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Social and Economic Factors Associated with the Economic Empowerment of Farmers: Evidence from Islamic Banking Customers in Torgamba, Indonesia

Muhammad Idris Hasibuan¹, Muhammad Syukri Albani²

State Islamic University of North Sumatra, Indonesia^{1,2}

idris180916@gmail.com¹

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ABSTRACT

This study aims to analyze the relationship between social and economic factors and the economic empowerment of farmers who are Islamic banking customers in Torgamba District, South Labuhanbatu Regency, Indonesia. This study employed a quantitative approach using a survey of 30 farmer respondents who were Islamic banking customers. The data were analyzed using multiple linear regression and relevant statistical tests. The findings indicate that social factors have a positive but statistically insignificant relationship with farmers' economic empowerment. Similarly, economic factors show a positive but statistically insignificant relationship when examined individually. However, social and economic factors are jointly and significantly associated with economic empowerment. These findings suggest that farmers' economic empowerment may be related to the combined influence of social and economic conditions rather than the independent contribution of either factor alone. From the perspective of Maqashid Shariah, the findings may be discussed in relation to the protection of wealth (hifz al-mal) and sustainable economic activity. However, these principles were not directly measured and are therefore presented as theoretical implications rather than empirical findings. This study recommends strengthening Islamic financial literacy, developing supportive social networks, and fostering productive partnerships between Islamic banking institutions and farmers to support sustainable economic empowerment.

Kata Kunci: Faktor

Sosial, Faktor Ekonomi,

Pemberdayaan

Ekonomi, Perbankan

Syariah, Maqashid

Syariah.

ABSTRAK

Penelitian ini bertujuan untuk menganalisis hubungan faktor sosial dan ekonomi dengan pemberdayaan ekonomi petani yang menjadi nasabah perbankan syariah di Kecamatan Torgamba, Kabupaten Labuhanbatu Selatan, Indonesia. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei terhadap 30 responden petani yang merupakan nasabah perbankan syariah. Data dianalisis menggunakan regresi linear berganda dan uji statistik yang relevan. Hasil penelitian menunjukkan bahwa faktor sosial memiliki hubungan positif, tetapi tidak signifikan secara statistik dengan



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pemberdayaan ekonomi petani. Demikian pula, faktor ekonomi menunjukkan hubungan positif, tetapi tidak signifikan secara statistik ketika diuji secara parsial. Namun, faktor sosial dan ekonomi secara simultan memiliki hubungan yang signifikan dengan pemberdayaan ekonomi petani. Temuan ini menunjukkan bahwa pemberdayaan ekonomi petani mungkin berkaitan dengan kombinasi kondisi sosial dan ekonomi, bukan semata-mata kontribusi masing-masing faktor secara terpisah. Dalam perspektif Maqashid Syariah, temuan ini dapat dibahas dalam kaitannya dengan perlindungan harta (*hifz al-mal*) dan keberlanjutan kegiatan ekonomi. Namun, prinsip-prinsip tersebut tidak diukur secara langsung sehingga disajikan sebagai implikasi teoretis, bukan temuan empiris. Penelitian ini merekomendasikan penguatan literasi keuangan syariah, pengembangan jaringan sosial yang mendukung, serta kemitraan produktif antara lembaga perbankan syariah dan petani untuk mendukung pemberdayaan ekonomi yang berkelanjutan.

INTRODUCTION

Islamic banking has the potential to support community economic empowerment by providing financial services that comply with Sharia principles and the needs of productive activities. In the agricultural sector, financial services can help farmers meet capital needs, finance production facilities, manage business finances, and plan economic development. However, access to banking services does not automatically guarantee economic empowerment. Mulyaningsih et al. (2015), for example, found that the Islamic microfinance institutions they studied had not yet reached poor agricultural households in rural Bogor as expected. These findings indicate that the availability of financial institutions and the affordability of services to the community are two separate issues. Therefore, farmer economic empowerment needs to be assessed not only based on the use of banking services, but also on their ability to manage resources, make independent economic decisions, and develop sustainable business activities (Sen, 1999).

Farmers have economic characteristics related to capital requirements, production costs, business income, and the sustainability of agricultural activities. Agricultural activities require expenditures for production facilities, maintenance, labor, and other operational needs, while business income can change according to harvest results and market conditions. Based on the results of initial observations of 100 farmers, dynamic economic characteristics were found where the demographic profile of respondents (ID PET-001 to PET-100) includes a productive age range of 25–65 years with land ownership scales varying between 0.5 to 4.0 hectares which is directly proportional to the estimated operational production costs. These empirical conditions in the field confirm the existence of real financial challenges, marked by 65% of respondents (65 farmers) experiencing limited production capital and 58% of respondents (58 farmers) complaining about unstable farming income throughout the year due to market fluctuations and harvest results. On the other hand, although only 42% of respondents (42 farmers) have utilized banking services to support their productive activities, the strength of social capital in this region is relatively high



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because 55% of respondents (55 farmers) actively consider support and information from family, fellow farmers, and farmer groups in making economic decisions.

Conceptually, capital requirements, income conditions, utilization of financial services, and social support are critical determinants that require empirical verification in the field before being used as a basis for analyzing farmer economic empowerment. However, theoretically, a clear demarcation is needed between financial inclusion and substantive economic empowerment, as access to banking services does not automatically reflect business governance capabilities and autonomous decision-making. Therefore, the causal relationship between economic conditions and farmers' actual empowerment levels must be tested using precise operational indicators that are relevant to the research variables.

In addition to economic factors, the social environment also has the potential to influence farmers' decision-making processes and business development. Family support, interactions with fellow farmers, involvement in farmer groups, and information from the social environment can serve as sources of information and support in carrying out economic activities. The social capital perspective explains that social relationships and networks between individuals can play a role in supporting collective action and community development processes (Woolcock & Narayan, 2000). In the context of farmers, social support can relate to access to information and experience, while economic factors relate to the ability to meet business needs and consider the use of financial resources. These two factors have different dimensions, but they are relevant to be studied together to explain economic empowerment. However, this theoretical relationship cannot be directly considered as an empirical influence until tested based on respondent data.

In the context of Torgamba District, South Labuhanbatu Regency, a study on the economic empowerment of farmers who are Islamic banking customers is important for understanding the relationship between social factors, economic factors, and farmers' ability to develop their businesses. Being a customer of Islamic banking does not automatically indicate that farmers have achieved economic empowerment. Economic empowerment needs to be distinguished from the decision to choose banking products because this study focuses on farmers' economic capabilities, not on product selection behavior as a separate variable. Therefore, this study places social and economic factors as independent variables, and economic empowerment as the dependent variable. This placement allows for testing the influence of social and economic factors, both partially and simultaneously, on the economic empowerment of farmers who are Islamic banking customers.

Previous studies have examined various aspects of Islamic financial access and its role in supporting economic activities in rural communities. Mulyaningsih et al. (2015) examined the outreach of Islamic microfinance institutions to poor households in rural agricultural areas of Bogor. Fianto et al. (2019) investigated factors associated with rural households' access to Islamic microfinance in Indonesia. Meanwhile, Tarmizi and Effendi (2017) examined the role of Islamic microfinance institutions in improving farmers' income through profit-sharing financing provided to members of the Al-Ittifaq Islamic Cooperative. Their findings highlighted changes in farmers' income following financing and identified factors associated with income levels.



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These studies provide a foundation for understanding the relationship between financial service outreach, access to financing, and the economic conditions of rural households and farmers. However, financial access, income, and economic empowerment represent distinct concepts. Economic empowerment extends beyond access to financial services or changes in income and also concerns individuals' capacity to manage resources and make economic decisions. This distinction provides a basis for examining social and economic factors in relation to economic empowerment as a separate outcome. Nevertheless, the extent of this research gap should be interpreted in light of the studies reviewed and does not imply that the relationship has never been investigated in other contexts.

Against this background, the present study examines the relationship between social and economic factors and the economic empowerment of farmers who are Islamic banking customers in Torgamba District, South Labuhanbatu Regency, Indonesia. Unlike studies focusing primarily on the outreach of financial institutions, determinants of financing access, or changes in income following financing, this study focuses on economic empowerment as the outcome of interest. Social and economic factors serve as the explanatory variables in the empirical analysis, while Islamic banking products and institutional partnerships are treated as contextual aspects rather than separately measured independent variables. The study therefore seeks to provide context-specific empirical evidence on the relationship between these factors and farmers' economic empowerment, both individually and jointly.

The study can also be discussed from the perspective of Maqashid Shariah, particularly *hifẓ al-mal*, or the protection of wealth. Maqashid Shariah provides a normative framework for understanding the objectives and benefits of applying Islamic principles in economic and financial activities (Auda, 2008). In this research, *hifẓ al-mal* serves as a theoretical perspective for discussing responsible resource management and the sustainability of productive economic activities. However, this principle is not directly measured in the empirical model and is therefore treated as a theoretical implication rather than an empirical finding.

Accordingly, this study aims to analyze the relationship between social and economic factors and the economic empowerment of farmers who are Islamic banking customers in Torgamba District, South Labuhanbatu Regency. The findings are expected to contribute to the empirical discussion of farmers' economic empowerment and provide insights for Islamic banking institutions seeking to better understand the economic needs of customers in the agricultural sector.

LITERATURE REVIEW

Islamic Banking and Financing for Farmers

Islamic banking is a financial institution that carries out fundraising, fund distribution, and service activities based on sharia principles. According to Law of the Republic of Indonesia Number 21 of 2008 concerning Islamic Banking, Islamic banking activities are carried out based on Islamic legal principles, which serve as the foundation for conducting banking business activities. Therefore, Islamic banking is not only concerned with the form of contracts and



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transaction mechanisms, but also with the implementation of financial activities in accordance with sharia provisions.

In the context of agricultural businesses, Islamic banking services have the potential to help farmers meet their capital needs and support productive economic activities. Financing can be used to meet production input needs, equipment procurement, land management, and business operational needs. Fianto et al. (2019) discuss rural household access to Islamic microfinance in Indonesia, providing a foundation for understanding that the utilization of financial services must be assessed based on the conditions and characteristics of the households accessing them.

However, customer status or access to financing does not automatically indicate that farmers have achieved economic empowerment. Utilization of financial services must be distinguished from farmers' ability to manage resources, make business decisions, and maintain productive activities. Therefore, in this study, Islamic banking is positioned as the institutional context, while the variables analyzed are social factors, economic factors, and farmer economic empowerment.

Social and Economic Factors

Social Factors

Social factors refer to the social relationships and environmental conditions within a community that can influence individual attitudes, decisions, and actions. In the lives of farmers, social factors can be reflected in family support, interactions with fellow farmers, trust, information exchange, and involvement in farmer groups. These relationships have the potential to help farmers obtain information on business management, address production risks, and determine economic strategies.

Woolcock and Narayan (2000) explain that social capital is relevant to development through the networks of relationships, norms, and trust that develop within a community. This perspective suggests that social relationships can be a source of support for individuals in accessing information and resources. In agricultural activities, social support can help farmers acquire knowledge, build collaborations, and address business challenges that cannot always be resolved individually.

However, the influence of social factors is not always positive. Limited networks, inadequate information, or dependence on the decisions of certain groups can limit farmers' economic choices. Therefore, in this study, social factors are understood as the conditions of social relationships and support relevant to farmers' economic activities, not solely the influence of family or reference groups on decisions to choose banking products.

Based on this description, social factors are thought to be related to farmer economic empowerment because social support can help farmers obtain information, expand their networks, and improve their ability to manage productive activities. Testing this relationship still requires empirical measurement based on the social factor indicators used in the research questionnaire.



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Economic Factors

Economic factors are conditions related to an individual's resources and financial capacity to meet needs and carry out productive activities. In agricultural businesses, economic factors can include income, capital adequacy, the ability to cover production costs, ownership of productive assets, and the ability to cope with changes in business revenue. The characteristics of agricultural businesses, which depend on seasons, harvest yields, input costs, and market conditions, make farmers' economic capacity a crucial aspect of business sustainability.

Fianto et al. (2019) examined access to Islamic microfinance among rural households in Indonesia. This study is relevant for understanding that household conditions are a crucial element in discussions of access to financial services. Meanwhile, Tarmizi and Effendi (2017) discussed the role of Islamic microfinance institutions in increasing farmer incomes. Both studies provide a foundation for examining the relationship between economic conditions, financial services, and productive activities, although access to finance and income are not synonymous with economic empowerment.

In this study, economic factors are positioned as independent variables that describe farmers' economic conditions according to the indicators used in the research instrument. Economic factors are thought to be related to empowerment because adequate resources can influence farmers' ability to meet production needs, maintain business activities, and make economic decisions. Conversely, limited capital or income instability can limit farmers' ability to develop their businesses. Therefore, economic factors are discussed not only as a basis for decisions to use banking services, but primarily as conditions that potentially influence farmers' ability to carry out and develop productive economic activities.

Farmer Economic Empowerment

Economic empowerment is the process of increasing the ability of individuals or groups to manage resources, make choices, and develop economic activities more independently. In the context of development, Sen (1999) views development as expanding human capabilities to live a valuable life. This perspective provides a conceptual basis that increased well-being is not only related to increased income, but also to expanding a person's ability to utilize resources and make decisions.

In the agricultural context, farmer economic empowerment can be understood through their ability to manage farm businesses, determine resource use, meet production needs, and maintain or expand productive activities. Empowerment also relates to farmers' capacity to face economic constraints and make business decisions based on available information and resources.

Economic empowerment needs to be distinguished from a single economic indicator. Increased income, for example, may be a relevant condition, but it does not in itself prove that farmers have the ability to make independent decisions or manage their businesses sustainably. Similarly, being a customer of an Islamic bank cannot be used as the sole indicator of economic empowerment.



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Based on Sen's (1999) capability perspective, this study positions economic empowerment as a dependent variable that needs to be measured through operational indicators appropriate to the research instrument. If the indicators used include business management skills, independence in economic decision-making, and the ability to develop productive activities, these indicators need to be consistently explained in the research methods section. Claims regarding increased income or changes in well-being should not be made if these aspects are not measured.

The Relationship between Social and Economic Factors and Farmers' Economic Empowerment

Social and economic factors are two complementary aspects in explaining farmer economic empowerment. Social factors relate to support, networks, and information obtained through interactions with family, fellow farmers, and community groups. Meanwhile, economic factors relate to farmers' financial resources and capacity to meet production needs and maintain their businesses.

Social support can help farmers obtain information and build collaboration, while economic resources can provide the ability to apply that information in productive activities. As a conceptual example, farmers who obtain information about business management but have limited capital may struggle to apply that knowledge. Conversely, sufficient capital without adequate information or support may not necessarily result in optimal business management.

This relationship demonstrates that economic empowerment cannot be understood through a single perspective. Social and economic factors need to be analyzed based on their respective contributions to farmer economic empowerment. This study examines the relationship between these two factors among farmers who are Islamic banking customers in Torgamba District, South Labuhanbatu Regency.

Thus, the research conceptual framework positions social and economic factors as independent variables, while farmer economic empowerment is the dependent variable. The choice of Islamic banking products is not considered a separate variable because it is not a variable specifically measured in this study.

Maqashid Shariaas a Normative Perspective

Maqashid Sharia is a perspective that discusses the goals and benefits to be realized through the implementation of sharia. Auda (2008) discusses maqashid sharia through a systems approach that emphasizes a comprehensive understanding of sharia's objectives. In classical discussions, the objectives of sharia are linked to the protection of religion, life, intellect, descendants, and property. One principle relevant to economic activity is *hifz al-mal*, namely the protection of property.

In the context of Islamic banking and farmers' economic activities, *hifz al-mal* can be used as a normative foundation for understanding the importance of responsible asset management, resource utilization for productive activities, and transaction execution in accordance with Islamic principles. This perspective provides a valuable context for discussions on economic empowerment, particularly regarding the use of resources to support business sustainability and well-being.



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However, the maqasid sharia is not positioned as an empirical variable in this study. The study does not directly measure the level of achievement of the five objectives of sharia or the level of fulfillment of hifz al-mal. Therefore, the maqasid sharia is used only as a normative perspective to complement the discussion, while the empirical analysis remains focused on the influence of social and economic factors on farmer economic empowerment.

RESEARCH METHODS

This study uses a quantitative approach with an associative approach to examine the influence of social factors (X1) and economic factors (X2) on the economic empowerment of farmers who are Islamic banking customers (Y). The study was conducted from July to August 2024 in Torgamba District, South Labuhanbatu Regency, North Sumatra. The focus of the study was farmer economic empowerment, not the selection of banking products as a separate variable. Regression analysis was used to test the relationship between variables and the research hypothesis (Chatterjee & Simonoff, 2013).

The study population consisted of 120 Islamic banking customers, with a sample size of 30 respondents. However, the population must be specifically ensured to include farmers who are Islamic banking customers, in accordance with the research focus. The sampling technique must be written based on the procedures actually used; a sample size equivalent to 25% of the population does not in itself guarantee representativeness or adequacy for regression analysis (Arikunto, 2013). Therefore, the study results are interpreted proportionally, taking into account the limited number of respondents.

Primary data was collected through a closed-ended questionnaire with a five-level Likert scale, while secondary data was obtained through documentation. The instrument measured social factors, economic factors, and farmer economic empowerment according to the operational indicators of each variable. Prior to regression analysis, the instrument was tested for validity and reliability to assess the appropriateness of the measurements. The indicators used must be consistent with the questionnaires actually administered to respondents and the data collected.

Social factors (X1) relate to social relationships, trust, environmental influences, and farmer interactions with banks. Economic factors (X2) relate to capital conditions, income, access to financing, and business financial stability. Farmer economic empowerment (Y) relates to business independence, business development, access to productive resources, increased income, and business sustainability. Maqashid sharia, specifically hifz al-mal (protection of assets), is used as a normative perspective to interpret the relevance of economic empowerment to sharia principles, not as a statistically tested variable because it is not measured directly (Auda, 2008).

Data analysis included descriptive statistics, validity and reliability tests, and examination of relevant regression assumptions. Furthermore, multiple linear regression was used to test partial effects using the t-test, simultaneous effects using the F-test, and the model's ability to explain variations in economic empowerment using the coefficient of determination (R^2). The regression equation is formulated as



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$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$, with a significance level of 5% ($=0.05$). Hypothesis decisions are based on the significance value and model testing results (Chatterjee & Simonoff, 2013). α

RESULT

Results

Prerequisite Test

Prerequisite tests were conducted to ensure that the research instruments and data used were suitable for further analysis to test the influence of social and economic factors on partnership-based community economic empowerment in selecting Islamic banking products.

Validity Test

The validity test results indicate that all statement items for Social Factors (X1), Economic Factors (X2), and Community Economic Empowerment (Y) have calculated correlation coefficients (r-count) greater than the critical r-table value of 0.361. The r-count values range from 0.629 to 0.877 for Social Factors, 0.490 to 0.791 for Economic Factors, and 0.694 to 0.831 for Community Economic Empowerment. Since all calculated correlation coefficients exceed the critical value, all 15 statement items meet the validity criterion and are considered valid for use in the research instrument.

Table 1. Validity Test

Variable	Item	r-count	r-table	Decision
Social Factors (X1)	X1.1	0.877	0.361	Valid
	X1.2	0.870	0.361	Valid
	X1.3	0.877	0.361	Valid
	X1.4	0.877	0.361	Valid
	X1.5	0.629	0.361	Valid
Economic Factors (X2)	X2.1	0.791	0.361	Valid
	X2.2	0.602	0.361	Valid
	X2.3	0.531	0.361	Valid
	X2.4	0.490	0.361	Valid
	X2.5	0.578	0.361	Valid
Community Economic Empowerment (Y)	Y1	0.745	0.361	Valid
	Y2	0.812	0.361	Valid
	Y3	0.768	0.361	Valid
	Y4	0.694	0.361	Valid
	Y5	0.831	0.361	Valid

Source: Data processed by researchers, 2026



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Based on Table 1, all statement items have an r-count greater than the r-table value of 0.361. Therefore, all items measuring Social Factors (X1), Economic Factors (X2), and Community Economic Empowerment (Y) are considered valid and suitable for use in the research instrument.

Reliability Test

The reliability test results showed a Cronbach's Alpha value of 0.762 for social factors, 0.758 for economic factors, and 0.797 for farmer economic empowerment. All values were greater than 0.60, indicating that the instrument met the reliability criteria used in the study.

Table 2. Reliability Test

Reliability Statistics		
Cronbach's Alpha	N of Items	Variables
.762	5	Social Factors (X1)
.758	5	Economic Factors (X2)
.797	5	Community Economic Empowerment (Y)

Source: Data processed by researchers, 2026

Based on Table 2. above, it is known that the Cronbach's Alpha value for variable X1 is 0.762, variable X2 is 0.758 and variable Y is 0.797. This means that the Cronbach's Alpha value for these three variables is greater than 0.60 (the minimum value of Cronbach's Alpha). Therefore, it can be stated that all variables used in this study are reliable.

Descriptive Statistical Test

Based on descriptive statistics, respondents generally gave a positive assessment of the social and economic factors offered by Islamic banking institutions. This indicates that farmers, as customers, understand the social and economic benefits of partnership-based Islamic banking products, such as the principles of fairness, profit sharing, and business cooperation.

Table 3. Descriptive Statistics

Descriptive Statistics						
	N	Minimum	Maximum	Mean		Standard Deviation
	Statistics	Statistics	Statistics	Statistics	Std. Error	Statistics
Social Factors	30	15	24	19.87	.559	3,060
Economic Factors	30	15	24	19.93	.565	3,095
Community Economic Empowerment	30	15	24	19.53	.565	3,093
Valid N (listwise)	30					

Source: Data processed by researchers, 2026



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Based on the results of descriptive statistics on 30 respondents, it shows that social factors have an average value of 19.87 with a standard deviation of 3.060, while economic factors have an average of 19.93 with a standard deviation of 3.095. Meanwhile, farmer economic empowerment has an average of 19.53 with a standard deviation of 3.093. Descriptively, the average values of social and economic factors are higher than the average value of farmer economic empowerment. However, high or low categories cannot be determined without clear categorization criteria.

These descriptive results illustrate the tendencies of respondents' responses, but do not yet prove the existence of an influence between the variables. Testing for influence needs to be based on regression results and hypothesis testing.

Classical Assumption Test

The The classical assumption tests were conducted to assess whether the regression model satisfied the assumptions required for regression analysis.

Normality Test

The normality test was performed to determine whether the regression residuals were normally distributed. The Shapiro–Wilk test was used to assess the normality of the residuals, with a significance level of 0.05. The results are presented in Table 4.

Table 4. Regression Residual Normality Test

Test	Statistic	N	Sig.
Shapiro–Wilk	0.963	30	0.365

Source: Data processed by researchers, 2026

Based on Table 4, the Shapiro–Wilk test produced a statistic of 0.963 and a significance value of 0.365. Since the significance value is greater than 0.05, there is insufficient evidence to reject the assumption that the regression residuals are normally distributed. Therefore, the residuals satisfy the normality assumption, and the regression model can proceed to the next stages of analysis, subject to the results of the other classical assumption tests.

Linearity Test

The linearity test was conducted to determine whether the relationships between the independent variables and community economic empowerment followed a linear pattern. The test was evaluated using the significance value of Deviation from Linearity, with a significance level of 0.05. The results are presented in Table 5.



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Table 5. Linearity Test

Relationship	Deviation from Linearity Sig.	Decision
Social Factors (X1) and Community Economic Empowerment (Y)	0.742	No significant deviation from linearity
Economic Factors (X2) and Community Economic Empowerment (Y)	0.915	No significant deviation from linearity

Source: Data processed by researchers, 2026

Based on Table 5, the significance value for the relationship between Social Factors (X1) and Community Economic Empowerment (Y) is 0.742, while the significance value for the relationship between Economic Factors (X2) and Community Economic Empowerment (Y) is 0.915. Both values exceed the significance threshold of 0.05. Therefore, neither relationship shows a statistically significant deviation from linearity. These results indicate that the relationships between both independent variables and Community Economic Empowerment (Y) satisfy the linearity assumption for the subsequent regression analysis.

Multicollinearity Test

The results of the multicollinearity test indicate that there is no significant correlation between the independent variables. The tolerance and VIF values are within acceptable limits, allowing both social and economic factors to be analyzed simultaneously in a single regression model. Thus, each independent variable contributes differently to explaining community economic empowerment.

Table 6. Multicollinearity Test

Coefficients ^a		
Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Social Factors	.633	1,580
Economic Factors	.633	1,580

a. Dependent Variable: Community Economic Empowerment

Source: Data processed by researchers, 2026

Based on table 6, the Social Factor and Economic Factor variables each have a Tolerance value of 0.633 and a VIF of 1.580. These values indicate that both independent variables meet the multicollinearity testing criteria, namely Tolerance greater than 0.10 and VIF less than 10. Thus, the regression model does not show any multicollinearity problems so that social factors and economic factors can be analyzed simultaneously in a multiple linear regression model.



Multiple Regression Test

Multiple linear regression analysis was conducted to examine the relationships between Social Factors (X1), Economic Factors (X2), and Community Economic Empowerment (Y). The regression coefficients provide information about the direction and magnitude of the relationship between each independent variable and the dependent variable, while the t-test assesses the statistical significance of each predictor. The results are presented in Table 7.

Table 7. Multiple Regression Test

		Coefficients				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.530	3.876	—	2.459	0.021
	Social Factors	0.253	0.219	0.250	1.156	0.258
	Economic Factors	0.250	0.216	0.250	1.156	0.258

a. Dependent Variable: Community Economic Empowerment

Source: Data processed by researchers, 2026

Based on Table 7, the multiple linear regression equation is as follows:

$$Y = 9.530 + 0.253X1 + 0.250X2$$

The constant of 9.530 indicates the predicted value of Community Economic Empowerment when Social Factors and Economic Factors are both zero. The regression coefficient for Social Factors (X1) is 0.253, indicating a positive relationship with Community Economic Empowerment, holding Economic Factors constant. This means that a one-unit increase in Social Factors is associated with a predicted increase of 0.253 units in Community Economic Empowerment, assuming other variables remain constant. Similarly, the regression coefficient for Economic Factors (X2) is 0.250, indicating a positive relationship with Community Economic Empowerment, holding Social Factors constant. A one-unit increase in Economic Factors is associated with a predicted increase of 0.250 units in Community Economic Empowerment, assuming Social Factors remain constant.

The partial t-test results indicate that Social Factors have a t-value of 1.156 and a significance value of 0.258. Economic Factors also have a t-value of 1.156 and a significance value of 0.258. Both significance values exceed the 0.05 threshold. Therefore, neither Social Factors nor Economic Factors demonstrates a statistically significant partial relationship with Community Economic Empowerment at the 5% significance level. Although both regression coefficients are positive, the results do not provide sufficient statistical evidence to conclude that either variable independently predicts Community Economic Empowerment in this sample.

From a substantive perspective, the positive coefficients suggest that higher social support and more favorable economic conditions may be associated with greater Community Economic



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Empowerment. Social factors may relate to trust, social networks, access to information, and partnerships, while economic factors may relate to capital availability, income stability, and business management capacity. However, these interpretations should be treated as possible explanations rather than confirmed effects because the individual regression coefficients are not statistically significant.

Consequently, initiatives to strengthen social networks and improve economic capacity may remain relevant considerations in community empowerment programs. Nevertheless, further analysis is needed before concluding that these factors have statistically significant independent relationships with the economic empowerment of farmers who are customers of Islamic banking institutions.

Hypothesis Testing

Partial Test (t-Test)

The t-test was conducted to examine whether Social Factors (X1) and Economic Factors (X2) were individually associated with Community Economic Empowerment (Y). With 30 respondents and two independent variables, the degrees of freedom were calculated as $df = n - k - 1 = 30 - 2 - 1 = 27$. At a 5% significance level with a two-tailed test, the critical t-value was 2.052.

Table 8. T-test

Coefficientsa			
Model	t-count	t-table	Sig.
Social Factors	1.156	2.052	0.258
Economic Factors	1.156	2.052	0.258
a. Dependent Variable: Community Economic Empowerment			

Source: Data processed by researchers, 2026

Based on Table 8, Social Factors have a t-count of 1.156, which is lower than the critical t-value of 2.052, with a significance value of 0.258, which exceeds 0.05. Similarly, Economic Factors have a t-count of 1.156, which is lower than 2.052, and a significance value of 0.258. Therefore, neither variable has a statistically significant partial relationship with Community Economic Empowerment at the 5% significance level.

These findings indicate that the hypotheses proposing significant partial relationships between Social Factors and Community Economic Empowerment, and between Economic Factors and Community Economic Empowerment, are not supported. Although the regression coefficients for both variables are positive, the results do not provide sufficient statistical evidence to conclude that either variable independently predicts Community Economic Empowerment in this sample.



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Simultaneous Test (F Test)

The F-test was conducted to examine whether Social Factors (X1) and Economic Factors (X2) were jointly associated with Community Economic Empowerment (Y). With 30 respondents and two independent variables, the degrees of freedom were $\backslash(df_1=2\backslash)$ and $\backslash(df_2=27\backslash)$. At a significance level of 0.05, the critical F-value was approximately 3.35.

Table 9. F Test

ANOVA			
Model		F	Sig.
1	Regression	3.390	.049
a. Predictors: (Constant), Economic Factors, Social Factors			
b. Dependent Variable: Community Economic Empowerment			

Source: Data processed by researchers, 2026

Based on Table 9, the calculated F-value is 3.390, which exceeds the critical F-value of 3.35. The significance value of 0.049 is also below 0.05. Therefore, Social Factors and Economic Factors are jointly statistically significant in their relationship with Community Economic Empowerment. Accordingly, the null hypothesis that both predictors are jointly unrelated to the dependent variable is rejected at the 5% significance level.

Coefficient of Determination Test (R Square)

The coefficient of determination (R^2) was used to assess the extent to which Social Factors (X1) and Economic Factors (X2) explain variations in Community Economic Empowerment (Y). The results of the coefficient of determination test are presented in Table 10.

Table 10. R Square Test

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.448a	.201	.141	2.866
a. Predictors: (Constant), Economic Factors, Social Factors				
b. Dependent Variable: Community Economic Empowerment				

Source: Data processed by researchers, 2026

Based on Table 10, the R Square value of 0.201 indicates that Social Factors and Economic Factors jointly explain 20,1% of the variation in Community Economic Empowerment, while the remaining 79,9% is attributable to other factors outside the research model and unexplained variation. The Adjusted R Square value of 0.141 indicates an explanatory power of 14,1% after adjustment for the number of predictors and sample size. Overall, the model has limited explanatory power in explaining variations in Community Economic Empowerment.



Discussion

The Influence of Social Factors on Farmers' Economic Empowerment

The multiple linear regression results show that Social Factors have a positive regression coefficient of 0.253, with a t-value of 1.156 and a significance value of 0.258. Because the calculated t-value is lower than the critical t-value of 2.052 and the significance value exceeds 0.05, Social Factors do not have a statistically significant partial relationship with the Economic Empowerment of Farmers who are Islamic banking customers in Torgamba District, South Labuhanbatu Regency. Therefore, the hypothesis proposing a significant partial relationship between Social Factors and Farmers' Economic Empowerment is not supported.

Theoretically, social factors may be related to economic empowerment through trust, social networks, information exchange, Islamic values, and partnerships. Woolcock and Narayan (2000) explain that social capital can support development through social networks and relationships that facilitate economic activity. In the context of farming communities, relationships with fellow farmers, farmer groups, families, and Islamic banking institutions may help farmers obtain information about financial products and make financial decisions. However, the findings of this study do not provide sufficient statistical evidence that social factors independently predict economic empowerment when economic factors are included in the regression model.

These results do not necessarily mean that social relationships are irrelevant to farmers' economic empowerment. Rather, their independent statistical contribution was not significant in this sample of 30 respondents. The relationship between social factors and empowerment may be influenced by other circumstances, including access to financial services, farmers' financial literacy, and the characteristics of their agricultural businesses. These possibilities require further investigation and cannot be confirmed by the present regression results alone. Consequently, partnerships between Islamic banking institutions, farmer groups, and local communities may remain relevant as practical initiatives to improve information access and communication. Nevertheless, such initiatives should be presented as potential strategies rather than as interventions whose effectiveness has been demonstrated by the partial regression test in this study.

The Influence of Economic Factors on Farmers' Economic Empowerment

The regression results indicate that Economic Factors have a positive coefficient of 0.250, with a t-value of 1.156 and a significance value of 0.258. The calculated t-value is lower than the critical t-value of 2.052, while the significance value exceeds 0.05. Therefore, Economic Factors do not demonstrate a statistically significant partial relationship with Farmers' Economic Empowerment in Torgamba District, South Labuhanbatu Regency. Accordingly, the hypothesis proposing a significant partial relationship between Economic Factors and Farmers' Economic Empowerment is not supported.

Conceptually, economic factors may relate to capital availability, production financing, income, business profitability, and the sustainability of agricultural activities. Farmers require financial resources to purchase production inputs, maintain crops, manage harvesting activities,



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and develop their businesses. Islamic banking products may provide an alternative source of financing when their terms and repayment arrangements are appropriate for farmers' needs and agricultural production cycles. However, the results of this study do not establish that economic factors independently predict economic empowerment after controlling for social factors.

The positive regression coefficient suggests that higher scores on Economic Factors are associated with higher predicted scores for Community Economic Empowerment, holding Social Factors constant. Nevertheless, this positive direction should not be interpreted as evidence of a statistically significant relationship because the significance value is 0.258. The findings therefore do not support a definitive conclusion that improvements in economic factors are associated with greater empowerment in the population represented by this sample.

In practical terms, Islamic banking institutions may consider offering financing arrangements that accommodate agricultural production cycles, explaining financing terms transparently, and providing financial management guidance. These measures may be relevant to farmers' needs, but their effectiveness in improving economic empowerment should be examined through further research.

The Simultaneous Relationship of Social and Economic Factors with Farmers' Economic Empowerment

The simultaneous F-test results show an F-value of 3.390 and a significance value of 0.049. Because the calculated F-value exceeds the critical F-value of approximately 3.35 and the significance value is below 0.05, Social Factors and Economic Factors are jointly statistically significant in the regression model for Community Economic Empowerment. Thus, the null hypothesis that the predictors are jointly unrelated to the dependent variable is rejected at the 5% significance level.

This result indicates that Social Factors and Economic Factors, when considered together, have a statistically significant relationship with Farmers' Economic Empowerment in the study sample. However, this finding must be distinguished from the partial test results: neither Social Factors nor Economic Factors is individually significant, as both have a t-value of 1.156 and a significance value of 0.258. Therefore, the simultaneous significance of the model does not establish that each predictor independently has a significant relationship with economic empowerment.

The coefficient of determination further clarifies the explanatory capacity of the model. Table 10 reports an R Square value of 0.201, indicating that Social Factors and Economic Factors jointly explain 20.1% of the observed variation in Community Economic Empowerment. The remaining 79.9% represents variation not explained by the model, including potentially relevant factors that were not examined in this research. The Adjusted R Square value of 0.141 indicates that the model's explanatory power is approximately 14.1% after adjustment for the number of predictors and sample size.

These findings suggest that although the combined regression model is statistically significant, its explanatory power is limited. Other factors, such as Islamic financial literacy,



institutional access, service quality, agricultural business characteristics, and policy support, may be worth examining in future research. However, because these factors were not directly tested in the present study, their contributions remain possibilities rather than established findings.

Overall, the results support the importance of examining social and economic factors together when studying farmers' economic empowerment. The practical implication is that Islamic banking institutions may consider combining community partnerships, financial education, financing arrangements suited to agricultural needs, and business guidance. Nevertheless, the effectiveness of these strategies in improving farmers' economic empowerment requires further empirical assessment.

The Maqashid Syariah Perspective on Farmers' Economic Empowerment

Maqasid sharia can be used as a normative framework to discuss the relevance of Islamic banking to farmer economic empowerment. One relevant objective is *hifz al-mal*, namely the protection of assets. In the context of this research, this concept can be theoretically linked to indicators of economic empowerment, such as access to capital, business independence, increased income, business development, and the sustainability of economic activities (Auda, 2008).

Access to capital tailored to business needs has the potential to help farmers manage productive resources and maintain the sustainability of their economic activities. However, access to financing alone is not sufficient to demonstrate asset protection. Benefits also depend on the suitability of financing to business needs, the ability to manage funds, risk sharing, and income sustainability. Therefore, the relationship between *hifz al-mal* and economic empowerment in this study is a theoretical interpretation, not a direct measurement of the achievement of the *maqasid sharia*.

This study did not specifically measure respondents' understanding of the *maqasid* of sharia or the achievement of its objectives. Therefore, the results cannot be used to empirically assert that farmers have achieved *hifz al-mal* or that Islamic banking products have realized benefits. The *maqasid* perspective is more appropriate for interpreting the importance of financing that supports responsible asset management and business sustainability.

Islamic banking institutions can consider strengthening financial literacy, providing business assistance, and adapting financing schemes to agricultural characteristics. Local governments can also encourage coordination between financial institutions, farmer groups, and agricultural extension workers to expand access to financial information and services. These recommendations represent implications to consider, not program effectiveness, as tested in this study.

This study has limitations, particularly the sample size of 30 respondents and the use of questionnaire data to measure respondents' perceptions. The study variables are also limited to social and economic factors. Future research is recommended to involve a larger sample, expand the research area, and consider other variables such as Islamic financial literacy, institutional support, and agricultural business characteristics. Direct measurement of economic conditions or the use of mixed methods could also help explain the relationship between access to finance and economic empowerment in more depth.



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CONCLUSION

This study examined the relationship between Social Factors, Economic Factors, and the Economic Empowerment of Farmers who are Islamic banking customers in Torgamba District, South Labuhanbatu Regency. The findings indicate that Social Factors and Economic Factors are jointly significantly associated with Farmers' Economic Empowerment, although neither variable demonstrates a statistically significant partial relationship when examined individually. This suggests that farmers' economic empowerment may be better understood by considering social and economic conditions together rather than treating either factor as an independent determinant.

Social factors may be relevant through trust, social networks, information exchange, and partnerships between farmers, communities, and Islamic banking institutions. Meanwhile, economic factors relate to capital availability, financing needs, income stability, and the sustainability of agricultural businesses. However, the individual contributions of these factors were not statistically significant in this study; therefore, their specific roles should be interpreted cautiously. The model also has limited explanatory power, indicating that other factors may contribute to differences in farmers' economic empowerment.

From the perspective of maqashid sharia, particularly hifz al-mal (protection of wealth), these findings highlight the relevance of responsible financial management, access to productive financing, and sustainable economic activities as considerations in developing Islamic banking services for farmers. However, the achievement of maqashid sharia was not directly measured in this study. In practice, Islamic banking institutions and local governments may consider strengthening Islamic financial literacy, developing partnerships with farmer groups, and providing business management assistance. Future research should involve larger samples, broader geographical coverage, and additional variables to better understand the factors associated with farmers' economic empowerment.

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