

The R-squared test findings reveal that 34% of the variability in community welfare in Lampung Province is attributable to the Mudharabah Agribusiness finance element (X1), as shown in Table 7. An R-squared value of 0.340 indicates that Mudharabah Agribusiness finance substantially contributes to community wellbeing in the area. Approximately 34% of the variations in the community welfare variable may be attributed to Mudharabah Agribusiness finance. This signifies a favorable correlation between the two variables, whereby Mudharabah Agribusiness funding significantly contributes to

enhancing the welfare of communities engaged in agribusiness operations financed via the plan. Nonetheless, although Mudharabah Agribusiness finance significantly influences community wellbeing, the remaining 66% of its variability may be attributed to variables not addressed in this research. These variables may include different components, including local government policies, which may influence the general wellbeing of the community. Consequently, although Agribusiness Mudharabah finance positively affects community wellbeing, the R-Square findings indicate the presence of many more external variables that also exert effect, necessitating future investigation to ascertain their contributions more comprehensively.

Discussion

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 is 9.876, exceeding the critical value of 1.96. Therefore, it is concluded that the agribusiness mudharabah financing provided by Baitul Tamwil Muhammadiyah (BTM) in Lampung Province positively affects the welfare of the community in that region. The mudharabah finance offered by BTM Lampung Province provides enough capital to the community, particularly to farmers and agribusiness stakeholders. This capital serves as the essential resource required to begin or advance a company. The allocated capital directly enhances production capacity and agricultural yields, hence augmenting the income of farming families. This aligns with initiatives to mitigate poverty and enhance the community's quality of life, a primary objective of the SDGs. Increased access to finance enables individuals to expand their enterprises, therefore enhancing production and generating broader economic prospects for themselves and their communities. Furthermore, the business management component of the mudharabah finance program is crucial for enhancing the efficiency of enterprises operated by funding beneficiaries. Agribusiness participants get skills for enhanced resource management, production planning, and financial oversight via mentorship and training. The enhancement of management skills leads to augmented company earnings, hence elevating family income and enhancing the competitiveness of agriculture goods in the marketplace. Consequently, the community's quality of life enhances due to elevated revenue and the caliber of employment opportunities generated.

The profit-sharing mechanism used in mudharabah financing substantially influences community wellbeing. In mudharabah finance, revenues derived from the company are equitably distributed between the BTM and the loan recipient, according to a pre-established proportion. This strategy creates a motivation for both parties to exert more effort in attaining economic success. This profit-sharing approach offers funding beneficiaries the chance to achieve increased earnings from their managed firms, free from the encumbrance of elevated interest rates. This encourages the growth of sustainable businesses, as well as improving the welfare of the community as a whole. Moreover, agribusiness mudharabah finance mitigates business risk concerns that often impede entrepreneurs in the agriculture industry. This finance provides farmers and agribusiness stakeholders with assistance to navigate market volatility and the threat of natural catastrophes. This method instills confidence in finance recipients managing their enterprises, while also enhancing the economic resilience of families and communities. Moreover, the agricultural technology used in this program significantly contributes to enhancing production and ensuring corporate sustainability. The use of advanced agricultural technology enables farmers to enhance production while reducing expenses, therefore augmenting income and food security.

Overall, the agribusiness mudharabah financing channeled by BTM Lampung Province has made a significant contribution to community welfare. The primary indications of this program's effectiveness are increased household income, assets, consumption, spending, and income diversification. Furthermore, the establishment of quality employment, mitigation of social inequalities, and enhancement of economic resilience are tangible outcomes of this initiative. Consequently, agribusiness mudharabah funding in Lampung Province has shown efficacy in advancing the attainment of Sustainable Development Goals, particularly in poverty alleviation, hunger reduction, and the establishment of inclusive and sustainable economic possibilities. The study findings indicate

that this program significantly contributes to many Sustainable Development Goals (SDGs), including No Poverty (SDG 1), No Hunger (SDG 2), Reduced Inequality (SDG 10), Decent Work and Economic Growth (SDG 8), and Gender Equality (SDG 5). Agribusiness mudharabah finance directly facilitates poverty reduction in Lampung Province by augmenting the family income of farmers and agribusiness stakeholders. This finance provides the necessary cash for the development of agricultural enterprises, including equipment, premium seeds, and advanced technologies. This cash enables company operators to enhance their output, hence generating more revenue. This diminishes the community's reliance on more precarious sectors and enhances individuals' buying power, so directly influencing the reduction of poverty rates in the region. Mudharabah finance positively influences food security in Lampung Province. A tangible manifestation is the enhancement of agricultural production via technological assistance given to finance beneficiaries. Enhanced and eco-friendly technology boosts agricultural output, therefore satisfying local food requirements and diminishing reliance on food imports. This initiative enhances the variety of food sources by promoting the growth of diverse agricultural commodities. The augmentation of food production and variety facilitates the attainment of the zero hunger objective by guaranteeing access to enough and healthy sustenance for individuals.

Agribusiness mudharabah finance also aids in diminishing social and economic inequalities in Lampung Province. Financial support given to farmers and agribusiness stakeholders not only advantages individuals but also influences community empowerment. This initiative offers chances for community organizations that were previously inaccessible to traditional funding, including small farmers and women. Enhancing their income and wellbeing helps diminish the economic disparity across community groups. Moreover, the profit-sharing financing model fosters equity between fund providers and users, mitigating the likelihood of profit distribution disparities. Mudharabah funding generates respectable employment by facilitating entrepreneurial possibilities within the community, particularly in the agricultural and agribusiness sectors. Enhanced access to funding enables farmers to grow their enterprises, provide new employment opportunities, and enhance skill development within the industry. This finance also fosters area economic development by enhancing agricultural production capacity, thus elevating community income. The efficacy of these initiatives enhances economic activity at local and regional tiers, fostering an equitable and sustainable economy. Agribusiness mudharabah finance substantially influences gender equality in Lampung Province. This initiative facilitates women's access to financing and their involvement in the agriculture industry. This finance enables women with previously restricted access to economic resources to establish their own agricultural enterprises, therefore enhancing their economic autonomy. Furthermore, the training and mentorship offered in this program assist women in developing the management and commercial acumen necessary for managing agribusinesses. Consequently, women are progressively participating in the familial and communal economy, so enhancing their influence in economic decision-making. The study's findings indicate that agriculture mudharabah finance provided by BTM Lampung Province significantly contributes to the attainment of the Sustainable Development Goals, particularly in the areas of eradicating poverty, eliminating hunger, reducing inequality, promoting decent work and economic growth, and advancing gender equality. This initiative directly enhances the economic wellbeing of the community while fostering greater social and economic resilience in Lampung Province.

The well-being hypothesis was first introduced by Amartya Sen in 1980 via the "capabilities approach". Sen contended that individual well-being cannot be only assessed by economic metrics, such as money or consumption, but also through the person's capacity to realize the roles they deem significant in their life. This concept posits that well-being is contingent upon an individual's capacity to access diverse life options, including education, health, and chances for engagement in social and economic activities. Sen said that the liberty to choose and access diverse life opportunities is the core of well-being, epitomizing authentic human potential. The study's findings align with Amartya Sen's Theory of Welfare from 1980, indicating that mudharabah finance provides the community, particularly farmers and agribusiness stakeholders, access to the cash and resources necessary for business development. This enhances the individual's potential to access superior living options,

including elevated income, education, health, and active economic involvement. This program assesses well-being not just via money but also by evaluating an individual's capacity to do numerous activities that enhance their quality of life, aligning with Amartya Sen's idea of well-being.

The findings of the conducted research align with those of (Syifa & Ridlwan, 2021), demonstrating that sharia savings and loan cooperatives utilizing mudharabah financing play a crucial role in enhancing the agricultural sector, particularly by providing the necessary capital to expand and augment the productivity of agricultural enterprises. The sufficiency of capital acquired via mudharabah finance may enhance farmers' welfare and provide employment, so fostering the development of the agricultural sector [19]. Research by (Yahaya et al., 2023) reinforces these results by highlighting that Islamic financial instruments, such as mudharabah, may promote sustainable economic development. Their results indicate that this Islamic financial tool is advantageous for investment and entrepreneurship, and may help expedite economic development [20]. The research (Ridwan & Khotimah, 2024) revealed that murabahah finance significantly impacts the welfare of Bank Syariah Indonesia clients, indicating that sharia financing contributes to enhancing community welfare, particularly within the realm of sharia banking. These results emphasize the significant potential of sharia finance mechanisms, such as mudharabah, in promoting economic sustainability and enhancing communal welfare [21].

4. Conclusions

The study's findings indicate that agricultural mudharabah finance provided by Baitul Tamwil Muhammadiyah (BTM) in Lampung Province significantly influences community welfare, particularly for farmers and agribusiness stakeholders. This program enhances agricultural production capacity, grows enterprises, and elevates family income by providing sufficient capital, so contributing to poverty reduction and enhancing quality of life. This finance enhances company management, boosts efficiency and competitiveness of agricultural goods, and facilitates the creation of equitable employment opportunities while diminishing social gaps via a just profit-sharing framework. Agribusiness mudharabah finance in Lampung Province significantly contributes to the attainment of many Sustainable Development Goals, including poverty alleviation, food security, elimination of social inequalities, and gender equality. This initiative enhances community income and quality of life while promoting economic resilience via food diversification and women's involvement in the agribusiness sector. Consequently, this mudharabah finance significantly contributes to inclusive and sustainable economic growth in Lampung Province.

This work theoretically enhances the literature about the correlation between Islamic financial tools, such as mudharabah, and the attainment of overarching development objectives, including the Sustainable Development Goals (SDGs). This approach underscores that Islamic finance serves not just as a means to achieve financial gains, but also as a mechanism to enhance socio-economic wellbeing. This research elucidates the role of Islamic finance in agriculture as a means to facilitate poverty reduction, enhance food security, mitigate social inequities, and foster inclusive and sustainable economic possibilities. Consequently, this research provides a novel viewpoint on the contribution of Islamic finance to enhancing the overall quality of life within the society. The findings of this research provide significant insights for Islamic financial institutions in the development and execution of more efficient and sustainable financing initiatives. This research demonstrates that agricultural mudharabah finance may enhance community welfare by providing enough cash and the necessary managerial support for company management. This offers guidance for Islamic financial institutions to enhance the finance distribution system, emphasizing the advancement of the agricultural sector, which has significant potential for job creation and augmentation of family income. Moreover, these findings are pertinent for policymakers and economic program managers to formulate policies that promote sustainability and community welfare, by employing inclusive Islamic financial instruments grounded in the principles of justice and equilibrium in the allocation of business outcomes.

The study's shortcoming is in its exclusive examination of the impact of agricultural mudharabah funding on community welfare via a singular component in Islamic finance, neglecting other factors that may equally influence the study's outcomes. Consequently, it is advisable for further study to broaden its scope by include other factors in Islamic finance, such as murabahah or musharakah financing, to provide a more holistic understanding of the effects of diverse Islamic financial instruments on community welfare. This study is confined to the Lampung Province in Western Indonesia; therefore, further research is advised to broaden the geographical scope to Eastern Indonesia, including regions such as Sulawesi or Papua, to facilitate a comparative analysis of the impact of agribusiness mudharabah financing across diverse regional contexts. This study employs just a quantitative technique, which may restrict the exploration of the phenomena's depth. Therefore, it is advisable to use a mixed-method approach in future research to get more comprehensive and nuanced data, integrating statistical analysis with qualitative interviews.

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