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Islamic Economic Ethics and Social Capital in Waste Bank Empowerment: A Study of BUMDes in Blitar

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Abstract

This study explores how Village-Owned Enterprises (BUMDes) operate in two locations: BUMDes Karya Bakti in Pojok Village and BUMDes Suraya in Banggle Village. The central issue lies in the fact that while many BUMDes experience declining performance, some remain resilient. One BUMDes, in particular, continues to perform stably, which is presumed to be due to the strength of its social capital. Therefore, this research is significant in examining how social capital is applied within these two BUMDes and understanding the reasons behind their differing performance levels. This study employs a qualitative research approach using case studies and the maqāṣid al-sharīʿah framework. The findings reveal that trust, norms, and social networks play a central role in fostering participation, collaboration, and sustainability. In Banggle, collective leadership and participatory governance have enabled the integration of social capital into well-structured institutional system, reflecting ecological citizenship and ukhuwwah (social solidarity) as the foundation of empowerment. Meanwhile, in Pojok, social capital remains concentrated within a limited managerial core, resulting in lower inclusivity and greater dependence on hierarchical authority.

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INTRODUCTION

The discourse on community empowerment and sustainable rural development has increasingly emphasized the role of local institutions such as Village-Owned Enterprises (BUMDes) in managing both economic and social capital. From the perspective of Islamic economics, this role aligns with the principle of *maslahah* (public benefit) and *ta'awun*(mutual cooperation), where economic activity is not merely profit-oriented but directed toward achieving social justice and communal welfare. As rural areas confront challenges related to poverty, unemployment, and environmental degradation, the mobilization of community-based resources becomes essential for realizing *falāh* a holistic concept of prosperity encompassing material well-being and spiritual balance (Anwar, 2024: 181).

In recent years, the body of literature on social capital in the context of Village-Owned Enterprises (BUMDes) in Indonesia has demonstrated that key elements such as trust, social norms, and networks play a crucial role in empowering local communities and improving rural welfare (Alfiansyah, 2022; Turania et al., 2022). However, studies that explicitly link social capital to waste bank management within BUMDes remain scarce. For instance, Alfiansyah (2022) found that BUMDes in Sumbergondo Village successfully utilized social capital as a tool for community empowerment, but not specifically in waste bank operations. Furthermore, comparative studies examining how variations in social capital influence BUMDes performance are still limited (Wijaya et al., 2024). As a result, there is no comprehensive understanding comparing how different BUMDes entities within a single region employ social capital in waste bank management. Therefore, the first research gap identified in this study concerns the lack of comparative research linking social capital and BUMDes performance in the context of waste bank management at the local level.

On the other hand, the literature on Islamic economic ethics and its application to environmental or waste management issues in Indonesia has begun to expand (Yuniar et al., 2023; Azizah et al., 2023). Nevertheless, only a few studies have concretely integrated the framework of Islamic economic ethics particularly the principles of *Maqāṣid al-Sharī'ah*mwith social capital in the empowerment mechanisms of waste-bank-based BUMDes. For example, Yuniar et al. (2023) analyzed circular economy-based waste management guided by Islamic economic values in Metro City but did not explore the social capital variable or conduct inter-BUMDes comparisons. Research that bridges the three dimensions Islamic economic ethics, social capital, and waste bank management through BUMDes is still notably limited. This condition reveals a second academic gap, namely the absence of empirical models explaining how Islamic economic ethics and social capital jointly contribute to the sustainability and performance of waste bank based BUMDes. Hence, this comparative study in Blitar Regency aims to fill this gap by integrating all three elements into a single analytical framework.

Within this context, waste banks have emerged as innovative mechanisms that not only address environmental concerns but also generate economic value and enhance social cohesion. From an Islamic perspective, such initiatives embody the principle of *khalīfah fī al-arḍ* (stewardship of the earth), which emphasizes human responsibility to manage resources sustainably and prevent environmental harm (*ifsād fī al-arḍ*) (Nasution, 2016: 214). The present study explores how BUMDes managers utilize social capital to manage waste banks as a form of *mu'āmalah* (socio-economic interaction) that promotes empowerment, supports equitable resource distribution, and contributes to strengthening rural economies in line with Islamic ethical values.

The study was conducted at BUMDes Karya Bakti in Pojok Village and BUMDes Semanding Berseri in Banggle Village, both of which have established waste bank enterprises as part of their community development strategies. These cases represent two models of how social capital operates in practice: one grounded in strong communal trust and participatory ethics, and the other relying more on influential leadership. Viewed through the lens of Islamic economics, these dynamics illustrate how *ukhuwwah* (social solidarity) and *amanah* (trustworthiness) influence economic behavior. The qualitative approach employed in this study enabled the researchers to capture the nuanced dynamics of trust, norms, and social networks in shaping participation and outcomes, all of which reflect the Islamic values of *sincerity* (*ikhlāṣ*), *justice* (*'adl*), and *mutual benefit* (*mufā'alah*).

The findings reveal that social capital like trust, norms, and networks will plays a pivotal role in fostering participation and sustaining collective initiatives. In Islamic terms, these elements function as social instruments to achieve *takaful ijtimā'ī* (mutual social security), reducing transactional friction and promoting cooperation over competition. In Pojok Village, for instance, trust among community members manifests in the willingness to contribute time and effort to the waste bank, consistent with the Qur'anic principle of *wa ta'āwanū 'alā al-birri wa al-taqwā* (mutual cooperation in goodness and piety) (Q.S. Al-Mā'idah [5]: 2). Strong communal norms that prioritize environmental cleanliness and collective responsibility embody the Islamic ethics of stewardship and social accountability.

In Pojok Village, women's groups (*PKK*) and youth organizations (*karang taruna*) serve as vital networks in mobilizing participation. Their involvement reflects the inclusive nature of Islamic economic empowerment, which recognizes the role of both men and women as agents of *'imārah al-arḍ* (developing the earth). Here, the waste bank transcends its economic function, evolving into a *social waqf*-like institution where collective resources and efforts are directed toward sustainable welfare (Woolcock & Narayan, 2000: 234). This integration of social capital and Islamic values demonstrates the potential for BUMDes to become not only economic actors but also *mujtama' islāmī* (Islamic social communities) that uphold ethics of cooperation, transparency, and equity.

By contrast, in Banggle Village, participation tends to depend on respected community figures. While such leadership can mobilize resources efficiently, the overreliance on hierarchical structures contradicts the Islamic economic ideal of *shūrā* (consultative participation) and *'adālah* (equity). Islamic economics emphasizes that leadership should be *amanah*-based and participatory, ensuring that collective welfare is not contingent upon personal authority but institutional trust and shared accountability (Wicaksono, 2024: 80). This finding underscores the importance of institutionalizing *social justice* and *trust* as enduring structures within community enterprises, in accordance with the *maqāṣid al-sharī'ah* principle of preserving wealth (*ḥifẓ al-māl*) and community welfare (*ḥifẓ al-nafs wa al-'ird*). The comparison between Pojok and Banggle reveals that social capital when guided by Islamic economic ethics can serve as both a productive resource and a moral compass for empowerment.

While dense networks and strong norms facilitate cooperation (*ta'āwun*), excessive reliance on personal influence risks undermining *'adl* and *musāwah* (justice and equality). The challenge for BUMDes, therefore, is to balance these dynamics by formalizing inclusive participation through mechanisms rooted in *shūrā* and *accountability*.

From a broader perspective, the utilization of social capital in waste bank management reflects the alignment of environmental ethics and Islamic economic objectives. Waste banks not only reduce waste and generate income but also actualize the principle of *isrāf avoidance* (prohibition of excess) and *resource efficiency* promoted in Islamic teachings. Thus, the initiative contributes simultaneously to *sustainable livelihoods* and *spiritual stewardship*, embodying the Qur'anic notion of balance (*mīzān*) in managing resources (Q.S. Ar-Raḥmān [55]: 7–9).

Furthermore, social capital in this context is dynamic and reflects continuous interaction shaped by *niyyah* (intention) and *'amal ṣāliḥ* (righteous action). Trust can be strengthened through *amanah*, and networks can expand through consistent ethical conduct and communal engagement. Institutionalizing these values ensures that the BUMDes' empowerment programs remain resilient and aligned with Islamic objectives of welfare, justice, and sustainability.

Ultimately, this study argues that the effective use of social capital in managing waste banks through BUMDes represents a practical embodiment of Islamic economic principles linking social solidarity, environmental stewardship, and economic empowerment. Waste banks, as shown in Pojok and Banggle Villages, illustrate how localized Islamic economic practices can generate *barakah* (sustainable prosperity) while advancing community resilience and ecological harmony.

METHODS

This study adopts a qualitative research design aimed at understanding and interpreting social phenomena through the meanings constructed by individuals and communities within their lived contexts. A qualitative approach enables the researcher to explore the subjective dimensions of human interaction and the complex social processes shaping collective behavior. As explained by Creswell and Poth (2024: 37), qualitative inquiry is designed to comprehend how participants interpret their experiences, construct their realities, and attribute meaning to their social world. Qualitative research provides a strong epistemological foundation for further interpretive analysis guided by Islamic ethical values.

This study employs a phenomenological approach to uncover how individuals experience and make sense of empowerment through waste-bank initiatives managed by BUMDes. Phenomenology, as described by Creswell and Poth (2024: 82), seeks to understand the essence of lived experiences shared by several individuals concerning a specific phenomenon. In addition to the phenomenological orientation, the study integrates the maqāṣid al-sharī'ah analytical framework as a complementary interpretive lens. The maqāṣid framework serves as a moral compass in Islamic epistemology, guiding the evaluation of social practices toward holistic welfare (*istiṣlāḥ*).

By combining phenomenology with maqāṣid, this study not only explores how empowerment processes occur but also how they embody Islamic values such as *amanah* (trustworthiness), *'adl* (justice), and *ta'āwun* (mutual cooperation). This dual framework ensures that the interpretation of data reflects both human experience and divine ethical objectives.

To ensure the validity and reliability of findings, data verification was carried out through triangulation techniquesinvolving multiple sources and methods of data collection. As emphasized by Bogdan and Biklen (2007: 122), the researcher in qualitative studies acts as the primary instrument of inquiry—requiring sensitivity, reflexivity, and interpretive awareness. This study applied three main techniques: in-depth interviews, participant observation, and document analysis. Triangulation of these sources enhanced credibility and minimized interpretive bias by cross-checking emerging patterns and themes. In the context of Islamic ethics, this methodological rigor corresponds to the principles of *amanah* and *'adl*, ensuring that the process of interpretation remains fair, transparent, and accountable. The combination of these data sources strengthened empirical grounding and reinforced interpretive accuracy across both cases studied.

The informants in this study consisted of 20 participants selected through purposive sampling, a non-probability technique that identifies individuals based on specific criteria relevant to the research focus. These informants included BUMDes managers, waste-bank operators, and community members from the two research sites in Blitar Regency. The purposive selection ensured that the data collected were rich, detailed, and directly connected to the phenomena under study. As Creswell (2024: 158) notes, purposive sampling in qualitative inquiry enables researchers to select participants who can best illuminate the questions being investigated. With twenty informants, the study achieved a balance between depth and diversity of perspectives, aligning with the phenomenological principle of capturing the "essence" of lived experience. This sampling design was therefore well suited to the study's aim of comparing how social capital and Islamic ethical values manifest differently in two BUMDes contexts.

Data analysis in this research followed the interactive model proposed consisting of data reduction, data display, and conclusion drawing or verification. The verification stage included iterative reflection and peer discussion to ensure interpretive consistency with both participants' perspectives and maqāṣid principles of balance (*mīzān*) and welfare (*istiṣlāḥ*). As Auda (2008: 87) argues, transforming maqāṣid into an analytical framework allows empirical research to integrate ethical reasoning with social inquiry. Consequently, the methodological synthesis in this study bridges empirical rigor and spiritual purpose, contributing to a holistic understanding of empowerment rooted in Islamic epistemology.

RESULT AND DISCUSSION

Community-Based Waste Bank Management

The management of the SURAYA Waste Bank in Banggle Village exemplifies how grassroots participation can evolve into a structured system of community-driven environmental governance. Unlike conventional top-down waste management models, this initiative embodies what Dobson (2003) calls *ecological citizenship*, where citizens are not passive beneficiaries but active co-creators of environmental solutions. Within the framework of Islamic economic ethics, this practice notion of human stewardship (*khilāfah*) a sacred responsibility to maintain the moral balance (*mīzān*) between human activity and nature (fahmi, 2025: 182). In this sense, waste management in Banggle is viewed not merely as a civic obligation but as a form of worship that integrates ethical economic behavior with environmental awareness. As one local informant expressed, *"the waste bank was seen by villagers as part of their duty to keep the earth clean because it is an amanah (trust) from God"* This spiritual dimension strengthens civic motivation and positions environmental care as an ethical expression of Islamic stewardship.

Households in Banggle thus emerge as moral and ecological agents, embodying collective ethics that prioritize public welfare (*maṣlaḥah ʻāmmah*). This aligns with Al-Ghazali's (1993: 141) perspective that all economic and social activities in Islam must aim to secure benefit and prevent harm to society. The villagers' coordination in separating and depositing waste at designated collection points reflects *taʻāwun* (mutual cooperation), forming the foundation of *ukhuwwah ijtimāʻiyyah* (social solidarity). This model resonates with Ostrom's (1990) theory of collective action but extends it through an Islamic moral lens, where cooperation is driven by ethical obligation rather than self-interest. Such collaboration has been described by participants as a "habit of helping each other to keep the village clean" (Interview, Banggle Village, 2024). Consequently, the Banggle experience represents the operationalization of Islamic social ethics in a practical, community-based context.

The participatory structure of the SURAYA Waste Bank reflects Pretty's (1995) framework of participatory development, which emphasizes the necessity of community involvement for sustainable outcomes. Within Islamic economic thought, this approach parallels the principles of *shūrā* (consultation) and *musyārakah* (partnership), promoting collective decision-making and equitable participation (Chapra, 1992: 55). Al-Qaradawi (2001: 88) further argues that true development (*tanmiyah insāniyyah*) must combine material advancement with moral refinement. In Banggle, the waste bank serves not only as a site of economic exchange but also as a space of ethical cultivation, where villagers learn to balance environmental stewardship with spiritual consciousness. It was mentioned during interviews that *"every discussion about waste is decided together, so no one feels excluded"* (Interview, Waste Bank Coordinator, 2024). This inclusive practice demonstrates the embodiment of *ḥifẓ al-māl* (protection of wealth) and *ḥifẓ al-bī'ah*(protection of the environment) within a living institutional framework.

At the operational level, the weighing and recording process introduces institutional transparency (*shafāfiyyah*) and accountability (*amānah*), two essential principles of Islamic governance. Ibn Khaldun emphasized that social institutions sustain legitimacy only when founded upon justice (*ʻadl*) and trust (*amānah*) (Siddiqui, 2025: 12). Through the documentation of waste transactions, the SURAYA Waste Bank ensures fair recognition of each participant's contribution, reducing the potential for manipulation or misinformation. This process mirrors Bovens' (2007) idea of social accountability but gains greater depth in the Islamic context, where accountability is not only to the community but ultimately to God (Chapra, 2008: 63). As described by one informant, *"every kilogram of waste is recorded, so everyone trusts the system"* (Interview, Waste Bank Treasurer, 2024). Thus, transparency here is more than a technical procedure—it represents an ethical practice that reinforces social cohesion and moral integrity.

The conversion of waste into savings exemplifies an innovative form of eco-social entrepreneurship, aligning with model while grounded in Islamic economic principles (Fahmi, 2025: 141). This practice integrates environmental, social, and financial dimensions, corresponding to the Islamic concept of *tadbīr māl al-ummah*—the ethical management of communal wealth. Al-Qaradawi refers to such initiatives as manifestations of *iqtiṣād islāmī*, which strive for equilibrium between profit, justice, and ecological preservation. In Banggle, waste becomes a productive asset, yielding not only financial benefits but also behavioral transformation. Villagers explained that *"the waste bank makes us save more and waste less; we feel proud when we see our balance grow from something others throw away"*. This model embodies *i'tidāl* (moderation) and discourages *isrāf*(wastefulness), fostering ethical consumption within a sustainable lifestyle framework.

Ultimately, the SURAYA Waste Bank represents a manifestation of mujtama' muqāwam a resilient and morally grounded community as envisioned by Chapra (2008: 77), where moral capital, rather than material accumulation, serves as the basis of sustainable progress. The integration of trust, fairness, and cooperation transforms this local institution into an arena of *falāh*—a holistic well-being encompassing social justice, environmental balance, and economic sufficiency. This synthesis reflects Adger's (2003) concept of social-ecological resilience, enhanced by Islamic principles of *tawāzun* (balance) and *maṣlaḥah* (public good). As observed by several informants, *"people no longer see waste as useless but as a blessing when managed together"*. The Banggle case thus demonstrates that community-based institutions rooted in Islamic ethical values can serve as transformative agents, actualizing *tanmiyah mustadāmah islāmiyyah* an Islamic model of sustainable development uniting morality, economy, and ecology.

The Role of Social Capital in Institutional Sustainability

The sustainability of community-based waste bank management cannot be fully understood without examining the fundamental role of social capital as a structural and cultural resource. Social capital—encompassing trust, social networks, and shared norms—forms the relational fabric that enables cooperation and collective action to persist over time (Fukuyama, 1995). In Banggle Village, strong bonding ties among residents, strengthened by the consistent involvement of local leaders, have enabled the SURAYA Waste Bank to operate effectively even with limited external assistance. This dynamic aligns with Putnam's (2020) argument that dense networks of trust and interaction enhance institutional performance and civic engagement. As one participant explained, *"the waste bank continues to run because everyone here trusts each other and the leaders keep reminding us to stay involved"*. Thus, the interplay between interpersonal trust and moral obligation forms the basis of institutional resilience in Banggle's waste management system.

Beyond interpersonal trust, shared cultural norms such as *gotong royong* (mutual cooperation) provide an essential moral foundation for sustaining collective participation. These social norms minimize coordination costs and reduce the need for strict supervision, as cooperative behavior becomes an internalized community expectation. This observation supports North's (2021) institutional perspective, which emphasizes that informal rules are often more effective than formal regulations in shaping consistent social behavior. In the waste bank context, *gotong royong* functions as a self-regulating mechanism that transforms voluntary participation into a socially expected act of citizenship. It was revealed during interviews that *"people feel ashamed if they don't join the cleaning or waste sorting activities, because it's part of our habit now"* . Consequently, the sustainability of participation in Banggle's waste bank reflects the internalization of social norms as an ethical and communal practice.

The case of BUMDes Karya Bakti in Pojok Village further demonstrates how social capital forms the institutional foundation for sustainable local enterprises. The establishment of this BUMDes was not solely based on economic efficiency but on collective consensus achieved through participatory deliberation. This mirrors Chambers' (2019) people-centered development approach, which positions communities as active agents in shaping their own development trajectories. The legitimacy of BUMDes Karya Bakti is thus grounded in communal trust and the transparency of its decision-making process. During the fieldwork, it was noted that *"all important decisions were discussed in village meetings so that everyone could give their opinion"*. Such participatory governance has strengthened institutional credibility and encouraged sustained community engagement in waste bank programs.

Nevertheless, the types and manifestations of social capital mobilized in both villages reveal significant contextual differences shaped by historical and leadership factors. In Banggle, the strength of collective solidarity and inclusive participation serves as the main driver of institutional endurance. In contrast, in Pojok Village, leadership credibility and institutional trust play a more dominant role, where program success is closely tied to the authority of BUMDes leaders. This finding supports Uphoff's (2022) argument that social capital manifests in diverse forms depending on cultural and historical contexts. It was expressed during interviews that *"people here mostly follow the BUMDes leaders; if they say we should join, we do"* . These variations indicate that while both villages rely on social capital, its forms bonding in Banggle and institutional trust in Pojokm yield distinct pathways to sustainability.

Beyond internal cohesion, both BUMDes demonstrate the strategic importance of bridging social capital in connecting local initiatives with broader networks. Partnerships with local governments, universities, and NGOs have expanded access to technical support and market opportunities, thereby enhancing institutional adaptability (Woolcock & Narayan, 2023). In Banggle, these external linkages complement existing community solidarity by providing training on waste processing and recycling innovation. Meanwhile, in Pojok, strong institutional credibility has facilitated collaboration with municipal authorities to secure operational legitimacy and financial support. One village official mentioned that *"our cooperation with the government helped us get proper tools and recognition for our waste bank"*(Interview, Pojok Village, 2024). These bridging ties illustrate that sustainability depends not only on internal solidarity but also on the ability to engage with external support systems.

Finally, the balance between bonding and bridging social capital strengthens the institutional resilience of both waste bank initiatives. This balance enables local organizations to remain adaptive amid challenges such as fluctuating market prices for recyclables, varying participation rates, or changing policy frameworks. As noted by Adger (2020), resilient community institutions are those capable of maintaining internal cohesion while strategically interacting with broader social-ecological systems. This dynamic was reflected in Banggle and Pojok, where waste bank programs were described by participants as *"a place to work together, learn, and build connections beyond the village"* (Interview, Banggle Village, 2024). Ultimately, social capital serves not only as a moral and relational foundation but also as a strategic asset that equips rural communities with the capacity to innovate and sustain environmentally conscious economic practices.

Comparative Dynamics between Banggle and Pojok

A comparative examination of Banggle and Pojok reveals significant variations in how social capital is mobilized and institutionalized in waste bank management, despite their similar socio-geographic characteristics as peri-urban villages near Blitar City. In

Banggle, the *SURAYA Waste Bank* operates under a participatory framework, where community engagement, inclusive leadership, and inter-organizational collaboration reinforce institutional sustainability. This condition supports Putnam's argument that robust social networks enhance participatory governance and strengthen local institutions (Putnam, 2020: 115). Viewed through the lens of Islamic economics, this synergy embodies the principles of *musyārakah* (partnership) and *ta'āwun* (mutual cooperation), where collective prosperity is achieved through shared responsibility (Mutafarida, 2024: 103). As stated by one respondent, "the community feels ownership because every member is involved in sorting, saving, and distributing recyclable waste," indicating that empowerment has been internalized at the grassroots level. Hence, the configuration in Banggle reflects *maslahah 'ammah*—the pursuit of public good through participatory engagement and ethical management (Mahbubah, 2024: 22).

The institutional arrangement in Banggle also manifests what Ibn Khaldun termed as *'aṣabiyyah*—social solidarity that underpins collective strength and just governance. By cultivating both bonding ties among households and bridging ties with government agencies or NGOs, the village transforms social capital into a multidimensional resource sustaining economic and ecological resilience. This corresponds to Adger's (2020: 88) conception that communities with strong relational networks demonstrate higher adaptive capacity in environmental management. From an Islamic economic standpoint, such equilibrium reflects *tawāzun* (balance) between micro-level cooperation and macro-level sustainability, consistent with the *maqāṣid al-syarī'ah* principles of *ḥifẓ al-māl* (ethical management of wealth) and *ḥifẓ al-bī'ah*(environmental preservation). As emphasized by a local facilitator, it was stated that "the waste bank operates not only for income but also to preserve cleanliness and strengthen social ties." Therefore, Banggle's model demonstrates how ethical values and social cohesion integrate into sustainable economic governance (Uphoff, 2022: 94).

By contrast, the experience of *BUMDes Karya Bakti* in Pojok reveals a more fragile form of social capital mobilization. Trust and participation remain concentrated among a few managerial actors, creating dependency and weakening collective initiative. This aligns with Fukuyama's (1995: 72) notion that low generalized trust fosters reliance on hierarchical relationships, limiting institutional inclusivity. In Islamic economic reasoning, such a pattern indicates insufficient *shūrā* (consultative participation) and *amānah* (accountability), both crucial for transparent governance (Al-Qaradawi, 2020: 87). A villager noted that "decisions are mostly made by the management, while others just follow orders," suggesting that empowerment remains partial. Consequently, Pojok's waste bank struggles to realize *maslahah 'ammah*, as its structure restricts participation and perpetuates dependency on elite leadership.

Leadership emerges as a decisive factor in determining how social capital is translated into institutional sustainability. In Banggle, servant and participatory leadership corresponds to the Islamic concept of *imāmah al-khādimah* (leadership as service), where authority functions as facilitation rather than domination (Ibn Khaldun, 1967: 315). Such leadership cultivates *amānah* and *ukhuwwah*, encouraging members to contribute voluntarily to collective goals (North, 2021: 119). Conversely, Pojok's managerial style prioritizes administrative control, weakening community ownership and adaptive learning. As revealed during interviews, it was conveyed that "leadership decisions rarely involve the broader community, leading to declining participation." This contrast highlights that ethical leadership—anchored in justice (*ʻadl*) and trust (*amānah*)—is essential for ensuring equitable and sustainable empowerment

Taken together, these comparative insights demonstrate that the effectiveness of social capital in rural empowerment depends not only on its existence but on how it is ethically activated through participatory leadership, trust-based accountability, and shared moral responsibility. Banggle exemplifies how the integration of *taʻāwun*, *shūrā*, and *maslahah* can transform social capital into an instrument of *tanmiyah mustadāmah* (Islamic sustainable development), aligning material progress with spiritual and ecological objectives (Woolcock & Narayan, 2023: 137). In contrast, Pojok reflects the limitations of social capital when detached from ethical governance, where empowerment remains uneven and institutionally fragile. Thus, sustainability in Islamic economic ethics arises not solely from structural design but from embedding moral values into everyday institutional practice—realizing the *maqāṣid al-syarīʻah* in communal welfare and justice..

CONCLUSION

The management of waste banks in Banggle and Pojok Villages illustrates the strategic use of social capital in promoting community empowerment. In Banggle, BUMDes Suraya effectively mobilizes trust, the norm of *gotong royong*, and social networks to foster active participation, reflecting the principles of ecological citizenship and the circular economy. Meanwhile, BUMDes Karya Bhakti in Pojok Village also relies on social capital, especially trust and community deliberation, though participation remains uneven. Strengthening participatory leadership and collaborative engagement could further enhance the success of such initiatives. Waste banks not only address environmental challenges but also generate social and economic benefits. In Pojok, community trust and the involvement of women's and youth groups reinforce social cohesion, while in Banggle, participation is often influenced by local elites—highlighting the need for institutional mechanisms to ensure inclusivity. Social norms, trust, and networks thus play vital roles in sustaining community-based empowerment.

Theoretically, this study advances Islamic economic thought by linking social capital with the ethical principles of *taʻāwun* (mutual assistance) and *maslahah ʻammah* (public good), positioning it as both a moral and socio-economic foundation for participatory governance. Practically, it offers policy insights for BUMDes managers and local governments to strengthen institutional capacity through leadership training, transparency, and participatory decision-making to ensure sustainable waste bank management. This research is limited by its qualitative scope, focusing on two villages in Blitar Regency. Future studies should adopt mixed-methods approaches to measure social capital's quantitative impact and explore how Islamic ethics can be integrated into broader community-based economic models. Comparative studies across regions would enrich understanding of how socio-cultural and religious values shape sustainable rural development in Indonesia's Islamic economic context

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