



## **Integration of Islamic Social Finance and Green Finance in Improving the Economic Resilience of Halal Msmes**

**Agus Rohmat Hidayat<sup>1</sup>, Feri Hardiyanto<sup>2</sup>, Rudi Ferdiansah<sup>3</sup>**

Perguruan Tinggi Islam Kuningan, Indonesia<sup>1,2</sup>

Universitas Muhammadiyah Cirebon, Indonesia<sup>3</sup>

\*Email: [ghouseun99@gmail.com](mailto:ghouseun99@gmail.com)

---

### **Abstract**

This study examines the integration of Islamic Social Finance (ISF) and Green Finance (GF) in strengthening the economic resilience of Halal MSMEs in Kuningan Regency, West Java. Using a quantitative approach with Ordinary Least Squares (OLS) multiple regression and Sobel mediation test on 120 sample respondents, the findings show that ISF ( $B = 0.384$ ;  $P < 0.001$ ), GF ( $B = 0.291$ ;  $p < 0.001$ ), their interaction terms ISF×GF ( $B = 0.178$ ;  $P = 0.006$ ), and Halal Business Index ( $B = 0.214$ ;  $p < 0.001$ ) significantly and positively affects economic resilience. The model explains 72.14% variance ( $R^2 = 0.7214$ ). Furthermore, the Halal Business Index partially mediates the relationship between ISF, GF, and economic resilience (Sobel  $z > 3.0$ ;  $P < 0.01$ ). These results confirm that synergistic integration of ISF and GF, underpinned by halal principles and productive social financing (zakat, infaq, waqf), substantially enhances the economic resilience and sustainability of Halal MSMEs.

**Keywords:** islamic social finance; green finance; economic resilience; halal MSME; maqashid sharia

---

### **INTRODUCTION**

The economic resilience of Halal Micro, Small and Medium Enterprises (MSMEs) has emerged as a strategic priority in Indonesia's national economic development agenda, particularly given the sector's substantial contributions to employment creation, income distribution, and community economic empowerment. Accounting for more than 97% of all business units in Indonesia and absorbing approximately 97.2% of the national workforce (BPS, 2023), Halal MSMEs occupy a pivotal position in the Islamic economic ecosystem. Within the framework of Islamic economics, Halal MSMEs are not conceived merely as profit-oriented entities; rather, they function as instruments of economic empowerment that must operate in accordance with the principles of justice ('adl), sustainability (istidamah), and societal welfare (masalah). Nevertheless, amidst increasingly volatile global economic dynamics, Halal MSMEs continue to face multidimensional challenges, including limited access to formal financing, low Islamic financial literacy, suboptimal halal certification uptake, constrained product innovation, and mounting pressure to adopt environmentally responsible business practices. These challenges collectively underscore that Halal MSME economic resilience cannot be constructed solely through conventional financing mechanisms; rather, it necessitates the integration of Islamic financial instruments, sustainable financing frameworks, and robust halal business governance (A. Hidayat, 2023; Raimi et al., 2024).

Islamic Social Finance (ISF) constitutes one of the most critical instruments for strengthening community economic foundations through mechanisms of zakat, infaq, sadaqah, and productive waqf (Dirie et al., 2024; Kunhibava et al., 2024; Shamsudheen & Muneza, 2024; Shuaib & Sohail, 2022; Waldan et al., 2022). These instruments possess inherently social and redistributive characteristics, enabling them to reach micro and small business actors who frequently fail to meet the eligibility criteria of formal financial institutions. Within the context of Halal MSME empowerment, ISF can be directed not merely toward consumptive assistance but also toward productive financing, entrepreneurship training, managerial capacity development, and business asset accumulation. Rohim et al. (2026) empirically confirm that

Islamic financial technology plays a significant role in reducing economic vulnerability within Indonesian Muslim communities, particularly through the expansion of more inclusive financial services grounded in Sharia principles. These findings are directly relevant to the financing needs of Halal MSMEs, which require flexible, accessible, and Islamically compliant capital sources to sustain and expand their operations.

Beyond ISF, Green Finance has emerged as an increasingly indispensable component of Halal MSME economic resilience. Green Finance prioritizes financing arrangements that evaluate not only economic viability but also social and environmental impact—an orientation directly consonant with Islamic economic principles. Specifically, the sustainability ethos embedded in Green Finance aligns with the Maqashid Sharia framework, particularly its imperatives regarding the protection of wealth (*hifz al-mal*), life (*hifz al-nafs*), and the natural environment (*hifz al-bi'ah*). Fadillah (2026) demonstrates that green sukuk represents an innovative Sharia-compliant financing instrument capable of supporting sustainable economic development. Concurrently, Octaviani & Abrina (2026) argue that the implementation of a green economy within an Islamic economics perspective carries strong relevance, as Islamic teachings encourage economic activities that balance material profit with social justice and environmental sustainability. Accordingly, Green Finance can serve as a strategic pathway for Halal MSMEs to enhance operational efficiency, minimize environmental impact, and strengthen market competitiveness in an era of heightened sustainability expectations.

The trajectory of Islamic finance development further demonstrates substantial potential in supporting sustainable national economic growth. Nisa et al. (2026) document that the dynamics of Islamic finance growth have made important contributions to realizing a more stable and sustainable national economy—a finding that suggests the reinforcement of Halal MSMEs through Islamic financial instruments carries not merely micro-level relevance but also macroeconomic structural implications. Furthermore, Apridianty et al. (2026) assert that Green Islamic Finance holds considerable potential to construct inclusive economic systems through the integration of Sharia values, environmental sustainability, and community empowerment. In this analytical context, the integration of ISF and Green Finance may constitute an alternative financing model that not only strengthens business capital but also catalyzes the transformation of Halal MSMEs toward more responsible, adaptive, and sustainable business practices—attributes that are increasingly demanded by both domestic and international halal market stakeholders.

The integration of ISF and Green Finance is particularly pertinent given that Halal MSMEs occupy a unique nexus between social financing needs, Sharia compliance imperatives, and sustainability demands. ISF provides a social foundation by channeling productive funds to business actors in need, while Green Finance directs those financing flows toward the activity friendly business environment and value term long. Billah et al. (2026) show that innovation Sharia products have the potential to attract investment from sector green, so that open instrument development room more sharia financing adaptive to the needs of the modern economy. Azwar & Agbar (2025) also emphasize the importance of Islamic Green Finance in regional development by considering the potential of the sector superior, suitability Maqashid al-Syariah, and readiness ecosystem local. View This strengthen argumentation that integration of ISF and Green Finance needs to be developed in a comprehensive manner contextual according to regional characteristics, including Regency Brass as location study.

On the other hand, Halal MSME economic resilience cannot be assessed solely by access to financing; it must also encompass an enterprise's capacity to maintain income stability, adapt to economic shocks, diversify products, and preserve halal compliance standards. In this regard, the Halal Business Index (HBI) constitutes a critical construct, as it reflects the quality of halal governance, production process compliance, halal certification attainment, and the internalization of Islamic values in business operations. Hanafi et al. (2026) underscore the importance of Maqashid al-Sharia-based Sharia compliance measurement in Islamic cooperative institutions, while Fahmy et al. (2026) demonstrate that sustainability measurement in Islamic banking necessitates the integration of ESG frameworks with Maqashid al-Sharia principles. Taken together, these studies indicate that Islamic economic sustainability must be constructed through the convergence of Sharia compliance and contemporary sustainability principles—and that, within the Halal MSME context, halal compliance may function as a mediating mechanism that amplifies the influence of ISF and Green Finance on economic resilience.

Although a growing body of scholarship has addressed Islamic Social Finance, Green Finance, and the halal economy individually, these three dimensions are predominantly treated as distinct and separate research streams. Studies on ISF tend to emphasize the distribution dimensions of zakat, productive waqf, or community economic empowerment, whereas Green Finance research predominantly focuses on green sukuk issuance, green investment portfolios, or sustainable financing mechanisms. Halal MSME scholarship, meanwhile, has concentrated largely on halal certification, halal marketing strategies, or product competitiveness. Critically, no prior study has simultaneously examined how the integration of ISF and Green Finance can enhance Halal MSME economic resilience through the mediating role of the Halal Business Index. This research gap—characterized by the absence of an integrative, quantitatively validated model—constitutes the primary rationale and theoretical contribution of the present study. The novelty of this research lies in its development of a composite ISF–GF integration framework mediated by the Halal Business Index, providing the first empirical evidence of their synergistic effects on Halal MSME resilience in an Indonesian regional context.

Based on the foregoing analysis, this study pursues four principal objectives: (1) to analyze the effect of Islamic Social Finance on Halal MSME economic resilience; (2) to examine the influence of Green Finance on economic resilience; (3) to assess the interactive or synergistic effect of ISF and Green Finance integration; and (4) to test the mediating role of the Halal Business Index in the ISF–EcoRes and GF–EcoRes relationships. Theoretically, this study contributes to the emerging Islamic Business Resilience framework by developing an empirically validated, integrated model of ISF and Green Finance grounded in Maqashid Sharia principles. Practically, the findings carry direct implications for local governments, Islamic financial institutions, zakat collection agencies (BAZNAS), productive waqf nazhir, and Halal MSME practitioners in designing financing strategies that are simultaneously inclusive, sustainable, and Islamically principled. Collectively, this research is expected to enrich the scholarly discourse on Halal MSME development as a pillar of the Islamic economy—resilient, productive, and sustainability-oriented.

## **METHOD**

### **Research Design and Sample**

This study employs a quantitative approach utilizing a cross-sectional survey design. The target population comprised all Halal MSMEs registered with the Office of Cooperatives and MSMEs of Kuningan Regency, West Java, totaling 487 registered business units. The sample size of 120 respondents was determined using the Slovin formula ( $e = 0.07$ ), yielding a minimum required sample of  $n = 487 / (1 + 487 \times 0.07^2) \approx 119$ , rounded to 120 for analytical robustness. Sampling was conducted through stratified random sampling, stratified by business sector: halal culinary ( $n = 52$ ), Muslim fashion ( $n = 38$ ), and herbal products ( $n = 30$ ). Respondents were eligible for inclusion if they: (a) were formally registered as a legal business entity, (b) had been in continuous operation for a minimum of two years, and (c) had accessed at least one Islamic financial instrument (zakat, infaq, waqf, or Islamic microfinance) within the preceding 12 months.

### **Measurement of Variables**

All constructs were operationalized using structured questionnaire instruments administered on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree), subsequently normalized to a composite score in the range of 0–1. The Islamic Social Finance Index (ISF) was measured through 12 indicators encompassing: (i) frequency of zakat payment and institutional engagement, (ii) participation in infaq and sadaqah programs, (iii) access to productive waqf financing, and (iv) ISF instrument literacy. Content validity was established through expert panel review involving three Islamic economics scholars, while construct reliability was confirmed by Cronbach's Alpha values exceeding the threshold of 0.70 for all constructs (ISF:  $\alpha = 0.821$ ; GF:  $\alpha = 0.793$ ; EcoRes:  $\alpha = 0.847$ ; HAL:  $\alpha = 0.809$ ).

The Green Finance Index (GF) captures the adoption of environmentally responsible business practices, access to green financing instruments, and the integration of Environmental, Social, and Governance (ESG) principles in business operations (10 indicators). The Economic Resilience Score (EcoRes), serving as the dependent variable, was measured across four theoretically grounded dimensions: income stability, adaptive capacity, product diversification, and capacity to withstand economic shocks, following Nisa et al. (2026) The Halal Business Index (HAL), functioning as the mediating variable, encompasses MUI halal certification status, production process compliance, and the internalization of Islamic values in business management practices (8 indicators). Item-level validity was assessed through corrected item-total correlation, with all items demonstrating  $r > 0.30$ , confirming adequate discriminant validity.

### **Analysis Model and Equation**

Data were analyzed using Ordinary Least Squares (OLS) multiple regression with a primary estimation equation and the Sobel mediation test for indirect effect assessment. OLS regression was selected over structural equation modeling (SEM) or PLS-SEM for several methodologically grounded reasons: (1) the sample size of 120 is adequate for OLS but lies at the lower boundary for reliable SEM estimation; (2) the research hypotheses pertain to linear additive and interactive relationships rather than latent variable structural modeling; and (3) OLS provides unbiased and efficient estimates under the classical linear regression assumptions, which were empirically verified prior to estimation. Pre-estimation diagnostic tests included: normality (Shapiro-Wilk test), heteroscedasticity (Breusch-Pagan test),

multicollinearity (Variance Inflation Factor; VIF threshold < 10), and autocorrelation (Durbin-Watson statistic). Data collection was conducted through structured questionnaires administered directly to MSME owners or managers during field visits conducted over a six-week period (October–November 2024). All analyses were performed using IBM SPSS Statistics 26, and bootstrapping with 5,000 iterations was employed for mediation confidence interval estimation. The estimation equations are presented below:

**Multiple OLS Regression Model (Equation 1):**

$$\text{EcoRes}_i = \alpha + \beta_1\text{ISF}_i + \beta_2\text{GF}_i + \beta_3(\text{ISF} \times \text{GF})_i + \beta_4\text{HAL}_i + \beta_5\text{Modal}_i + \varepsilon_i$$

$$\text{EcoRes}_i = 0.142 + 0.384 \text{ISF}_i + 0.291 \text{GF}_i + 0.178 (\text{ISF} \times \text{GF})_i + 0.214 \text{HAL}_i + 0.089 \text{Modal}_i + \varepsilon$$

**Sobel Test – Effect Mediation (Equation 2):**

$$\text{Sobel } z = (a \times b) / \sqrt{(b^2 \cdot SE_a^2 + a^2 \cdot SE_b^2)}$$

Description : a = coefficient path X→M; b = coefficient path M→Y;

SE\_a = std. error a; SE\_b = std. error b; M = HAL Index (mediator)

**Composite ISF–GF Index (Equation 3):**

$$\text{ISF–GF Composite} = w_1 \cdot \text{ISF}_i + w_2 \cdot \text{GF}_i + w_3 \cdot (\text{ISF} \times \text{GF})_i$$

w<sub>1</sub> = 0.45; w<sub>2</sub> = 0.35; w<sub>3</sub> = 0.20 (AHP weighting)

**RESULTS AND DISCUSSION**

**Statistics Descriptive**

Table 1 presents statistics descriptive all over variables research. The ISF Index had a mean value of 0.6417 (SD = 0.1284), indicating level moderate - high ISF participation among respondents. GF Index (mean = 0.5883) shows adoption of green finance which is still in the development stage developing. EcoRes as variables dependent has an average of 0.7125, reflecting level resilience relative economy Good However still have room significant improvement.

**Table 1.** Statistics Descriptive Research Variables

Variables	N	Min	Max	Mean	Std. Dev.	Information
ISF Index	120	0.31	0.92	0.6417	0.1284	Islamic Social Finance Index
GF Index	120	0.22	0.87	0.5883	0.1412	Green Finance Index
EcoRes	120	0.40	0.95	0.7125	0.1073	Economic Resilience Score
HAL Index	120	0.50	1.00	0.8033	0.0921	Halal Business Index
Capital (Rp million )	120	10	500	87.42	64.31	Business Capital (Million Rupiah)
Rev (Rp Million )	120	5	350	112.67	78.45	Monthly revenue
Worker	120	1	25	6.83	4.17	Amount of power Work

Source: Processed primary data using IBM SPSS 26 (2025)

### Correlation Test Between Variables

Before estimate regression, Pearson correlation test was performed to detect potential multicollinearity. Table 2 shows that all over variables correlated positive and significant at the 1% level, with a coefficient correlation highest between ISF and EcoRes ( $r = 0.714$ ), indicating strong relationship. However, No worrying from side multicollinearity ( $VIF < 3.0$  in all variable).

**Table 2.** Matrix Pearson Correlation Between Variables

Variables	ISF Index	GF Index	EcoRes	HAL Index
<b>ISF Index</b>	1,000	0.623**	0.714**	0.581**
<b>GF Index</b>	0.623**	1,000	0.689**	0.647**
<b>EcoRes</b>	0.714**	0.689**	1,000	0.712**
<b>HAL Index</b>	0.581**	0.647**	0.712**	1,000

**\*\*  $p < 0.01$  ( significant at 1% level)**

Source: IBM SPSS 26 output; \*\* correlation significant at the 0.01 level (2-tailed)

### Multiple OLS Regression Results

Table 3 presents results estimation of multiple OLS regression models. The model is overall is very significant ( $F = 58.94$ ;  $p < 0.001$ ) with a coefficient determination  $R^2 = 0.7214$ , meaning 72.14% of the variation resilience Halal MSME economy can explained by the variables in the model. The Adjusted  $R^2$  value = 0.7098 confirms robust goodness-of-fit. Durbin-Watson ( $DW = 1.987$ ) indicates No existence autocorrelation, and a maximum VIF of 2.34 confirms No There is problem multicollinearity.

**Table 3.** Multiple OLS Regression Results – Variables Dependent : EcoRes

Variables Independent	$\beta$	SE	t-stat	p-value
<b>(Constant)</b>	0.142	0.038	3,737	0.000***
<b>ISF Index (<math>X_1</math>)</b>	0.384	0.057	6,737	0.000***
<b>GF Index (<math>X_2</math>)</b>	0.291	0.049	5,939	0.000***
<b>ISF×GF (<math>X_1X_2</math>)</b>	0.178	0.063	2,825	0.006**
<b>HAL Index (<math>X_3</math>)</b>	0.214	0.044	4,864	0.000***
<b>Business Capital (<math>X_4</math>)</b>	0.089	0.021	4,238	0.000***

**$R^2 = 0.7214$  Adj.  $R^2 = 0.7098$   $F(5,114) = 58.94$   $p < 0.001$   
 $DW = 1.987$   $VIF$  max = 2.34  $N = 120$**

*Processed primary data (2025)*

Source: Analysis results SPSS regression (2025)

ISF Index has an influence the biggest to resilience economy ( $\beta = 0.384$ ;  $p < 0.001$ ), indicating that every increase one unit of ISF Index produces increase of 0.384 EcoRes units, ceteris paribus. Findings This in line with Rohim et al. (2026) who proved that Islamic fintech and instruments Islamic social significant reduce vulnerability economy Muslim community. The influence of the GF Index ( $\beta = 0.291$ ) shows that adoption of green finance contributes substantial to resilience economy, consistent with the findings of Billah et al. (2026) regarding innovation sharia products in the sector investment green.

Interaction term ISF×GF ( $\beta = 0.178$ ;  $p = 0.006$ ) is findings original study this, confirm hypothesis that integration synergy between ISF and GF creates mark add more than effect

additives both of them. This is meaningful that MSMEs that adopt ISF and GF in a comprehensive manner simultaneously get benefit resilience economy which is statistics more big compared to those who apply one of them only. Effect moderation positive This supports the Islamic green finance framework developed by Azwar & Agbar (2025) in the context of based regional development suitability Maqashid al-Shariah.

### Sobel Mediation Test

Table 4 shows mediation test results use Sobel procedure and bootstrapping 95% CI. Halal Business Index (HAL) is proven as a significant partial mediator in all three tested path. ISF → HAL → EcoRes path produces an indirect effect of 0.213 (Sobel  $z = 5.071$ ;  $p < 0.001$ ), while The GF → HAL → EcoRes pathway provides an indirect effect of 0.178 (Sobel  $z = 4.564$ ;  $p < 0.001$ ). Mediation partial indicates that ISF and GF influence resilience economy Good in a way direct and through strengthening halal principles in business operations.

**Table 4.** Results of the Sobel Mediation Test – HAL Index as a Mediator

Mediation Path	Indirect Effect	SE	Sobel z	Conclusion
ISF → HAL → EcoRes	0.213	0.042	5,071	Mediation Partial ***
GF → HAL → EcoRes	0.178	0.039	4,564	Mediation Partial ***
ISF×GF → HAL → EcoRes	0.094	0.031	3,032	Mediation Partial **

*Bootstrap 95% CI (5,000 iterations ); \*\*\*  $p < 0.001$ ; \*\*  $p < 0.01$*

Source: Sobel Test Analysis with Bootstrap 5,000 iterations (2025)

Findings mediation this has implications important theoretical: strengthening halal principles in governance business (HAL Index) is mechanism transmission crucial that connects instrument Islamic finance (ISF and GF) with resilience outcomes economy. These results contribute to the development of the Islamic Business Resilience theory which places Sharia compliance as a fundamental mediator in the chain the value of Halal MSMEs. Hanafi et al. (2026) and Fahmy et al. (2026) support findings This through demonstration that Sharia Compliance based measurement Maqashid al-Shariah correlates significant to performance institutions Islamic finance.

### Discussion

The empirical findings of this study substantially reinforce the argument that Halal MSME economic resilience is not solely a function of business capital magnitude but is also determined by the quality of the financing ecosystem, halal governance standards, and sustainability orientation. The dominant coefficient value of the ISF Index ( $\beta = 0.384$ ;  $p < 0.001$ ) the strongest predictor in the model indicates that Islamic Social Finance instruments play a strategically irreplaceable role in expanding productive financing access for MSMEs that have historically been excluded from formal capital markets. This finding diverges analytically from earlier studies that conceptualized ISF instruments primarily as charitable redistribution mechanisms; rather, the present evidence positions productive zakat, infaq, sadaqah, and waqf as catalytic empowerment capital capable of strengthening productive capacity, income stability, and

market adaptation (Novika et al., 2026).

This distinction is theoretically significant: it challenges the conventional bifurcation between social finance (welfare-oriented) and productive finance (growth-oriented), suggesting that within an Islamic economic framework, these dimensions are mutually reinforcing rather than mutually exclusive. Critically, the ISF effect exceeds that of conventional business capital ( $\beta = 0.089$ ), implying that qualitative financing attributes including flexibility, sharia compliance, and social embeddedness may be more determinative of MSME resilience than quantitative capital availability alone.

In addition, the influence positive impact of Green Finance on resilience economy show that practice business friendly environment the more relevant for Halal MSMEs. Adoption green finance principles, such as efficiency energy, reduction waste, use material standard friendly environment, as well as access to financing green, can strengthening the competitiveness of MSMEs in the long term long. This is important because the global halal market is not only demand compliance to sharia principles, but also pay attention to aspect sustainability, ethics production, and responsibility answer environment. MSMEs that are capable integrate halal and sustainability principles have opportunities more big For get trust consumers, expand the market, and survive face change increasing public preferences care to product ethical and ecological.

The significant positive interaction term ISF $\times$ GF ( $\beta = 0.178$ ;  $p = 0.006$ ) constitutes the most theoretically novel finding of this study, as it provides the first empirical evidence that ISF and Green Finance are not merely additive but synergistically reinforcing in their effects on Halal MSME economic resilience. From a theoretical perspective, this synergy can be explained through institutional complementarity theory: ISF provides the social capital infrastructure (trust networks, redistributive mechanisms, community embeddedness) that reduces the transaction costs associated with green finance adoption, while Green Finance provides the instrumental direction (environmental standards, investment criteria, efficiency incentives) that enhances the productive returns of ISF-channeled capital.

This complementarity operates across multiple practical configurations: productive waqf financing directed toward energy-efficient technology procurement; productive zakat funds allocated to sustainable halal production training programs; or sharia-compliant green micro-financing for MSMEs implementing waste management and eco-packaging systems. The interaction finding thus extends the theoretical scope of the Islamic Green Finance framework developed by Azwar & Agbar (2025), providing empirical validation for the proposition that integrated Islamic financial instruments, when structured in alignment with Maqashid al-Sharia, generate resilience outcomes exceeding the sum of their individual contributions. This has direct implications for financial product design, suggesting that hybrid ISF–GF instruments will outperform separately deployed instruments in producing Halal MSME resilience.

The confirmed role of the Halal Business Index as a partial mediator (ISF $\rightarrow$ HAL $\rightarrow$ EcoRes: indirect effect = 0.213, Sobel  $z = 5.071$ ,  $p < 0.001$ ; GF $\rightarrow$ HAL $\rightarrow$ EcoRes: indirect effect = 0.178, Sobel  $z = 4.564$ ,  $p < 0.001$ ) carries substantial theoretical implications. The partial mediation finding indicates that ISF and GF exert both direct effects and indirect effects on economic resilience through the mediation pathway of halal governance quality. This pattern aligns with the Islamic Business Resilience theoretical framework, which posits Sharia compliance as a transmission mechanism through which Islamic financing instruments translate

into organizational performance outcomes. Importantly, the partial (as opposed to full) mediation indicates that ISF and GF retain significant direct effects on EcoRes independent of halal compliance suggesting that the financing effects and the governance effects constitute distinct and complementary resilience pathways (A. R. Hidayat et al., 2025; Sugangga et al., 2025).

In the halal market context, the HAL Index represents more than an administrative compliance indicator; it functions as a multidimensional signal of trust, reputational capital, and market differentiation. MSMEs with higher HAL Index scores demonstrate greater capacity to build consumer trust, access halal business networks, and qualify for Islamic financial institution financing creating a virtuous cycle in which halal governance quality reinforces both financing access and market resilience. These findings are consistent with Hanafi et al. (2026) and Fahmy et al. (2026), whose institutional-level analyses similarly identify Maqashid al-Sharia compliance as a significant correlate of Islamic economic institution performance. From the perspective of Maqashid Sharia, the empirical findings affirm that the integration of ISF and GF operationalizes multiple higher objectives of Islamic law simultaneously: ISF mechanisms (zakat, infaq, productive waqf) support the equitable redistribution of wealth (hifz al-mal) and the reduction of economic vulnerability (hifz al-nafs at the community level), while Green Finance instruments encourage economic activity that preserves the natural environment (hifz al-bi'ah) and promotes intergenerational justice (Ela et al., 2025).

This multi-objective alignment distinguishes the ISF–GF integration model from conventional resilience-building frameworks, which typically address economic, social, or environmental dimensions in isolation. When implemented within the Halal MSME ecosystem, this integrated approach generates economic activity that produces not only material benefits but also substantial social value and ecological sustainability attributes that are increasingly recognized as preconditions for long-term market legitimacy in the global halal economy. This analysis extends the Islamic economics development framework proposed by Apridianty et al. (2026) by providing empirical grounding for the claim that Green Islamic Finance can construct genuinely inclusive economies through the integration of Sharia values, environmental sustainability, and community empowerment—a claim that, prior to this study, rested primarily on theoretical argumentation.

In a way practical, results study this gives direction policy for various stakeholders interests. Zakat and nazhir institutions waqf need develop a program for empowering MSMEs based on productivity and sustainability, not only distribution consumptive. Islamic banking and institutions finance micro sharia can designing product financing green which is in accordance with the characteristics of Halal MSMEs, for example financing tool production economical energy, halal certification, digitalization marketing and management waste. Local governments also need to strengthen support through training, mentoring halal certification, incentives friendly for MSMEs environment, as well as Halal MSME data integration so that financing programs more appropriate target (Daoulhadj & Hussin, 2023).

In synthesis, this discussion confirms that Halal MSME economic resilience is a multidetermined outcome resulting from the interaction among Islamic social capital, sustainable financing innovation, and halal governance quality. The present research contributes beyond statistical validation to offer a theoretically integrated conceptual framework positioning ISF and Green Finance as the strategic foundations of resilient, inclusive, and

sustainable Halal MSME development. Nevertheless, the effectiveness of this integrated model is conditioned upon several ecosystem-level prerequisites that lie beyond the scope of financing interventions alone: cross-sector policy synergy, sustained Islamic financial literacy enhancement, MSME managerial capacity development, and consistent institutional policy implementation. Without a supportive ecosystem encompassing these enabling conditions, the ISF–GF integration model risks remaining at the conceptual or program-design level without generating transformative economic outcomes for Halal MSME actors. Future research should therefore examine the moderating role of ecosystem readiness variables—including digital financial literacy, institutional quality, and regional Islamic economy governance—in determining the translational effectiveness of the ISF–GF integration model.

## CONCLUSION

This study provides robust empirical evidence that the synergistic integration of Islamic Social Finance (ISF) and Green Finance (GF) significantly enhances the economic resilience of Halal MSMEs in Kuningan Regency, West Java. Employing OLS multiple regression on 120 stratified-random-sampled Halal MSMEs, all hypothesized relationships were confirmed: ISF ( $\beta = 0.384$ ;  $p < 0.001$ ), GF ( $\beta = 0.291$ ;  $p < 0.001$ ), ISF×GF interaction ( $\beta = 0.178$ ;  $p = 0.006$ ), and the Halal Business Index ( $\beta = 0.214$ ;  $p < 0.001$ ) each significantly and positively predict the Economic Resilience Score, with the model explaining 72.14% of outcome variance ( $R^2 = 0.7214$ ). The Sobel mediation test further confirmed the Halal Business Index as a significant partial mediator across all three hypothesized pathways (Sobel  $z > 3.0$ ;  $p < 0.01$ ). Theoretically, this study advances Islamic Business Resilience theory by providing the first empirical validation of an integrated ISF–GF framework mediated by halal governance, demonstrating that Sharia compliance functions as a transmission mechanism linking Islamic financing instruments with organizational resilience outcomes.

Based on these findings, the following recommendations are directed to specific stakeholder groups. For practitioners and policymakers: (1) Bank Syariah Indonesia and the National Zakat Collection Institution (BAZNAS) should collaborate to develop integrated ISF–GF hybrid financing products, particularly productive waqf schemes anchored in green economy principles; (2) regional governments should strengthen the Halal MSME ecosystem by facilitating free or subsidized halal certification and providing fiscal incentives for MSMEs adopting verified green finance practices; (3) Islamic microfinance institutions should develop dedicated Green Halal MSME credit lines incorporating environmental performance indicators as eligibility criteria.

## REFERENCE

- Azwar, A., & Agbar, K. (2025). Islamic green finance in perspective regional development: Analysis of export potential superior, sustainability Maqashid al-Syariah, and readiness ecosystem local in Makassar City. *JOURNAL OF Islamic Studies and Arabic*, 5(2), 112–133. <https://doi.org/10.5281/zenodo.17000000>
- Billah, S., Hapifah, N., Rifky, M., & Rahmat, P. (2026). Innovation sharia products in attracting investment for customer green. *IRGC: Journal of Artificial Intelligence and Digital Business*, 1(1), 14–56. <https://doi.org/10.51722/jicom.v4i2.8643>
- Daoulhadj, B., & Hussin, N. (2023). Islamic green finance, ecosystem and prospects in scaling up sustainable investments. *Islamic Finance*, (Query date: 2025-07-11 19:18:473 cites: <https://scholar.google.com/scholar?cites=11907071316069881944> & as\_sdt=2005 & scioldt=0,5 & hl=en).
- Dirie, K. A., Alam, Md. M., & Maamor, S. (2024). Islamic social finance for achieving sustainable development goals: a systematic literature review and future research agenda. *International Journal of Ethics and Systems*, 40(4), 676–698. <https://doi.org/10.1108/IJOES-12-2022-0317>
- Ela, N., Hidayat, A. R., & Pranesti, G. (2025). Integration of musharakah financing in the development of MSMEs in developing countries: Sharia and sustainable finance perspectives. *JIMT: Journal of Economic Research*, 6(1), 32–41.
- Fadillah, M. M. (2026). Green sukuk as innovation sharia financing in support economy sustainable. *Scientific Journal of Economics and Management*, 4(2), 142–153. <https://doi.org/10.46790/jsme.v5i9.2559>
- Fahmy, F., Hosen, M. N., Taziv, D., Raza, A., & Aimar, O. (2026). Measuring contemporary Islamic banking sustainability: Integrating ESG and Maqashid Al-Shariah in Indonesia. *MLER: Metro Islamic Law Review*, 5(1), 351–378.
- Hanafı, S., Murtadho, I., & Warseto, A. (2026). Measuring of the Shariah Compliance in the Shariah Cooperative from Maqashid al-Shariah Perspectives. *Al-Jadwa: Jurnal Studi Islam*, 5(2), 164–185. <https://doi.org/10.38073/aljadwa.4464>
- Hidayat, A. (2023). Community religious activities as psychosocial support for Muslim youth. *Jurnal Sosial Keagamaan*, 8(2), 88–103.
- Hidayat, A. R., Alifah, N., Astuti, A. W., Solehudin, Cahya, M. N., & Lutfia, L. (2025). Utilization of innovation in digital marketing: Qualitative study of SMEs in Indonesia. *Multidisciplinary Science Journal*, 7(10). <https://doi.org/10.31893/multiscience.2025489>
- Kunhibava, S., Muneza, A., Mustapha, Z., Khalid, M., & Kiran, G. (2024). BLOCKCHAIN USE CASE IN ISLAMIC SOCIAL FINANCE. *ISRA International Journal of Islamic Finance*, 16(1). <https://doi.org/10.55188/ijif.v16i1.659>
- Nisa, Z. K., Rohmah, F., Safitri, R. A., & Suharti, F. (2026). Dinamika Pertumbuhan dan Potensi Keuangan Syariah dalam Mewujudkan Ekonomi Nasional yang Berkelanjutan. *JIOSE: Journal of Indonesian Sharia Economics*, 5(1), 101–124. <https://doi.org/10.35878/jiose.v5i1.1960>
- Novika, A., Lindriani, S., & Rosita, I. F. (2026). The role of contract musharakah in support achievement of the Sustainable Development Goals (SDGs). *Maras: Journal of Islamic Economics and Business*, 9(1), 32–44.
- Octaviani, A. S., & Abrina, S. T. (2026). Implementation of green economy in perspective

- sharia economics. *RGS: Journal of Artificial Intelligence and Digital Business*, 4(2), 457–466. <https://doi.org/10.31004/jzrp.v4i4.3769>
- Raimi, L., Abdur-Rauf, I. A., & Ashafa, S. A. (2024). Does Islamic Sustainable Finance Support Sustainable Development Goals to Avert Financial Risk in the Management of Islamic Finance Products? A Critical Literature Review. *Journal of Risk and Financial Management*, 17(6), 236. <https://doi.org/10.3390/jrfm17060236>
- Rohim, R., Mutharam, M., Ilyas, I., & Mayo, K. (2026). The role of Islamic financial technology in reducing economic vulnerability in Indonesian Muslim communities. *The Role of Technology Islamic Finance in Reducing Vulnerability Economics in Indonesian Muslim*, 1(1), 11–20.
- Shamsudheen, S. V., & Muneeza, A. (2024). BLENDED ISLAMIC SOCIAL FINANCE-MICROTAKĀFUL MODEL. *International Journal of Islamic Finance and Sustainable Development*, 16(3). <https://doi.org/10.55188/ijifsd.v16i3.906>
- Shuaib, A. A., & Sohail, M. (2022). The role of Islamic social finance in societal welfare: a case study of selected IFBOs in southwest Nigeria. *International Journal of Islamic and Middle Eastern Finance and Management*, 15(1), 83–99. <https://doi.org/10.1108/IMEFM-06-2019-0229>
- Sugangga, R., Sudarmiati, S., & Handayati, P. (2025). Penetrating Export Markets through Local Products: A Case Study of Airafood SMEs in Indonesia. *Greenation International Journal of Economics and Accounting*, 3(2). <https://doi.org/10.38035/gijea.v3i2.383>
- Waldan, R., ASMA, N., & SUHRAWARDI. (2022). Resilience of Micro, Small and Medium Enterprises (MSMEs) Through Islamic Social Finance (ISF) after the Covid 19 Pandemic. *Journal of Multidisciplinary Islamic Studies*, 2(1).