



# The Role of Religious-Based Empowerment in Enhancing Asnaf Entrepreneurs' Success: Evidence from Jogokariyan Mosque, Indonesia

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## Abstract

Mosque-based Islamic microfinance uniquely combines religious values with community economic empowerment. This study examined the business success of Micro, Small, and Medium Enterprises (MSMEs) that receive financing and mentoring from Jogokaryan Mosque. The measurement of business success was viewed from the perspective of *Maqasid Sharia*, which includes business experience, business justice, business welfare, financial wisdom, and one additional variable: the quality of worship. The research method used was the *Asnaf* Muslimpreneur Success Index (AMSi) to gauge the level of business success among MSME actors. The study population consisted of MSME actors who received financing and participated in a series of programs organised by Jogokaryan Mosque. A sample of 56 respondents was obtained using a purposive sampling technique. The result showed that the level of business success among MSMEs associated with Jogokaryan Mosque was categorised as medium-high success. This success was beneficial for MSME actors and could be further enhanced through a series of supporting programs with consistent intensity. The implication of this study was to evaluate the empowerment program offered by Jogokaryan Mosque and enhance the quality of both program delivery and financing. In fact, the goal was to boost business success and empower MSME actors in their entrepreneurial endeavours.

**Keywords:** AMSi, Business Success, Jogokaryan Mosque, Maqashid Shariah, MSME

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## I. Introduction

Mosque-based empowering and financing is a form of Islamic microfinance that uses mosques as the platform to provide financial and non-financial services to the actors of MSMEs or *mustahiq*, who are eligible recipients of *zakat* (obligatory charity) in Islam. Mosque-based empowering and financing aims to help *mustahiq* start or improve their businesses, increase their income, and achieve self-reliance and dignity (Fahmi, 2018; Mu'is, 2020). Mosque-based *Sharia* cooperatives are a type of Islamic microfinance institution that has two inseparable financial and social missions. They operate under the supervision and guidance of the mosque, which is the centre of religious and social activities in the Muslim community. Mosque-based *Sharia* cooperatives have unique characteristics not found in other cooperatives and financial institutions, such as the strong trust and solidarity among the members, the integration of *zakat* (obligatory charity) and *waqf* (endowment) funds, the provision of *qardhul hassan* as the primary financing product, and the involvement of religious leaders and scholars in the management and governance. Mosque-based *Sharia* cooperatives can become the ideal institutions for the community, especially during the COVID-19 pandemic, as they can provide cheap and flexible financing, deliver basic food packages and social services, and carry out health education (Wartoyo et al., 2022).

The Jogokariyan Mosque in Yogyakarta exemplifies how a mosque can contribute to the economic and social well-being of its community through various programs. These initiatives include providing business capital to pilgrims from Baitul Maal, offering loans with a *qardhul hassan* contract to those in need, organising the Ramadan Afternoon Market in Kampung Ramadan Jogokariyan, and assisting with marketing congregation products. The mosque's dynamic worshiper base, built on trust, aligns with the principles of Islamic finance, which emphasise risk-sharing, social justice, and economic development while prohibiting interest, gambling, speculation, and unethical activities. (Fahmi et al., 2023). Additionally, measuring the success of *mustahiq* businesses involves indicators such as profitability, productivity, sustainability, and social impact. The contributing factors that lead to the formation of their success include funding, training quality and frequency, knowledge, skills, and alignment with the *Maqasid Sharia* (objectives of Islamic law), as discussed by Ali (2022) and Muttaqien et al. (2022).

This study measures the level of business success of MSMEs as recipients of financing and empowerment from Jogokaryan Mosque, along with the impact of the programs implemented on their business success. Similar research has been conducted by Amin (2022), Mawardi et al. (2022), Masrifah and Rahman (2022), Hamidi et al. (2021), Widiastuti et al. (2021) and Bahri et al. (2019) by providing research results that demonstrate how the utilisation of *zakat* funds can enhance the welfare of *mustahiq* businesses. This study measures the business success of *mustahiq* from the perspective of *Maqasid Sharia*. The assessment of business success is carried out using the framework of *Maqasid Sharia*, as conducted by Amin (2022), which shows the results that the success of the *mustahiq* business can be measured in a moderate to relatively high level of success through percentages. Meanwhile, according to Bahri et al. (2019), *mustahiq* business development needs to be measured using *Maqasid Sharia* indicators because it can describe the level of business success not only from the financial aspect but also see the level of success of the *mustahiq* business from non-financial, transformative and spiritual aspects,

meanwhile, according to Mawardi et al. (2022), based their research on measuring the welfare of *mustahiq* businesses based on *Maqasid Sharia*, they found that *zakat* empowerment and practical business assistance had a positive impact on the growth of *mustahiq* businesses. According to him, understanding the impact of a *zakat* empowerment program on the business growth and welfare of *the mustahiq* is considered very important. *Zakat* empowerment will also have an impact on the business growth and business success of the *mustahiq*. Meanwhile, according to Masrifah and Rahman (2022) and Hamidi et al. (2021), *mustahiq* business development is an effort carried out by MSME actors who have a business or business, through a more developed scheme. Therefore, this research will develop the impact of *zakat* empowerment for MSME actors.

Although numerous studies have demonstrated that *zakat*-based empowerment programs positively influence the welfare of *mustahiq* (eligible *zakat* recipients), limited research has comprehensively evaluated business success through the lens of *Maqasid Sharia*, particularly within mosque-based financing models such as that implemented by Masjid Jogokariyan. Existing literature predominantly focuses on the financial outcomes of such programs, with insufficient emphasis on non-financial, transformative, and spiritual dimensions that align with the holistic principles of Islamic economics. Furthermore, while Masjid Jogokariyan has emerged as a prominent model for mosque-based economic empowerment, empirical research specifically examining the contribution of its integrated spiritual and economic support programs remains scarce. A notable research gap also lies in the limited exploration of how each dimension of *Maqasid Sharia* contributes to the overall business success of *mustahiq* entrepreneurs. Moreover, the construct of *business justice*, a critical ethical principle within Islamic commercial jurisprudence, has not been adequately examined in its influence on sustainable business success within mosque-driven empowerment ecosystems.

Based on these gaps, this study seeks to investigate the level of business success achieved by *mustahiq* entrepreneurs who have received empowerment and financing support from Masjid Jogokariyan, using an evaluative framework grounded in the dimensions of *Maqasid Sharia*. Specifically, the research aims to assess how each dimension spiritual, financial, intellectual, and social contributes to business success, with particular emphasis on the spiritual dimension as a core component of holistic development. By adopting a comprehensive approach, this study further explores the extent to which each element of *Maqasid Sharia* influences the transformation of *mustahiq* into independent and ethically grounded business actors within the context of mosque-based Islamic microfinance.

This research uses the AMSi index as an instrument for measuring the success of MSME actors, through programs organised by the Jogokaryan Mosque from a *Maqasid Sharia* perspective. The AMSi research method is a new method used to measure the level of business success of *asnaf* or people who are entitled to receive *zakat* funds through *amil zakat* institutions. The development of AMSi is based on the *Maqasid Sharia* theory put forward by Abu Zahrah, which consists of four constructs, namely business experience, business justice, prosperity and financial wisdom. To protect the MSME actors as *mustahiq* in the religious aspect, as well as a combination of the theories of *Maqasid Sharia* Abu Zahrah and Imam Ghazali, as a research gap, this research

adds an instrument in the form of aspects of improving the quality of worship that have not been added in previous research. This research adapted a research instrument developed by Amin (2022), who was the inventor of the AMSi, but it has limitations in that the research is still exploratory. Therefore, this warrants the current study to be undertaken to fill the research gap.

## II. Literature Review

### Overview of Entrepreneurship and *Maqashid Shariah*

Business success from an Islamic perspective is based on the Quran and the Hadith, where business must have ethics. Ethics in Islam has two dimensions, namely having ethics towards Allah SWT and having ethics towards other people. Ethics towards Allah SWT is manifested in the form of monotheism, namely a sense of trust and worship in Him. Meanwhile, a Muslim businessman must also behave ethically with other people by maintaining good treatment and relationships (Dewi & Dhewanto, 2012). For a Muslim entrepreneur, success is not only determined by how much material he obtains, but socio-economic and metaphysical achievements both in this world and in the afterlife are also the trigger for his success. This is called *falah*, which describes prosperity in material and spiritual form (Beekun, 2019; Gümüşay, 2015). Moreover, Bahri et al. (2019) outline six key factors that contribute to the success of entrepreneurs who are also *asnaf* or recipients of *zakat*. These factors encompass characteristics, competencies, intentions, religiosity, resources, and opportunities. Additionally, the study identifies four dimensions of success indicators for *asnaf* entrepreneurs: enhanced quality of life, financial performance, non-financial performance, and alignment with the *Maqasid Sharia*, the objectives of Islamic law.

Al-Ghazali explains that the welfare of society, according to *Maqasid Sharia*, is based on fulfilling five fundamental objectives: the protection of religion (*al-din*), the preservation of life (*nafs*), the safeguarding of reason (*aql*), the continuity of family or lineage (*nasl*), and the security of wealth (*maal*). This perspective is reinforced by Al-Syathibi's belief that human happiness can be realised when these five essential elements of human life are upheld. Furthermore, the application of *Maqasid Sharia* in business endeavours involves developing enterprises to achieve prosperity while adhering to these five principles. In the context of *Maqasid Sharia*, a successful entrepreneur transforms the condition of a *mustahiq* (recipient of charity) into that of a *muzzaki* (provider of charity). Therefore, through the implementation of *Maqasid Sharia*, it is projected that successful entrepreneurs can enhance the economic capabilities of *mustahiq* individuals and improve the distribution of income (Bahri et al., 2019; Fitri, 2017).

### Previous Research

The success of *asnaf* businesses (SB) represents the level of success achieved by businesses that fall under the category of *mustahiq* (recipients of charity), measured according to *Maqasid Sharia*. This measurement is based on five fundamental elements of *Maqasid Sharia*: the protection of religion (*din*), the preservation of reason (*aql*), the safeguarding of wealth (*maal*), the preservation of life (*nafs*), and the continuity of lineage (*nasl*).

Business Experience (BE) refers to the perceptions of *mustahiq* individuals regarding their efforts to improve business performance through participation in training, workshops, and mentorship programs, particularly those related to advertising and business planning. The latent variable ABE is measured using indicators such as skills gained from courses, entrepreneurship knowledge, advertising practices, mentorship insights, and the application of business plans. Business experience encompasses accumulated knowledge and entrepreneurial abilities derived from real business engagement, which significantly influence business success defined as profitability, growth, customer satisfaction, and social impact. Prior studies highlight that effective business experience enhances performance through trust-building, strategic human resource allocation, and problem-solving (Guzzo et al., 2022). Furthermore, entrepreneurial knowledge and passion are key drivers of success (Yaakub & Adnan, 2018), and both experience and planning are essential to achieving positive outcomes (Abd Rahman & Ahmad, 2011). Additionally, the development of effective business and marketing strategies remains a vital competence for sustainable business growth (Dobbins & Pettman, 1997).

Business Justice (BJ) represents the perception among MSME actors that they uphold fairness and ethical conduct in their business practices. This encompasses ensuring that all transactions adhere to *halal* standards, both in terms of the products and the transactional processes, thereby fostering consumer trust and promoting repeat purchases. The construct of BJ is operationalized through several indicators, including honesty in transactions, integrity in customer service, the elimination of injustice in product quality and pricing, the absence of consumer discrimination, and a commitment to ethical and *halal* business practices. These elements reflect core Islamic business ethics, which, according to (Tanri, 1997), emphasize justice in weighing and measuring, fair treatment of all stakeholders, integrity in honouring agreements, societal value through efficiency, and moral courage rooted in divine guidance. Supporting this framework, (Yaakub & Adnan, 2018) as well as (Abd Rahman & Ahmad, 2011) have found that successful enterprises tend to be characterized by fair transactions, ethical customer service, and product offerings grounded in Islamic principles.

Well-being (WB) refers to the beneficiary's belief that operating a *halal* and appropriate business contributes to both personal and family prosperity. This construct encompasses various aspects such as income growth, fulfilment of basic needs, asset ownership, and overall family happiness. Rambe et al. (2008) conceptualize family well-being as the fulfilment of five core needs: spiritual, physical and psychological, intellectual, social, and material well-being. Furthermore, (Afriany et al., 2019) emphasize that emotional engagement among family members enhances motivation and creativity in business, while personal happiness contributes to sustainability and long-term success. A harmonious family environment fosters productivity, strengthens commitment, and supports the development of a resilient and enduring business.

FW refers to the belief of the recipient that their business brings an improvement in financial skills through record-keeping, decision-making, and the ability to prioritise expenses, thus enhancing their financial management abilities. This variable is measured through manifest variables such as financial decision-making, quality of financial record-keeping, financial management through financial skills, self-efficacy, and financial independence. According to Dobbins and Pettman

(1997), one of the basic skills that a person must possess to achieve success in their business is financial skills, which means understanding the financial aspects of the business and how to manage finances wisely. Sari and Anam (2021) argue that good financial behaviour has an impact on better financial management decision-making. Understanding money management and investment also contributes to business success. In addition, Fikri and Arifin (2022) found that the influence of financial management planning, investment planning, and debt management planning on young entrepreneurial business financial planning shows that all three factors have a positive and significant impact on business financial planning.

Quality of Worship (QW) reflects the enhancement of *mustahiq*'s spiritual practices following the implementation of Sharia-compliant business activities, particularly within the context of Masjid Jogokariyan. This includes improved devotion to Allah SWT through regular prayers, consistent zakat payments, and increased frequency of almsgiving. QW is a newly developed construct, measured by indicators such as the improvement in both quantity and quality of worship, generosity through almsgiving, zakat compliance, interpersonal relationships, and remembrance of Allah. Yaakub and Adnan (2018) highlight that adherence to Islamic principles including charity, daily prayers, and sincere intention is a key internal factor influencing business success. In line with this, (Wahyuningsih et al., 2020) argue for the integration of religious values into entrepreneurship, asserting that worship-driven motivation fosters responsibility, integrity, and competence. Honesty and trustworthiness, deeply rooted in Islamic teachings, not only strengthen business ethics but also enhance social trust and customer loyalty core values exemplified by the Prophet Muhammad.

### III. Methodology

#### Data

This study used a sampling method developed by the type of sampling design, which is purposive sampling. In obtaining 56 samples of the total population of 150 *mustahiq* MSME actors involved in the financing and empowerment program from the Jogokaryan Mosque, this study used the Taro Yamane sample calculation method (Sekaran & Bougie, 2016). This sample represented 37 per cent of the total population. The data collected is analysed using SMART PLS 4.0 to see the validity and reliability of the data. The test carried out is convergent validity, which is seen from the item loading indicator, average variance extracted (AVE), and composite reliability (CR) (Thaker et al., 2022). Data validity can be determined by examining the loading factor for each construct indicator. It is recommended that loading factor values and AVE values supporting convergent validity exceed 0.5. Additionally, the alpha value supporting convergent validity (Cronbach's alpha) should be higher than 0.7 (Mawardi et al., 2022).

#### Model Development

The variables used in the study were adapted from (Amin et al., 2021), Amin (2022), who developed four dimensions of per cent *Maqasid Sharia* and one variable that was developed and validated in various elements. Figure 1 illustrates the proposed model from the study.

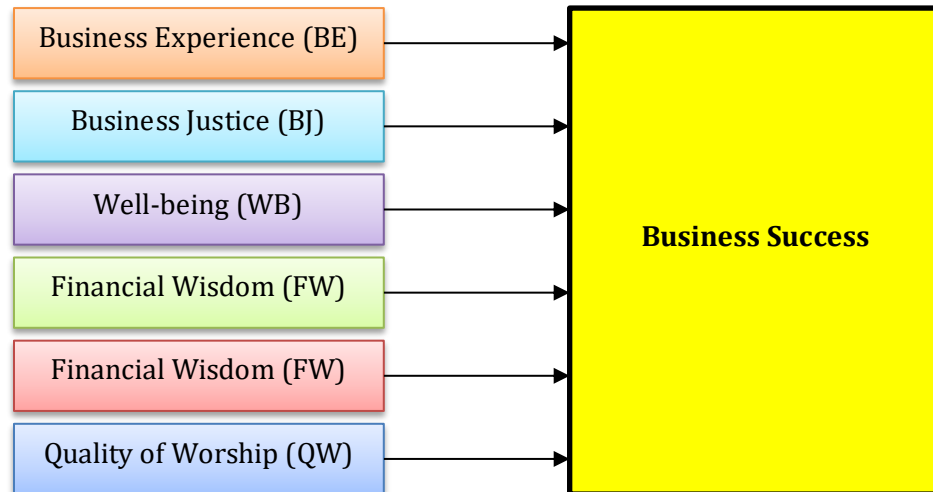


Figure 1. Model design

## Method

The *Asnaf* Muslimpreneur Success Index (AMSi) is used to measure the level of success of businesses that are categorised as *mustahik*. The index is based on the *Maqasid Sharia* theory by Abu Zaharah in Amin (2022) and was developed through consultation and contemplation. It has been validated by scholars and experts in the field. AMSi is a new measure used to describe the development of *asnaf* businesses and their context. It was initially used to analyse *asnaf* businesses in Sabah to provide generalisation and contribution.

$$BE_i = 100 \sum_{j=1}^5 BBE_{ij} \quad (1)$$

Note: BE = Business experience; BBE = the number of AMSi questions for BE;  $i$  = respondent;  $j$  = number of questions answered by respondents.

$$BJ_i = 100 \sum_{j=6}^{10} BBJ_{ij} \quad (2)$$

Note: BJ = Business justice; BBJ = the number of AMSi questions for BJ;  $i$  = respondent;  $j$  = number of questions answered by respondents.

$$BW_i = 100 \sum_{j=11}^{15} BBW_{ij} \quad (3)$$

Note: BW = Business well-being; BBW = the number of AMSi questions for BW;  $i$  = respondent;  $j$  = number of questions answered by respondents.

$$FW_i = 100 \sum_{j=16}^{20} BFW_{ij} \quad (4)$$

Note: FW = Financial freedom; BFW = the number of AMSi questions for BE;  $i$  = respondent;  $j$  = number of questions answered by respondents.

$$QW_i = 100 \sum_{j=21}^{26} BQW_{ij} \quad (5)$$



Note:  $QW$  = Quality of worship;  $BQW$  = the number of AMSi questions for BE;  $i$  = respondent;  $j$  = number of questions answered by respondents.

Therefore, AMSi is formulated as follows.

$$AMSi = [BE_i + BJ_i + BW_i + FW_i + QW_i] \div 13.000 \times 100 \quad (6)$$

In more detail, AMSi is defined as the sum of  $BE_i + BJ_i + BW_i + FW_i + QW_i$  divided by the maximum achievable point and multiplied by 100. The maximum score is 100, while the minimum score is 0. To derive the AMSi value, the final score will be divided by the maximum number of all element scores and multiplied by 100, so AMSi is realised in the form of a percentage. According to Amin (2022), the success of AMSi is measured on a 100-point scale, where 0 is the worst and 100 is the best. The scores obtained are measured and expressed in percentiles.

**Table 1.** AMSi Classification as a Business Success Category

Score of AMSi	0-24	25-49	50-74	75-90	91-100
Business Success Category	Very low	Low	Moderate	Moderate-high	Independent

Source: Amin (2022)

An explanation of the classification of business success levels is categorised in Table 1. The classification of AMSi scores is based on the development through the results of an inductive approach of Muslim scholars or *Sharia* scholars who have expertise in the field of *zakat*. The preparation of this score is done in a structured manner and through rigorous evaluation with several steps, namely: (1) literature analysis with careful consideration, and (2) operationalisation by inviting three Muslim scholars to verify and validate the best measurement items for AMSi. This success classification is a reference for assessing the level of business success for both *asnaf*, *mustahiq*, and MSME actors who receive business development programs from an Islamic social financial institution.

There are no specific characteristics that mention how each business is classified in the category of very low, low, medium, medium-high, or independent business success according to Table 1, this is because in each study that applied the AMSi method with the results of the research that has a category of business success has its business characteristics according to its category. Therefore, the business characteristics of the medium business success category framed by Amin (2022) and the business characteristics of the medium business success category found in this study have different types and business characteristics. Research by Amin (2022) was conducted in different places and backgrounds. Many factors can make each category have its reasons why it is classified into certain categories of business success, this can be caused by the character of the respondent, the location or place, the program provider, when the program was implemented, and how the application of the program so that it can affect the success of each respondent. This difference certainly requires its analysis in determining the character of the business in each object being studied.



**Table 2.** Linkert Scale

Scale	1	2	3	4	5
Description	very unsuccessful	unsuccessful	slightly successful	successful	very successful

Source: Amin (2022)

AMSi, as a question item to respondents, is then converted into a 5-point Likert scale described in Table 2. Each scale that shows the level of success of each measurement item certainly has a different perception for each respondent.

The research instrument used in this study was a structured questionnaire designed to measure the level of business success among MSME actors who received financing and empowerment programs from Jogokaryan Mosque. The instrument was developed based on the dimensions of the Asnaf Muslimpreneur Success Index (AMSi), which includes five main constructs: Business Experience (BE), Business Justice (BJ), Business Well-being (WB), Financial Wisdom (FW), and Quality of Worship (QW). Each construct was operationalised through several manifest variables measured using a 5-point Likert scale in Table 3. The questionnaire was validated through expert judgment and a reliability test, ensuring both content validity and internal consistency. A summary of the instrument indicators is presented in the table 3.

**Table 3.** Research Instrument Based on AMSi Dimensions

Variable	Dimension	Element	Code	AMSi Item Statement
Asnaf Business Experience (ABE)	Business skill application	Training course	ABE1	My business skills improved after participating in the MSME financing and empowerment program at Jogokariyan Mosque.
	Entrepreneurial knowledge	Entrepreneurship training	ABE2	My entrepreneurial knowledge increased through participation in the MSME financing and empowerment program at Jogokariyan Mosque.
	Business promotion	Advertising program	ABE3	My advertising skills improved after joining the MSME financing and empowerment program at Jogokariyan Mosque.
	Entrepreneurial knowledge	Mentor-mentee program	ABE4	My entrepreneurial experience increased through the mentor-mentee component of the MSME empowerment program at Jogokariyan Mosque.
	Skill implementation	Business plan	ABE5	I successfully implemented my business plan through the MSME financing and empowerment program at Jogokariyan Mosque.

Variable	Dimension	Element	Code	AMSi Item Statement
Asnaf Business Justice (ABJ)	Honesty	Fair transactions	ABJ1	I have successfully practiced honest transactions in my business.
	Honesty	Customer service	ABJ2	I have built strong relationships with my customers that result in repeat purchases.
	Elimination of injustice	Product quality	ABJ3	I have successfully ensured the quality and fairness of the products I sell.
	Elimination of discrimination	Consumer equality	ABJ4	I have provided equal treatment to all of my customers without discrimination.
	Ethical and halal business practices	Sharia compliance	ABJ5	I have conducted my business operations in accordance with Islamic (Sharia) principles.
Asnaf Well-Being (AWB)	Income inequality	Personal income growth	AWB1	My income has increased since participating in the MSME financing and empowerment program at Jogokariyan Mosque.
	Family well-being	Family expenses	AWB2	My family's expenses have improved due to business growth supported by the program.
	Happiness	Family happiness quality	AWB3	My family members are now happier and more satisfied with our standard of living.
	Asset acquisition	Ownership ability	AWB4	I am now able to purchase assets for both my family and my business.
	Material wealth	Fulfillment of basic needs	AWB5	I am now able to meet my family's basic needs more easily.
Asnaf Financial Wisdom (AFW)	Decision-making	Financial decisions	AFW1	My ability to make independent financial decisions has improved.
	Financial record-keeping	Quality of bookkeeping	AFW2	My financial recording quality has improved since participating in the MSME program at Jogokariyan Mosque.
	Financial management	Financial skills	AFW3	My financial management skills have developed as a result of the program.
	Financial capability	Self-efficacy	AFW4	My ability to prioritize expenses based on needs has increased.

Variable	Dimension	Element	Code	AMSi Item Statement
Asnaf Quality of Worship (AQW)	Financial confidence	Financial independence	AFW5	I am now more confident in relying on my business to generate income.
	Religious obligations	Quantity of worship	AQW1	My level of worship has increased since joining the MSME financing and empowerment program at Jogokariyan Mosque.
	Religious obligations	Quality of worship	AQW2	The quality of my worship has improved through my involvement in the program.
	Blessings	Frequency of almsgiving	AQW3	My frequency of giving alms has increased to enhance blessings in my business.
	Zakat observance	Zakat payment	AQW4	The program has enabled me to allocate part of my profits for zakat payments.
	Social relationships	Habluminannas (relations with people)	AQW5	My participation in the program has strengthened my social ties with the community.
	Divine consciousness	God- remembrance	AQW6	The program has helped me consistently remember Allah while running my business ethically.
Asnaf Business Success (ASB)	Protection of Religion ( <i>din</i> )	Religiosity	ASB1	I have successfully increased the intensity of my worship, including obligatory prayers, zakat payment, and participation in religious gatherings.
	Protection of Intellect ( <i>aql</i> )	Knowledge	ASB2	I have successfully enhanced my entrepreneurial capabilities, business knowledge, and practical skills.
	Protection of Wealth ( <i>maal</i> )	Wealth	ASB3	I have succeeded in avoiding involvement in any form of usurious ( <i>riba</i> ) transactions.
	Protection of Life ( <i>nafs</i> )	Halal production	ASB4	I have successfully produced goods that are both halal and wholesome ( <i>tayyib</i> ).
	Protection of Lineage ( <i>nasl</i> )	Family welfare	ASB5	I have successfully fulfilled the basic needs of food, clothing, and shelter for myself and my family.

## IV. Results and Discussions

### Demographic Data Analysis

This study was conducted at the Jogokaryan Mosque in Yogyakarta, Indonesia, involving a total of 56 respondents. The participants were MSME practitioners who had received financial assistance and empowerment through programs initiated by the mosque. The majority of respondents were female (71.43%), while males constituted 28.57%, suggesting that the program has been notably effective in empowering women, particularly those of productive age residing in the vicinity of Jogokaryan Mosque. Educational attainment among respondents further reflects this shift, as over 60% held higher education degrees, 48.21% with a bachelor's and 12.50% with a Diploma, indicating that individuals with advanced education are increasingly engaging in entrepreneurial ventures, placing less emphasis on the social status traditionally associated with formal employment. The majority of MSME actors reside near Jogokaryan Mosque, with the furthest respondent located approximately one kilometre away. Most of the businesses are concentrated in the culinary sector, which is regularly featured in mosque-organized events such as the Ramadan Bazaar, Jogokaryan People's Market, and other large-scale public gatherings that attract the wider Yogyakarta community.

### Result of Measurement Model

Validity assessment in this paper involves examining construct validity, which is evaluated through both discriminant and convergent validity (Abdillah & Hartono, 2015). Convergent Validity can be observed through the loading factor (LF) value. The LF represents the correlation between each measurement item and the underlying variable. In simpler terms, it indicates how well an item reflects the variable it measures. A higher LF implies stronger alignment between the item and the variable. According to Hair et al. (2017), an LF exceeding 0.7 is generally considered favourable. However, Chin (1998) suggests that an LF greater than 0.5 is acceptable. To fulfil these criteria, any loading factor below 0.7 is removed. For instance, items BJ1, SB5, and WB2 were removed due to their lower LFs. After re-calculation, the model achieved loading factor values above 0.7, demonstrating that it met the requirements for discriminant validity, shown in Table 4.

**Table 4.** Loading Factor Value

Effect between Variables	Outer Loadings Value
BE1 <- Business Experience	0.892
BE2 <- Business Experience	0.833
BE3 <- Business Experience	0.911
BE4 <- Business Experience	0.789
BE5 <- Business Experience	0.731
BJ2 <- Business Justice	0.883
BJ3 <- Business Justice	0.925
BJ4 <- Business Justice	0.933
BJ5 <- Business Justice	0.877
FW1 <- Financial Wisdom	0.798
FW2 <- Financial Wisdom	0.857

Effect between Variables	Outer Loadings Value
FW3 <- Financial Wisdom	0.826
FW4 <- Financial Wisdom	0.825
FW5 <- Financial Wisdom	0.788
QW1 <- Quality of Worship	0.875
QW2 <- Quality of Worship	0.915
QW3 <- Quality of Worship	0.93
QW4 <- Quality of Worship	0.804
QW5 <- Quality of Worship	0.88
QW6 <- Quality of Worship	0.814
BS1 <- Business Success	0.848
BS2 <- Business Success	0.839
BS3 <- Business Success	0.767
BS4 <- Business Success	0.75
WB1 <- Well Being	0.697
WB3 <- Well Being	0.771
WB4 <- Well Being	0.851
WB5 <- Well Being	0.843

Convergent validity is assessed using two key indicators: Composite Reliability (CR) and Average Variance Extracted (AVE). In simpler terms, it examines how well measurement items within a construct align. A higher loading factor (LF) value indicates a stronger connection between an item and the underlying variable. For convergent validity, the AVE should exceed 0.5, and both AVE and CR values should be above 0.6. While CR reflects the overall reliability of a variable, Cronbach's alpha provides the lowest reliability value. Ensuring that the composite reliability value consistently surpasses Cronbach's alpha is essential (Abdillah & Hartono, 2015; Widiastuti et al., 2021). The results for the outer model shown in Table 5, that the indicators of the four variables met the validity and reliability tests. Hence, indicators of the four variables can be used to measure constructs in research.

**Table 5.** Validity and Reliability Testing Results

Variable	Cronbach's alpha	Composite reliability	AVE	Valid/Reliable
Financial Wisdom	0.879	0.911	0.671	Yes
Business Justice	0.926	0.948	0.819	Yes
Well-being	0.8	0.871	0.629	Yes
Business Success	0.815	0.878	0.643	Yes
Quality of Worship	0.936	0.949	0.758	Yes
Business Experience	0.889	0.919	0.695	Yes

## Result of Business Success Measurement

Following Amin (2020), the business success category was "medium-high" success with a score of 78.25. The results of the AMSi calculation on respondents 1 to 56 showed acceptable results with a description of the level of success as "medium", "medium-high", or "independent". Respondents with a medium level of business success were 17 respondents, a presentation of

30.36% of the total respondents. Respondents who showed a medium-high level of business success were 32 respondents, with a percentage of more than 50%, namely respondents 18 to 49. The independent business success level category was 7 respondents or 12.5%, namely respondents 50 to 56.

These three results showed that, in general, MSME actors had been successful in running their businesses through the programs they had participated in, with medium to medium-high levels of success. Of the 7 respondents with independent success results, 5 of them answered all questionnaire answers with a Linkert scale with a number 5 or “very successful”, this was an irregularity because it can cause problems when processing data and it could be that the respondents did not read and fill out the questionnaire according to the questions.

BJ had the highest success rating, which showed that respondents had carried out *halal* transactions both in terms of products and transaction implementation. In addition to BJ, QW was the second highest ranking in business success, which showed that the quality of worship of MSME actors made them successful in running their business.

**Table 6.** Number of Respondents by Business Success Category

No	Business Success Category	AMSi Score Range (%)	Number of Respondents	Percentage (%)
1	Medium	50–74	17 respondents	30.36%
2	Medium-High	75–90	32 respondents	57.14%
3	Independent	91–100	7 respondents	12.50%
	Total		56 respondents	100%

## Discussions

### The Role of Empowerment Programs in Shaping Business Success

The empowerment initiatives provided by LAZ Masjid Jogokariyan primarily through *qardhul hasan* (benevolent loans) play a significant role in improving the business capacity of *mustahiq* MSME practitioners (Rarasati & Priyadi, 2024). These programs offer not only capital but also comprehensive mentoring, training, and community-based support. Rarasati (2025) further highlighted that financial policy and spiritual development, particularly the quality of worship, are positively associated with business success.

Empirical data suggest that most MSMEs fall under the *moderate to medium-high success* category. Start-up businesses often experience slow revenue growth and limited returns during their early phases, primarily due to high initial investment and inexperience in financial planning. Nonetheless, the structured guidance offered by Masjid Jogokariyan helped many MSME actors innovate and adjust to market demands. Notably, the quality of worship among respondents has reportedly improved in parallel with their business activities, reinforcing the dual economic–spiritual impact of the program.

### **Core Success Factors: Knowledge, Justice, and Worship**

The transition of MSMEs from moderate to higher success levels is driven by several interrelated factors: improved entrepreneurial knowledge, stronger financial discipline, and heightened awareness of Islamic business ethics. Through participation in various mosque-led initiatives, entrepreneurs gained strategic insights and practical skills that contributed to income generation and enhanced family welfare (Rarasati & Priyadi, 2024)

Among all dimensions measured using the Asnaf Muslimpreneur Success Index (AMSi), Business Justice (BJ) and Quality of Worship (QW) emerged as the most influential factors. BJ scored an average of 2108.93 (84%) and QW 2498.21 (83%). These findings demonstrate that justice in business operations including fair transactions, honesty, and adherence to halal principles builds customer trust and ensures ethical sustainability. Simultaneously, religious observance, including consistent charity and zakat payments, fosters spiritual motivation and business integrity (Ghozali et al., 2024; Yaakub & Adnan, 2018).

### **Entrepreneurial Experience and Financial Management as Catalysts**

Business experience, especially when developed through targeted training and mentoring, is a crucial component of entrepreneurial growth. Mentorship equips MSME actors not only with technical skills but also emotional resilience and a holistic understanding of business challenges (Yani et al., 2024). Sulandjari (2023) affirms that structured guidance enhances entrepreneurial competence, particularly among start-ups.

Equally important is financial management. Effective practices such as budgeting, managing cash flow, and aligning investment with Islamic principles have a substantial impact on profitability and operational sustainability (Sharma, 2023). A broader financial strategy that includes compliance with regulations and stakeholder accountability further contributes to long-term business value (Gupta & Agarwal, 2024).

### **Business Impact on Family and Social Well-being**

Entrepreneurship significantly influences both personal and family well-being. While business responsibilities may pose challenges in balancing work and family life, they also offer emotional fulfilment, financial security, and an enhanced sense of purpose. In the case of Jogokariyan MSMEs, many respondents reported improved family welfare as an outcome of their business activities.

Rambe et al. (2008) emphasized that family well-being is multidimensional spanning spiritual, psychological, intellectual, and material aspects. Afriany et al. (2019) also noted that emotional bonds and personal happiness within families directly affect business performance and long-term sustainability. In this context, business success is not only an economic achievement but also a transformative tool for social and familial resilience.



## V. Conclusion and Recommendation

This study highlights the significant role of Jogokaryan Mosque's financing and empowerment programs in enhancing the business success of Micro, Small, and Medium Enterprises (MSMEs) through an integrated approach rooted in Islamic principles. The use of *qardhul hasan* (benevolent loans) combined with structured training in financial management, digital marketing, and product development has created a foundation for sustainable entrepreneurial growth among the mosque's beneficiaries. Using the *Asnaf* Muslimpreneur Success Index (AMSi), the business success of MSME actors was measured across five key dimensions: business experience, justice, well-being, financial wisdom, and quality of worship.

Findings show that the MSME actors generally achieved a *medium-high* level of success. This outcome is attributed largely to strong financial literacy (financial wisdom) and enhanced spiritual practices (quality of worship), demonstrating the dual influence of economic and religious values on entrepreneurial outcomes. While the subjective nature of business success measurement limits its generalizability, the study affirms that variables selected must align with the unique socio-religious context of the research subjects. Jogokaryan Mosque's model of integrating Islamic empowerment and financing reflects a replicable framework for mosques or zakat institutions seeking to drive economic development and spiritual growth concurrently.

Based on the findings, it is recommended that Jogokaryan Mosque and similar Islamic institutions enhance their empowerment programs by ensuring the consistency and quality of financial mentoring, while continuing to integrate Islamic values, particularly worship quality, into entrepreneurial training. Future research should consider adopting more diverse and context-specific indicators to measure business success, combining both objective financial outcomes and subjective spiritual or social impacts. Additionally, to strengthen data validity, researchers are encouraged to employ focus group discussions or complementary qualitative methods alongside surveys, especially to mitigate limitations inherent in online data collection.

### Author Contributions

*Conceptualization, I. R. & H. A.; Methodology, H. A.; Investigation, I. R.; Analysis, I. R.; Original draft preparation, I. R. & H. A.; Review and editing, I. R. & H. A.; Visualization, I. R. & H. A.; Supervision, H. A.; Project administration, I. R.*

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### Conflicts of Interest

The authors hereby declare that there are no conflicts of interest related to the research, authorship, or publication of this article. All stages of the research, including the design, data collection, analysis, and interpretation, were conducted independently and without any influence from personal, financial, or institutional relationships that could be perceived as potential conflicts. The authors affirm that the findings presented in this article are solely based on academic integrity and objective analysis.

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