

Micro Business Performance Measurement Based on Sharia Indicators: A Conceptual and Analytical Study

Dian Rachmat Gumelar

Faculty of Sharia and Law, UIN Sunan Gunung Djati Bandung, Indonesia
dianrachmatgumelar@uinsgd.ac.id

Abstract

Micro businesses represent a critical component of many developing economies, providing employment opportunities and supporting household income. Despite their socio-economic significance, traditional performance measurement frameworks often overlook values-based metrics that align with Islamic ethical principles. This study investigates the conceptual foundations and analytical implications of measuring micro business performance using *sharia*-compliant indicators. The objective of this research is to explore a framework rooted in Islamic law (*sharia*) that incorporates both financial and non-financial dimensions, including justice (*'adl*), mutual benefit (*maslahah*), and ethical conduct (*akhlaq*). This study evaluates how such indicators may offer a more holistic and spiritually grounded performance assessment for micro enterprises. The research employs a conceptual-analytical method, drawing on classical Islamic texts, contemporary *sharia* economic theory, and verified empirical literature published up to 2014. The findings reveal that integrating *sharia* indicators into micro business performance metrics enhances alignment with Islamic moral values, economic justice, and social welfare. The study provides a theoretical model that can support policymakers and practitioners in designing tools for evaluating micro enterprises within *sharia* jurisdictions. It contributes to the body of knowledge in Islamic economics by addressing the measurement gap between conventional performance models and *sharia*-based economic objectives.

Keywords

sharia-based performance; micro business evaluation; Islamic economic indicators; ethical enterprise measurement; *sharia*-compliant entrepreneurship

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) form the backbone of many developing economies. According to the International Finance Corporation (IFC, 2013), micro enterprises account for more than 70% of total employment in low-income countries. In Indonesia, the Ministry of Cooperatives and SMEs (2012) reported that micro businesses dominate the national business structure, providing significant contributions to GDP and employment. Despite their importance, micro businesses

often lack standardized performance assessment models, particularly those that reflect local cultural and religious values.

Conventional performance metrics, largely derived from Western business models, emphasize financial outcomes such as profitability, liquidity, and market share (Kaplan & Norton, 1996). These metrics, although widely accepted, often neglect the ethical, spiritual, and social aspects emphasized in Islamic economic thought. The performance of micro businesses in Muslim-majority societies should therefore be evaluated based on *sharia* principles, which integrate material success with moral accountability and communal welfare (Chapra, 1992).

Islamic economics prioritizes justice (*‘adl*), mutual benefit (*maslahah*), trust (*amānah*), and ethical business conduct (*akhlāq*) in assessing economic activities (Siddiqi, 2001). These values offer a more comprehensive basis for performance measurement than conventional models. Islamic scholars have long emphasized that economic activities must comply with the principles of *halāl* (permissibility) and *ṭayyib* (wholesomeness), ensuring that both the means and ends of business operations align with divine guidance (al-Ghazālī, 1937, p. 122).

Recent studies suggest a growing awareness among Muslim entrepreneurs of the need to implement Islamic values in business operations. However, research on how to translate these values into measurable performance indicators remains limited (Antonio, 2013; Ascarya & Yumanita, 2006). This gap highlights the urgency of developing a *sharia*-based performance measurement model tailored for micro businesses.

Furthermore, Islamic performance indicators must accommodate both tangible outputs (e.g., income generation, business sustainability) and intangible contributions (e.g., honesty, fairness, contribution to community welfare). Such indicators can foster not only economic growth but also ethical entrepreneurship, aligning business activities with broader societal values (Dusuki & Abdullah, 2007).

The relevance of *maqāṣid al-sharī‘ah*—the higher objectives of Islamic law—adds another dimension to business performance measurement. These objectives include the protection of faith, life, intellect, lineage, and wealth (al-Shāṭibī, 1993, p. 238). By mapping business outcomes to these objectives, performance can be assessed within a spiritually grounded and socially responsive framework.

Given these gaps and opportunities, this study addresses several key research questions: (1) What constitutes a valid and comprehensive *sharia*-based performance indicator for micro businesses? (2) How can classical Islamic principles be operationalized in modern micro business assessment models? (3) What are the limitations of conventional performance measurements in the context of Islamic micro

enterprises? (4) How does the integration of *maqāṣid al-sharī'ah* enhance performance evaluation?

The study aims to provide a foundational model for assessing micro business performance through a *sharia*-compliant lens. It is expected to contribute to the literature on Islamic economics and serve as a practical guide for policymakers, practitioners, and researchers in developing ethical and culturally congruent evaluation systems.

LITERATURE REVIEW

Performance measurement has been a central theme in business research for decades, particularly with the rise of strategic management tools like the Balanced Scorecard (Kaplan & Norton, 1996). These models emphasize financial and operational indicators such as profitability, return on investment, customer satisfaction, and internal business processes. While effective in capturing economic outcomes, they often fail to consider ethical, social, and spiritual elements, which are vital in Islamic contexts (Haksever et al., 2000).

In the realm of Islamic economics, scholars argue that business activities should not only seek profit but also fulfill ethical obligations. Chapra (1992) emphasizes that Islamic economic institutions should promote justice (*'adl*), transparency, and social harmony. Performance, therefore, must be evaluated on how well businesses comply with these spiritual and social mandates. The integration of *sharia* values into performance measurement is thus not optional but foundational to Islamic economic practice.

Several frameworks have emerged to integrate Islamic principles into business evaluation. One such approach is based on the concept of *maqāṣid al-sharī'ah*, which seeks to safeguard fundamental human interests (al-Shāṭibī, 1993). Micro businesses, when evaluated through this lens, are assessed not merely on profit but also on their contribution to spiritual well-being, knowledge dissemination, familial support, and community development (Dusuki & Abdullah, 2007). This holistic approach aligns economic activities with divine intent and human welfare.

Other studies propose operational indicators derived from *sharia* norms. For example, Ascarya and Yumanita (2006) developed a framework for Islamic microfinance that includes indicators such as avoidance of *ribā* (usury), equitable risk-sharing, and contributions to *zakat*. Similarly, Antonio (2013) proposed a performance index for Islamic business that includes sincerity (*ikhhlās*), trustworthiness (*amānah*), and justice

(*‘adl*) as core values. These frameworks illustrate the potential of integrating faith-based elements into business performance assessments.

In Indonesia, the development of Islamic economic models has been accelerated through the works of scholars such as Karim (2004) and Wibisono (2007), who emphasize the incorporation of moral accountability and *sharia* compliance in business practices. Their research supports the view that Islamic values can guide not just behavior but also institutional benchmarks. However, while several models exist, they remain largely conceptual and lack empirical validation in the micro business sector.

This review indicates a clear scholarly consensus on the importance of *sharia*-based performance indicators. However, most existing studies focus either on large-scale Islamic institutions or financial systems. Few have addressed the specific needs and characteristics of micro businesses, especially in terms of measurable and actionable performance criteria rooted in Islamic principles. This study attempts to fill this critical gap.

Theoretical Framework

The foundation of this study rests on the theoretical principles of Islamic economics, particularly the integration of spiritual, moral, and material dimensions in evaluating economic activity. Unlike conventional economics, which primarily focuses on utility maximization and profit, Islamic economics emphasizes justice (*‘adl*), welfare (*falāḥ*), and balance (*tawāzun*) (Siddiqi, 2001). These concepts form the theoretical bedrock for assessing micro business performance in a *sharia*-compliant framework.

At the core of this framework is the concept of *maqāṣid al-sharī‘ah*, which outlines the objectives of Islamic law. Classical scholars such as al-Shāṭibī (1993, p. 238) identified five essential goals: preservation of faith (*dīn*), life (*naḥs*), intellect (*‘aql*), lineage (*nasl*), and wealth (*māl*). Modern Islamic economists, such as Chapra (1992), have expanded these objectives to include economic justice and equitable distribution. Performance indicators derived from these goals reflect not only economic viability but also ethical and communal responsibilities.

The concept of *ḥisbah*, rooted in classical Islamic governance, offers additional theoretical grounding. *Hisbah* involves the supervision of market activities to ensure fairness, ethical conduct, and public welfare (al-Māwardī, 1983, p. 142). In the context of micro business, *ḥisbah* supports the development of performance metrics that incorporate social justice, truthful dealings, and fair pricing. These principles contribute to the broader framework of ethical performance measurement in Islamic commerce.

Another key theoretical input comes from the principle of *‘uqūd al-mu‘āmalāt*—Islamic commercial contracts. These contracts emphasize transparency, mutual consent, and prohibition of unjust enrichment (al-Zuhaylī, 1985, p. 211). From this standpoint, the legitimacy of business operations is not judged solely by outcomes but also by the processes undertaken. This necessitates performance indicators that evaluate procedural integrity, compliance with *sharia*, and avoidance of prohibited elements like *ribā*, *gharar*, and *maysir*.

Contemporary Islamic economic thought further enhances this framework through models such as Antonio’s (2013) Islamic Business Ethics Framework and Ascarya’s (2008) Value-Based Performance Model. These theories introduce quantifiable ethical criteria, such as responsibility, accountability, and contribution to *ummah* welfare, as essential components of business success. These models bridge classical jurisprudence with modern business realities, offering a structured approach to performance evaluation.

Collectively, these theories emphasize that the success of a micro business cannot be divorced from its adherence to Islamic ethical norms. Theoretical constructs drawn from *maqāṣid al-sharī‘ah*, *ḥisbah*, and Islamic commercial jurisprudence provide a robust foundation for developing performance metrics that balance material outcomes with spiritual and moral values. This study employs these frameworks to analyze how micro business performance can be measured within a fully integrated *sharia*-based system.

Previous Research

Antonio (2013) developed a model for evaluating Islamic business performance by integrating ethical principles such as *ikhhlāṣ* (sincerity), *amānah* (trust), and *‘adl* (justice). The study, based on qualitative interviews with Muslim entrepreneurs in Indonesia, emphasized that performance measurement should consider both material output and moral character. However, its focus was primarily on larger Islamic institutions, leaving out the micro business segment.

Ascarya and Yumanita (2006) explored the role of *sharia* compliance in Islamic microfinance institutions (IMFIs) in Indonesia. They proposed key performance indicators based on compliance with *sharia* contracts, avoidance of *ribā*, and contribution to social welfare. Their study confirmed that ethical and faith-based dimensions significantly impact the sustainability of IMFIs, yet the research did not offer a generalizable model for independent micro businesses outside institutional settings.

Dusuki and Abdullah (2007) presented a framework for evaluating social responsibility in Islamic financial institutions, focusing on the alignment of financial outcomes with *maqāṣid al-sharī'ah*. Their empirical findings showed that institutions practicing ethical conduct gained higher community trust. Although their model was influential, it was primarily tailored to formal financial sectors rather than small-scale entrepreneurial ventures.

Karim (2004) analyzed the development of Islamic entrepreneurship in Indonesia and identified the need for a values-based measurement system that includes religious commitment, honesty, and community contribution. The research advocated for broader performance indicators but stopped short of operationalizing them into measurable metrics applicable to micro businesses.

Hameed et al. (2011) proposed an Islamic Corporate Social Responsibility (ICSR) framework, emphasizing transparency, equitable treatment of stakeholders, and compliance with Islamic values. The model highlighted the role of ethical conduct in improving business reputation and performance. However, it was designed for medium to large corporations and did not address the informal structures and challenges of micro enterprises.

Despite these contributions, a significant research gap remains in the application of *sharia*-based performance indicators to micro businesses. Existing models tend to focus on formal institutions or macro-level corporate settings, lacking specific frameworks that account for the informal, community-centered, and often undocumented nature of micro enterprises. This study aims to address that gap by conceptualizing a tailored, Islamic ethics-driven model for performance evaluation that suits the operational realities of micro businesses.

RESEARCH METHODS

This study adopts a qualitative conceptual-analytical approach grounded in Islamic economic theory and classical jurisprudence. The research draws on documented literature from verified sources, including peer-reviewed journals, accredited Indonesian and Arabic books, and classical Islamic texts published up to 2014. Sources include the works of recognized scholars such as Chapra (1992), al-Shāṭibī (1993), and Siddiqi (2001), providing a solid foundation for understanding the intersection of micro business performance and *sharia* principles.

The data used in this study are secondary and conceptual, encompassing classical Islamic jurisprudential sources, Islamic economics literature, and previous empirical research on business performance and *sharia* compliance. This allows for the

integration of moral and legal constructs from Islam into modern performance evaluation frameworks. Islamic legal maxims (*qawā'id fihiyyah*) and objectives (*maqāṣid al-sharī'ah*) are also referenced as part of the data corpus.

Data collection involved a comprehensive review of literature across Arabic, Indonesian, and English sources. Key themes were extracted based on their relevance to Islamic business ethics, performance metrics, and micro enterprise dynamics. Particular attention was paid to works discussing Islamic financial institutions, social responsibility, and value-based economic models, all relevant to constructing a *sharia*-compliant performance framework.

Analytical methods include comparative textual analysis and thematic synthesis. The study compared conventional performance metrics with Islamic ethical standards to identify convergences and gaps. Using deductive reasoning, key *sharia*-based concepts were categorized into measurable indicators, such as compliance with *halāl* operations, trustworthiness (*amānah*), social contribution (*maslahah*), and transparency. These indicators were then mapped against micro business functions to construct a viable evaluation model.

The conclusion is drawn from both classical Islamic guidance and contemporary academic discourse, providing a framework that is not only theoretically robust but also contextually relevant to modern micro businesses in Muslim-majority societies. The results serve as a conceptual model, offering guidelines for future empirical validation and practical implementation.

RESULTS AND DISCUSSION

This section introduces a conceptual model specifically designed to evaluate the performance of micro businesses through a *sharia*-based lens. Rooted in Islamic economic theory and classical jurisprudence, the model integrates normative Islamic values with practical performance indicators. It aims to provide micro business practitioners, scholars, and policymakers with an evaluative tool that captures both material success and spiritual accountability. The model is structured around the four core research questions outlined earlier in this study, each exploring critical dimensions of Islamic performance assessment—from definitional clarity and operational application to the limitations of existing models and the integrative power of *maqāṣid al-sharī'ah*.

The development of this model is informed by classical sources such as *al-Muwāfaqāt* by al-Shātibī, *al-Aḥkām al-sultāniyyah* by al-Māwardī, and modern Islamic economic literature by scholars such as Chapra, Antonio, and Siddiqi. These sources emphasize

justice (*ʿadl*), trust (*amānah*), mutual cooperation (*taʿāwun*), and public welfare (*maslahah*) as core tenets of Islamic economic behavior. When applied to micro enterprises, these values demand a comprehensive model that goes beyond financial metrics to include behavioral, ethical, and communal dimensions.

Micro businesses—typically characterized by their small scale, informal structures, and community-based operations—face unique challenges in performance measurement. They often lack formal documentation, standardized accounting, and institutional support. At the same time, they play a crucial role in job creation, poverty alleviation, and local economic development, especially in Muslim-majority countries. Therefore, any performance model must be both spiritually grounded in Islamic values and adaptable to the operational realities of these enterprises.

To address this, the model begins by identifying essential performance dimensions: financial sustainability (profitability, liquidity, and operational efficiency), ethical compliance (truthfulness, fairness, and lawful conduct), social contribution (employment, *zakat*, and environmental care), and spiritual accountability (alignment with *sharia*, behavioral integrity, and *taqwā*). These dimensions are not isolated components but interconnected domains that reflect the holistic nature of Islamic economics.

By analyzing the convergence between Islamic ethical principles and contemporary business performance requirements, this study establishes a framework that aligns with the objectives of *sharia*. It does so not by replacing conventional tools entirely, but by reorienting them within an Islamic worldview. Financial success is recognized, but only when achieved through lawful means; operational efficiency is valued, but not at the expense of justice or social harm.

This integrated model offers micro enterprises a structured path to self-evaluation and continuous improvement—where business excellence is judged not only by what is earned, but by how it is earned and how it benefits others. In doing so, the model serves as a guide for transforming everyday commerce into an act of faith, community service, and ethical leadership.

Sharia-Based Performance Indicators: A Comprehensive Framework for Micro Business Evaluation

A robust framework for measuring micro business performance within an Islamic context must encompass both financial metrics and ethical-spiritual dimensions. This dual requirement stems from the holistic nature of Islamic economics, where material success is inseparable from moral accountability. Therefore, the question, “*What*

constitutes a valid and comprehensive sharia-based performance indicator for micro businesses?" must be addressed by integrating core principles derived from *maqāṣid al-sharī'ah* and classical jurisprudence into modern evaluative tools.

At the heart of Islamic performance evaluation lies the framework of *maqāṣid al-sharī'ah*, the higher objectives of Islamic law, which emphasize the protection of faith (*dīn*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*māl*) (al-Shāṭibī, 1993, p. 238). A valid performance model, therefore, must assess a business not only by its profitability but also by its adherence to these overarching objectives. Financial indicators such as profit growth, debt management, and price fairness remain essential, provided they operate within *ḥalāl* boundaries and do not violate ethical restrictions (Siddiqi, 2001).

Ethical values such as *amānah* (trust), *'adl* (justice), and *ikhlas* (sincerity) are also central to a *sharia*-based performance model. Trust can be gauged through customer loyalty, transparency in dealings, and a reputation for reliability. Justice may be reflected in fair employment practices, equitable treatment of stakeholders, and integrity in transactions. Sincerity, while internal, can be indicated through consistent ethical behavior and alignment between claimed values and business practices (Antonio, 2013). These dimensions are not secondary but constitute the core of Islamic enterprise legitimacy.

Compliance with *sharia* prohibitions—such as the avoidance of *ribā* (usury), *gharar* (excessive uncertainty), and *maysir* (gambling)—is non-negotiable in the performance framework. Business contracts must follow *sharia*-valid models like *murābahah* (cost-plus sale), *musharakah* (partnership), or *wakālah* (agency), all of which emphasize fairness, risk-sharing, and transparency (al-Zuhaylī, 1985, p. 211). These operational principles must be monitored and incorporated into periodic performance reviews.

Additionally, *sharia*-compliant indicators must evaluate a micro enterprise's contribution to the wider community. Obligations such as the payment of *zakat*, offering employment opportunities, and facilitating social welfare initiatives align with the concept of *maslahah*—the pursuit of common good (Dusuki & Abdullah, 2007). These contributions represent both spiritual obligations and measurable social outcomes.

Finally, environmental stewardship should be included as part of a comprehensive evaluation. Derived from the Islamic principle of *khalīfah* (vicegerency), environmental responsibility entails the preservation of natural resources, ethical sourcing, and minimization of ecological harm. This aspect broadens the scope of performance metrics, incorporating sustainability as a reflection of faith-driven accountability.

In summary, a valid and comprehensive *sharia*-based performance indicator for micro businesses must balance material and spiritual values, integrating classical Islamic teachings into practical and measurable outcomes. Such a framework provides a morally sound and contextually relevant method for assessing the true success of micro enterprises in Muslim societies.

Operationalizing Classical Islamic Principles in Modern Micro Business Performance Models

Turning classical Islamic principles into functional performance tools for micro businesses involves a process of translating abstract ethical values into concrete, measurable indicators. This operationalization is crucial for enabling small-scale enterprises to align their daily practices with the objectives of Islamic law (*maqāṣid al-sharī'ah*) while maintaining competitiveness and relevance in contemporary markets.

One of the first steps in this process is the conversion of moral values into observable performance criteria. For instance, the principle of *amānah* (trust) can be assessed by analyzing patterns in customer feedback, return rates, and the presence or absence of complaints. High levels of customer retention and satisfaction often reflect a business's integrity and commitment to reliable service. Likewise, *ʿadl* (justice) can be evaluated through labor audits focusing on wage equality, fair treatment of employees, gender inclusiveness, and established mechanisms for resolving internal disputes.

In financial conduct, classical Islamic jurisprudence mandates the use of ethical transactions and valid contract structures. Businesses must avoid *ribā* (usury) and *gharar* (excessive uncertainty) by employing transparent pricing and fair risk-sharing arrangements. These can be operationalized using compliance checklists aligned with Islamic business contracts such as *murābahah*, *mushārah*, and *wakālah*. Local *sharia* councils or Islamic microfinance advisors can assist in conducting periodic audits to confirm adherence (Ascarya & Yumanita, 2006).

Ethical behavior (*akhlāq*) in business extends beyond financial dealings. Behavioral audits may include assessments of honesty in marketing, punctuality in order fulfillment, and consistency between declared Islamic values and actual business conduct. These traits reflect the internalization of Islamic teachings and signal the enterprise's ethical orientation to the broader community (Karim, 2004).

Incorporating religious obligations like *zakat* payment and social contributions into performance reports enhances transparency and spiritual accountability. These actions can be self-documented or verified by trusted community entities. This form of

muḥāsabah (self-assessment) promotes ethical mindfulness and embeds Islamic values in regular business evaluations.

Modern technology facilitates this process through digital tools that automate compliance checks, produce *sharia*-based financial summaries, and monitor ethical performance benchmarks. These platforms can include educational modules, checklists for *halāl* business practices, and dashboards that reflect both financial and spiritual performance metrics.

Education and capacity-building are essential components of operationalization. Business owners and staff must be equipped with knowledge of *sharia* economics, Islamic contract law, and ethical standards. Institutions and NGOs can support this through training programs, workshops, and certification systems that validate Islamic business competence.

Partnerships with Islamic microfinance institutions (IMFIs) offer another avenue for supporting ethical compliance. IMFIs can embed performance monitoring into their financing mechanisms, linking access to capital with ongoing *sharia* compliance. These partnerships ensure continuity of ethical oversight throughout the business lifecycle and encourage long-term adherence to Islamic values.

In conclusion, operationalizing classical Islamic principles in micro business assessment models requires a multi-faceted strategy. It involves translating ethical norms into tangible performance indicators, supported by institutional infrastructure, digital innovation, and community engagement. This approach bridges the gap between traditional Islamic teachings and contemporary entrepreneurial realities.

Limitations of Conventional Performance Measurements for Islamic Micro Enterprises

Conventional performance measurement frameworks, rooted in capitalist and profit-centered paradigms, often fail to capture the multifaceted objectives of Islamic micro enterprises. These standard models, which prioritize financial success, operational efficiency, and competitive advantage (Kaplan & Norton, 1996), offer limited applicability in contexts where spiritual accountability and ethical conduct are foundational to business legitimacy.

One primary limitation lies in the exclusion of ethical and spiritual dimensions. Conventional metrics assess success through profitability, productivity, and market share, often without considering whether such outcomes are achieved through permissible means. Practices like interest-based financing (*ribā*), speculative

investment (*gharar*), or misleading advertisements may yield high profits but directly contravene *sharia* principles. As such, Islamic micro enterprises following these models may inadvertently compromise their religious commitments for economic gain.

Another critical shortcoming is the lack of focus on social welfare. While standard business assessments may include corporate social responsibility (CSR) components, they rarely evaluate the enterprise's actual impact on poverty alleviation, empowerment of marginalized groups, or environmental stewardship. Islamic economics, by contrast, views social benefit (*maslahah*) and public interest as core objectives. Performance indicators that do not measure such contributions fail to reflect the holistic success that Islamic enterprises strive for (al-Shāṭibī, 1993, p. 238).

Conventional models also promote individualistic goals, emphasizing personal gain over collective prosperity. This contradicts the Islamic concept of *ta'āwun* (mutual cooperation), which encourages wealth distribution, equitable trading practices, and community-oriented business strategies. When performance is judged solely on self-serving outcomes, it disregards the moral imperative to uplift others and serve society—an essential duty in Islam (Chapra, 1992).

Moreover, these models typically ignore the means by which income is generated. From an Islamic perspective, a business's legitimacy is not determined only by end results but also by the methods employed to reach them. A profitable enterprise involved in unethical sourcing, environmental exploitation, or unfair labor practices would not qualify as successful under *sharia*. Islamic performance models, therefore, examine the entire value chain—from procurement to production to post-sale service—to ensure consistency with religious ethics (Hameed et al., 2011).

Lastly, conventional frameworks assume access to formal data collection systems and structured reporting mechanisms, which many micro businesses—especially those in rural or informal sectors—do not possess. These enterprises may operate without written records, standardized accounting, or digital infrastructure. Consequently, performance assessments based on conventional criteria may produce inaccurate results or exclude these businesses altogether, highlighting a significant structural disconnect.

These limitations underscore the urgent need for contextually adapted performance models that resonate with Islamic values, socio-economic realities, and spiritual goals. Such models should offer simplified, yet ethically robust metrics that guide micro entrepreneurs toward financial success without compromising religious integrity.

Enhancing Performance Evaluation through the Integration of *Maqāsid al-Sharī'ah*

The integration of *maqāsid al-sharī'ah*—the higher objectives of Islamic law—into performance evaluation enriches traditional assessment models by incorporating spiritual, moral, and communal dimensions alongside financial metrics. This approach reflects the Islamic worldview, which does not separate economic activity from religious obligations and societal responsibilities. By embedding these objectives into business evaluation, micro enterprises gain a framework that measures not only what is achieved, but how and why it is achieved.

The five core objectives of *maqāsid al-sharī'ah*—*ḥifẓ al-dīn* (preservation of faith), *ḥifẓ al-nafs* (life), *ḥifẓ al-'aql* (intellect), *ḥifẓ al-nasl* (lineage), and *ḥifẓ al-māl* (wealth)—provide distinct dimensions through which business practices can be assessed (al-Shāṭibī, 1993, p. 238). These objectives are not abstract ideals; they offer concrete standards for ethical performance, elevating the purpose of business from mere profit to comprehensive human flourishing.

Preserving wealth (*ḥifẓ al-māl*) supports the pursuit of economic sustainability, encouraging ethical resource use, financial transparency, and prudent financial management. While this aligns with conventional profitability measures, its implementation within a *sharia*-compliant context ensures that earnings are derived from lawful (*ḥalāl*) and just practices, reinforcing moral integrity.

The preservation of intellect (*ḥifẓ al-'aql*) expands performance measurement to include knowledge dissemination, continuous learning, and ethical decision-making. Businesses fulfilling this objective may offer training for employees, uphold intellectual honesty in transactions, and encourage informed consent in all dealings. This promotes a culture of education and wisdom, essential to both personal and organizational development.

Life preservation (*ḥifẓ al-nafs*) calls for attention to employee welfare, workplace safety, fair wages, and health-conscious products and services. Micro businesses that uphold this value build trust within their communities and reinforce a sense of shared responsibility. In turn, these efforts enhance business reputation and sustainability while fulfilling religious obligations.

Preserving faith (*ḥifẓ al-dīn*) entails full compliance with Islamic ethical and legal standards across all aspects of business—from product offerings to labor practices to financial contracts. A business that maintains regular religious observances, avoids prohibited transactions, and operates with sincere *taqwā* (God-consciousness) aligns its daily functions with spiritual values, reinforcing the sacred nature of commerce in Islam.

The preservation of lineage (*ḥifẓ al-nasl*) can be operationalized through family-supportive policies, gender equity, and the promotion of moral behavior in advertising, communication, and workplace dynamics. Micro businesses that uphold these principles foster social stability and uphold the ethical fabric of society.

By incorporating these five dimensions, *maqāṣid*-based evaluation transforms business performance metrics into tools for spiritual reflection, ethical refinement, and communal impact. Performance becomes a matter not only of external achievement but also of internal accountability (*murāqabah*), reinforcing values such as sincerity, humility, and justice in all operations.

This holistic integration represents a paradigm shift. It allows micro enterprises in Muslim societies to redefine success in terms that resonate with both their religious beliefs and developmental needs. Through this framework, businesses act as instruments for realizing Islamic societal ideals, harmonizing material prosperity with ethical and spiritual excellence.

Toward a Comprehensive Sharia-Based Performance Evaluation Model for Micro Enterprises

The findings of this study confirm the existence of a robust theoretical and ethical basis for constructing a *sharia*-based performance evaluation model specifically designed for micro businesses. Such a model responds to both the operational realities and the spiritual commitments of Muslim entrepreneurs. Unlike conventional models that focus primarily on financial outputs, this approach integrates moral, social, and religious dimensions that align with Islamic economic thought.

At its foundation, the model must retain essential financial metrics such as profitability, liquidity, and cost efficiency. These indicators reflect the economic viability of a business and ensure its sustainability in competitive markets. However, within a *sharia* framework, these figures must be interpreted through the lens of *halāl* operations. Business income must be derived from permissible sources, and financial practices must exclude forbidden elements such as *ribā* (interest), *gharar* (uncertainty), and *maysir* (gambling). This constraint transforms traditional financial metrics into tools of ethical validation as well as economic assessment.

Equally important are the inclusion of ethical performance indicators rooted in Islamic virtues. Trust (*amānah*) can be measured by the reliability of services, customer satisfaction, and fulfillment of contracts. Fairness (*ʿadl*) reflects equitable labor practices, transparent dealings, and just pricing policies. Sincerity (*ikhhlās*) pertains to the owner's intent and consistency between values and actions. These elements reflect

internal character and external behavior, reinforcing Islam's emphasis on integrity and social responsibility in economic activity.

Social contribution forms another critical pillar of the model. Obligations such as the payment of *zakat*, the creation of employment opportunities, and efforts toward environmental conservation must be systematically evaluated. These actions embody the Islamic concept of *maslahah*—the pursuit of communal benefit—and resonate directly with the objectives of *maqāṣid al-sharī'ah*. Their inclusion in performance metrics ensures that business activities support broader societal development and foster social cohesion.

Successful implementation of this model depends on systemic support. Educational interventions are needed to equip entrepreneurs with the knowledge of *sharia* business principles, ethical standards, and Islamic contract law. Training programs can enhance awareness and capacity, while also enabling businesses to self-monitor and self-correct. Institutions such as Islamic universities, professional associations, and religious councils can play a critical role in offering certifications, resources, and ongoing guidance.

Institutional and technological support mechanisms can further reinforce compliance and accountability. The development of digital systems for performance tracking, *sharia*-based financial reporting, and real-time audits could streamline adherence and transparency. Mobile apps or cloud platforms tailored for micro enterprises can simplify documentation and offer feedback mechanisms aligned with Islamic values. These tools can bridge the gap between religious obligation and practical execution.

Collaboration across sectors is equally essential. Partnerships with *sharia* supervisory boards, Islamic financial institutions, and academic researchers can foster credibility, adaptability, and scholarly rigor in the model's application. Joint efforts can help refine indicators, validate implementation strategies, and expand the reach of the model across diverse business environments.

This synthesis confirms that a conceptual performance evaluation model grounded in Islamic economic principles is not only feasible but necessary. It bridges divine guidance and real-world practicality, offering a multidimensional approach that defines success through justice, equity, welfare, and sustainability. Such a model empowers micro enterprises to fulfill their religious duties while contributing meaningfully to economic development and moral society.

CONCLUSION

This study has examined the conceptual and analytical foundations for measuring micro business performance based on *sharia* indicators. Recognizing the limitations of conventional models that focus narrowly on financial metrics, it offers a broader Islamic perspective that integrates ethical values, spiritual accountability, and social contributions.

A *sharia*-compliant performance model must include both financial indicators and ethical benchmarks derived from Islamic principles. Elements such as trust, justice, transparency, and community welfare must be embedded alongside standard business metrics to provide a balanced evaluation. This dual-focus approach ensures that business practices remain faithful to Islamic moral teachings while achieving sustainable economic outcomes.

The integration of *maqāṣid al-sharī'ah* into performance evaluation introduces a deeper dimension of purpose and alignment between individual enterprise goals and collective societal welfare. By aligning business performance with the objectives of Islamic law, micro enterprises can contribute more meaningfully to economic justice and social harmony.

Ultimately, this study provides a conceptual foundation for the development of practical tools and indicators that can be adapted across diverse micro business contexts. It encourages further empirical validation and the formation of support structures that facilitate ethical entrepreneurship rooted in Islamic values.

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