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Empowering Community Economic Development Through Mosque Financial Transparency: A Sharia Accounting Perspective

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Abstract

This study examines mosque financial transparency as a strategic instrument for the economic empowerment of the Muslim community from a Sharia accounting perspective. Employing a qualitative, single-case study design focused on the Jami' Al-Umary Mosque in East Lombok, data were collected through in-depth interviews, observation, and documentation, and analyzed using the Miles and Huberman interactive model. The findings indicate that financial transparency practices at the mosque are primarily characterized by simple cash recording and informal reporting, which limits the usefulness of accounting information for planning, controlling, and evaluating sustainable economic empowerment programs. As a result, economic initiatives tend to be sporadic rather than integrated into medium-term financial planning. Within the Sharia Enterprise Theory framework, financial transparency is conceptualized as both vertical accountability to Allah SWT and horizontal accountability to the congregation and broader community, both of which are essential for building public trust and mobilizing Islamic social funds. The study's novelty lies in developing an analytical framework that integrates mosque financial transparency, Sharia accountability, and community economic empowerment, positioning transparency as a strategic governance mechanism for religious non-profit organizations grounded in Sharia values.

Keywords: community economy, empowerment, finance, mosque

Introduction

Economic empowerment of the ummah (Muslim community) remains a strategic issue in the socio-economic development of Muslim communities, particularly in Muslim-majority countries such as Indonesia. Persistent challenges include economic inequality, restricted access to capital, and low financial literacy, especially among lower-middle-income groups. Within this context, Islamic religious institutions, and mosques in particular, possess significant potential to contribute to community economic empowerment grounded in Sharia values (Ascarya, 2017). Historically, during the era of the Prophet Muhammad (PBUH), mosques functioned as centers for worship, education, social interaction, and economic activity (Marsdenia, 2015). As economic hubs, mosques managed and distributed zakat (obligatory alms), sadaqah (voluntary charity), and other Islamic social funds to improve community welfare. In recent years, the economic role of mosques has received renewed attention, coinciding with the rise of the "Islamic Social Finance" concept, which frames social funds as tools for equitable and sustainable community economic empowerment (Nurholis, 2021).

Mosques function as religious non-profit organizations that manage substantial public funds sourced from infaq, sadaqah, waqf, and community donations. The significant volume of these funds necessitates transparent and accountable financial governance (Nazila, S.R., 2019). Financial transparency operates not only as an internal control mechanism but also as a critical foundation for building trust among both the congregation and the broader community. This trust is essential for sustaining fundraising efforts and ensuring the effectiveness of programs targeting community economic empowerment (Purnamasari & Darmawan, 2017). Nevertheless, empirical studies reveal that mosques in Indonesia often exhibit fundamental weaknesses in financial management and reporting. Most continue to use basic cash-based accounting methods, limited to recording receipts and expenditures, and do not generate comprehensive or informative financial statements. Consequently, low levels of financial transparency and accountability hinder the effective management of socio-economic funds for community economic empowerment (Hidayat & Widodo, 2022).

In the context of Sharia accounting, mosque financial transparency is a strategic tool to ensure that community funds are managed fairly, honestly, and for the public benefit. Transparent and accountable financial reporting enables mosque administrators to plan, control, and evaluate community economic programs more effectively, including Sharia microfinance, small-business capital assistance, entrepreneurship training, and other productive social initiatives. Prior research demonstrates that robust financial governance significantly enhances religious institutions' ability to implement sustainable economic empowerment initiatives (Huda et al., 2019; Triyuwono, 2015). For example, Mangkona (2015) found that mosque financial recording practices based on PSAK 45 often failed to meet standards due to limited understanding among some administrators, resulting in suboptimal management. Therefore, strong governance is necessary to produce high-quality financial reports that strengthen institutional capacity. These conclusions are supported by findings from Huda et al. (2019) and Rahmatilla & Hafidh Ali (2024).

This study's novelty lies in integrating mosque financial transparency, community economic empowerment, and Sharia accounting within a unified analytical framework. Unlike prior research that primarily addressed technical compliance or administrative aspects of financial management, this study positions financial transparency as a strategic instrument for community economic empowerment. Drawing on Sharia Enterprise Theory, the research demonstrates that mosque financial transparency embodies both vertical accountability to Allah SWT and horizontal accountability to the congregation and broader community, thereby influencing the effectiveness of economic empowerment programs. Accordingly, the study analyzes community economic empowerment through mosque financial transparency from a Sharia accounting perspective, with particular attention to how transparent financial recording and reporting foster public trust and support the sustainability of empowerment initiatives.

Method

This study adopts a qualitative approach to achieve a comprehensive, contextual understanding of mosque financial transparency and its implications for community economic empowerment from a Sharia accounting perspective. The qualitative method was chosen because the research focuses on meanings, values, social practices, and accountability processes among mosque administrators as a religious non-profit organization. This approach facilitates holistic and interpretive exploration of empirical reality, particularly within religious institutions characterized by strong normative and spiritual dimensions (Moleong, 2017). The research employs a single-case study design at the Jami' Al-Umary Mosque in Kelayu, East Lombok. The case study method is appropriate for in-depth examination of mosque financial transparency within its real-life context and its relationship to community economic empowerment practices (Yin, 2018).

The research subjects included key mosque administrators responsible for financial management and accountability, specifically the board chairperson, treasurer, and managers of social and economic programs. Informants were selected through purposive sampling (Moleong, 2017). Data analysis employed the interactive model of Miles &

Huberman (2014), which involves data reduction, data display, and conclusion drawing. Data validity was maintained through source and method triangulation, comparing information from interviews, observations, and documentation. Furthermore, member checking was conducted by reconfirming interpretations with key informants to ensure accuracy and enhance the credibility of findings.

Results and Discussion

At the Jami' Al-Umary Mosque, financial transparency practices are based on basic record-keeping of periodic cash inflows and outflows. The treasurer manually records transactions, tracking both receipts and disbursements, and typically communicates reports verbally to the congregation or posts them on a notice board. Financial transactions, including *infak* (voluntary contributions), *sedekah* (alms), and community donations, are logged in a daily cash book. However, this information is not consistently compiled into structured financial reports that are permanently accessible to the congregation. Instead, administrators often present summaries of receipts and expenditures orally or through brief written notices during Friday prayers. These practices reflect a traditional approach to fund management in religious non-profit organizations, which often lack comprehensive, formally documented financial reports. These findings are consistent with Rahayu and Andriani (2024), who report that most mosques in Indonesia continue to use simple, unstructured record-keeping and reporting methods. Frequently, financial reports presented to the congregation are periodic and *ad hoc*, rather than integrated or systematically documented for decision-making purposes (Nurdiani et al., 2025).

This situation demonstrates that financial transparency has not yet been fully established as a consistent and documented mechanism for information disclosure. The mosque provides reports on cash inflows and outflows but does not offer clear details regarding the purpose or allocation of specific funds. This approach fails to deliver comprehensive, systematically accessible information to the congregation and stakeholders. Effective transparency requires the regular presentation of clear, structured financial information to the public, thereby enhancing the legitimacy of the non-profit organization within the community (Sekhar et al., 2022; Nurdiani et al., 2024). Nonetheless, management's awareness of the importance of transparency's importance is evident in their periodic efforts to share financial information through verbal announcements or information boards. These actions reflect a normative motivation, viewing information disclosure as a fulfillment of the trust placed in them by the congregation, consistent with accountability concepts in Sharia-based non-profit organizations.

Accountability is an inseparable dimension of transparency in Sharia accounting. In the context of religious non-accountability, transparency in Sharia accounting is an integral aspect. For religious non-profit organizations, accountability encompasses not only administrative responsibility to internal and external stakeholders but also significant moral and religious dimensions (Mahardika et al., 2022). At Masjid Jami' Al-Umary, accountability is primarily reflected in moral and social practices, such as informing the congregation about general fund allocations. However, formal accountability, as evidenced by systematic and accessible financial reporting, remains limited. Similar patterns are observed in other studies; for example, research at Masjid Al-Ahsani in North Sumatra (Mahardika et al., 2022) found that, despite efforts to provide financial reports, documentation, and transparency standards were not met, largely due to limited accounting expertise among administrators. This suggests that while administrators are committed to upholding trust (amanah), comprehensive accountability practices require further structural development. From a Sharia accounting perspective, accountability involves not only transparency but also active participation of the congregation in monitoring and evaluating fund use. Recognizing accountability as a trust owed to both people and Allah SWT enhances administrators' motivation for professional fund management. This is consistent with Sharia principles of trust (al-amanah) and justice (al-

'adl), which underpin ethical accountability in religious organizations (Siskawati, 2016). This is a prerequisite for the community's economic empowerment.

Research at Masjid Jami' Al-Umary indicates that greater financial transparency enables the congregation to better understand available resources, program priorities, and opportunities for collaboration. This is significant because community economic empowerment requires sustained resource support and active public participation (Adfi et al., 2025; Lisodiawati et al., 2023; Putri Paulindini et al., 2024). Limited transparency in financial reporting hinders administrators from planning fund allocations in a strategic and evaluative manner. Arwandi et al. (2025) state that Islamic social finance instruments such as zakat, infaq, and waqf can form a robust foundation for empowerment programs if managed transparently and professionally. However, without a comprehensive reporting system, this potential remains underutilized. Research by Taufikkurrahman & Wibowo (2024) demonstrates that mosques with superior financial reporting mechanisms are generally better equipped to design and execute economic empowerment programs effectively. This includes the ability to project capital requirements, monitor program impact, and evaluate the sustainability of long-term economic initiatives. Ambiguity regarding financial information risks eroding public trust in fund distribution mechanisms, a situation that must be avoided to successfully achieve social empowerment goals.

Financial transparency plays a strategic role in the community's economic empowerment, serving as the foundation. Financial transparency is fundamental to community economic empowerment, underpinning trust, planning, and resource mobilization. Research indicates that limited transparency limits a mosque's capacity to design measurable, sustainable economic programs, resulting in initiatives that are often ad hoc rather than grounded in medium-term financial planning. The literature on Islamic social finance confirms that Islamic social funds can significantly empower communities when managed transparently and professionally (Ascarya, 2017; Huda et al., 2019). Transparency facilitates the assessment of fiscal capacity, prioritization of programs, and evaluation of economic impact. Without sufficient transparency, the potential of these funds cannot be fully realized. This study identifies a direct relationship between financial transparency and community economic empowerment at Jami' Al-Umary Mosque. While the mosque has implemented programs such as small business capital provision, skills training, and productive aid, these efforts are largely dependent on individual administrators and short-term funding.

This sporadic empowerment model lacks strategic planning. Interviews reveal that limited financial transparency hampers the development of economic programs, as administrators struggle to project resources and plan long-term funding. These findings are consistent with studies of other mosques, which highlight insufficient transparency and systematic financial governance as key barriers to optimizing social and economic functions (Adfi et al., 2025; Mahardika et al., 2022). Administrators who provide more structured financial information demonstrate greater capacity to design impactful community programs.s: trust, planning quality, implementation effectiveness, and program sustainability. First, transparency strengthens the congregation's trust, which serves as crucial social capital for the success of economic programs (Karimah & Baehaqi, 2022). High levels of trust foster increased donations and non-financial support. Second, transparency enhances planning quality by providing a reliable financial database for decision-making. Third, the effectiveness of program implementation improves because resource allocation can be monitored and evaluated objectively. Fourth, program sustainability is better assured through evaluation mechanisms based on transparent information (Purnamasari & Darmawan, 2017; Yuliarti, 2019). Overall, these research findings confirm that financial transparency is not merely an administrative obligation but a strategic instrument for the economic empowerment of the community. Integrating transparency with Sharia accounting values reinforces the role of the mosque as an agent of community-based socio-economic development.

Conculsion

The study concludes that financial transparency practices at Masjid Jami' Al-Umary remain basic and informal, with cash inflows and outflows recorded in unstructured, unsystematically documented financial reports. This limitation reduces the effectiveness of accounting information as a foundation for planning, controlling, and evaluating community economic empowerment programs, resulting in initiatives that are often incidental rather than strategically oriented. However, the study also identifies a strong normative awareness among mosque administrators, who view financial management as a religious trust, reflecting moral and spiritual accountability in managing community funds. The findings indicate that the primary challenge lies in limited governance capacity and the absence of adequate accounting systems, rather than in intentions or values. From the perspective of Sharia Enterprise Theory, mosque financial transparency embodies both vertical accountability to Allah SWT and horizontal accountability to the congregation and broader community, directly influencing public trust and the mobilization of Islamic social funds. Integrating financial transparency, Sharia accountability, and community economic empowerment broadens the discourse on Sharia accounting in religious non-profit organizations and contributes to the theoretical development of value-based accountability. By positioning transparency as a strategic governance tool, the study advances accounting discourse by highlighting the integration of Sharia values, financial reporting systems, and community economic program planning. In practice, these findings underscore the need to strengthen transparent and accountable mosque financial reporting systems as a prerequisite for measurable, sustainable, and impactful community economic planning programs.

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Author Contributions
Fitri: Conceptualization, investigation, writing original draft, and review and editing. **Pituringsih:** Methodology, validation, writing, review and editing. **Satwitri:** Data curation, writing, review and editing.

Conflict of Interest
The author states that no financial or non-financial conflicts of interest exist in relation to the research and preparation of this manuscript.

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