OIKOS : Jurnal Ekonomi, Manajemen, dan Bisnis
P-ISSN : 1979-4770

Evaluating the Effectiveness of Sharia Business Incubation Programs: A Theoretical and Textual Analysis

Diana Farid
STAI Darul Arqam Muhammadiyah Garut, Indonesia
dianafarid@staida.ac.id

Abstract
The development of sharia-compliant economic initiatives has gained momentum in recent decades, especially in Muslim-majority countries where ethical finance and Islamic entrepreneurship are increasingly prioritized. Among the tools used to foster Islamic economic growth is the *inkubasi bisnis syariah* or Sharia Business Incubation Program (SBIP), which integrates Islamic business values with entrepreneurial training and ecosystem development. However, while the implementation of such programs has expanded, systematic academic assessments of their effectiveness remain limited. This study aims to analyze the effectiveness of SBIP using a theoretical, normative, and textual approach grounded in Islamic economics. The objectives are to assess the foundational assumptions of SBIP, evaluate its strategic implementation, and examine its outcomes based on Islamic legal, economic, and ethical frameworks. Using qualitative textual analysis, this paper synthesizes data from classical Islamic sources, accredited Indonesian academic literature, and international economic publications. The research finds that the effectiveness of SBIPs is influenced by their ability to internalize *maqāṣid al-sharīʿah*, adapt to local socio-economic realities, and offer sustainability through ethical governance mechanisms. The significance of this study lies in offering a comprehensive, religiously grounded framework for evaluating SBIPs, contributing to the scholarly discourse in Islamic economics and supporting policy development for Islamic entrepreneurial programs across the Muslim world.

Keywords:
Islamic Economics, Sharia Business Incubation, *Maqāṣid al-sharīʿah*, Islamic Entrepreneurship, Qualitative Analysis

INTRODUCTION

In the rapidly evolving landscape of Islamic economics, one of the critical frontiers for innovation is the empowerment of micro, small, and medium-sized enterprises (MSMEs) through sharia-based business incubation programs. These programs are designed not only to stimulate economic growth but also to instill Islamic ethical values (*akhlāqiyyah*) in entrepreneurial practices. The unique appeal of such initiatives lies in their dual mandate: fostering economic productivity while upholding the principles of justice (*ʿadl*), trust (*amānah*), and social responsibility (*masʾūliyyah ijtimāʿiyyah*) as outlined in Islamic teachings (Chapra, 2000, p. 47; Al-Qaradawi, 1995, p. 121).

Historically, economic activity in Islamic civilization was deeply intertwined with religious values, especially during the Prophet Muhammad's (pbuh) era, when trade was the principal economic activity, supported by a system rooted in ethical transparency and social justice (Ibn Khaldun, 1967, p. 266). In that context, the Prophet (pbuh) himself served as a model entrepreneur, whose business practices emphasized mutual benefit and risk-sharing, setting the foundation for Islamic economic jurisprudence (Khan, 1994, p. 89). The contemporary resurgence of interest in Islamic entrepreneurship seeks to reclaim this legacy in the face of modern challenges and opportunities.

In Indonesia, the institutionalization of sharia economic values has been particularly prominent, supported by governmental and non-governmental initiatives. Among them, Sharia Business Incubation Programs (SBIPs) have emerged as structured systems aimed at mentoring and supporting new Muslim entrepreneurs. These programs typically provide training, mentorship, access to halal funding, and shariah-compliant operational models. However, while their growth is commendable, their actual effectiveness remains under-evaluated, both empirically and theoretically (Huda & Santoso, 2013, p. 59; Basri, 2011, p. 107).

Critically, many SBIPs operate without a clear conceptual alignment with *maqāṣid al-sharīʿah* (the higher objectives of Islamic law), risking a disconnect between Islamic ideals and operational reality. Without this alignment, there is a danger that the programs become sharia-labeled in form, but not in substance—a concern echoed by scholars who have warned against the mere formalism in Islamic finance institutions (Siddiqi, 2001, p. 35; Antonio, 2008, p. 211). Thus, it becomes essential to reframe these initiatives within a normative Islamic framework that assesses not only economic outputs but also spiritual, ethical, and communal dimensions.

Academic attention to this subject remains fragmented. Some studies evaluate SBIPs from a business performance perspective, while others discuss their religious foundations. Few, however, have attempted to synthesize these dimensions into a cohesive analytical model. This gap highlights the necessity of adopting a multidimensional research approach—one that integrates Islamic jurisprudence (*fiqh*), economics, and development studies—to measure the genuine effectiveness of SBIPs (Ismail & Ahmad, 2011, p. 133; Dusuki & Bouheraoua, 2011, p. 52).

To fill this scholarly void, the present research seeks to answer the following questions: (1) How is the concept of business incubation contextualized within Islamic economic thought? (2) What are the key features and operational strategies of SBIPs in

Indonesia? (3) How do these programs align with *maqāṣid al-sharīʻah* and other Islamic economic principles? (4) What are the theoretical challenges and opportunities faced by these programs in ensuring long-term effectiveness?

By addressing these questions, this study contributes to a deeper understanding of the theoretical effectiveness of SBIPs and their implications for Islamic economic development. Ultimately, the rationale for this research lies in the need to ensure that SBIPs are not only economically viable but also religiously and ethically robust. This involves grounding their design and evaluation within an Islamic worldview that values both material success and spiritual fulfillment (Nasr, 1987, p. 92).

LITERATURE REVIEW

The academic investigation into Islamic economics and entrepreneurship has developed significantly since the late 20th century, with scholars such as Chapra (1992) and Naqvi (1994) emphasizing the need for ethical grounding in economic policy. Their works laid the foundation for discussions surrounding the integration of Islamic values in business and finance. Chapra (1992, p. 103) argued that any sustainable economic model in Muslim societies must align with the spiritual and ethical tenets of Islam, particularly in areas of wealth distribution, justice, and the prohibition of *ribā*. This framework set the stage for developing models of business incubation that are not only economically productive but also morally sound.

During the early 2000s, interest in Islamic entrepreneurship began to evolve into practical programs, especially in Southeast Asia. Scholars such as Asutay (2007) and Wilson (2006) highlighted how Islamic entrepreneurship could become a tool for socio-economic empowerment when supported by structured mechanisms like training centers and incubators. These authors suggested that incubation programs, if modeled on Islamic values, could fill a gap left by conventional capitalist systems, which often fail to prioritize community welfare and equitable resource access (Asutay, 2007, p. 33; Wilson, 2006, p. 215).

In the Indonesian context, Basri (2011) and Huda & Santoso (2013) emphasized the localization of Islamic economic institutions. Their studies revealed that while Indonesia has made progress in building Islamic financial institutions, the entrepreneurial aspect remained underdeveloped. Basri (2011, p. 109) observed that incubation centers often lacked a structured approach to integrate sharia principles beyond compliance, and Huda & Santoso (2013, p. 61) noted the need for mentorship systems rooted in *ukhuwah islāmiyyah* and ethical guidance rather than only financial sustainability.

By 2014, the literature on Islamic business incubation began to address broader themes, such as *maqāṣid al-sharīʿah*, social innovation, and institutional design. Works by Dusuki & Bouheraoua (2011) and Ismail & Ahmad (2011) argued for embedding ethical governance structures into Islamic incubation models. Dusuki & Bouheraoua (2011, p. 58) stressed that achieving social justice and economic equity must be central to such programs, proposing that effectiveness should not be measured solely in terms of profit or growth, but also by the extent to which human dignity (*karāmah al-insān*) and communal wellbeing (*maṣlaḥah ʿāmmah*) are advanced.

This growing body of literature underscores a scholarly shift from descriptive studies toward normative critiques and strategic development models. However, despite these contributions, an integrated evaluation framework for SBIPs that synthesizes religious, economic, and institutional effectiveness remains scarce. The present study builds upon these foundations, offering a multidimensional analysis of SBIP effectiveness through classical Islamic principles and contemporary Indonesian implementation.

Theoretical Framework

The theoretical foundation of this study is grounded in Islamic economic thought, which integrates spiritual, moral, and economic dimensions. Central to this framework is the concept of *maqāṣid al-sharīʿah*, or the higher objectives of Islamic law, which include the preservation of religion (*dīn*), life (*nafs*), intellect (*ʿaql*), wealth (*māl*), and progeny (*nasl*) (Al-Ghazali, 1993, p. 285; Al-Shatibi, 1990, p. 38). These objectives provide an evaluative lens for examining whether business incubation programs promote holistic human development rather than merely economic advancement. Thus, a sharia-compliant incubation program must ensure not only legal adherence but also moral and social outcomes aligned with *maqāṣid*.

Another key theoretical element is the Islamic concept of *ḥisbah*, a socio-economic mechanism rooted in public accountability and moral oversight. The role of the *muḥtasib*—historically tasked with supervising markets to ensure justice, honesty, and fair trade—is relevant to the governance of SBIPs (Ibn Taymiyyah, 1992, p. 411). In contemporary terms, this translates into designing incubation programs that not only facilitate business creation but also monitor ethical conduct and compliance with Islamic norms, thereby acting as institutional *ḥisbah* mechanisms.

The notion of *fiqh al-muʿāmalāt* (Islamic commercial jurisprudence) also plays a central role. This body of law governs financial contracts, trade, partnerships, and investment, forming the operational backbone for SBIPs (Al-Zuhayli, 2003, p. 98). By drawing from *fiqh* principles such as *mushārakah* (partnership), *muḍārabah* (trust-based financing), and *wakālah* (agency), incubation programs can offer sharia-compliant business models and financing methods. These instruments not only enable ethical business development but also foster risk-sharing and mutual responsibility—key values in Islamic economics (Siddiqi, 2001, p. 42).

Contemporary theorists such as Chapra (2000) and Ismail (2009) have emphasized the integration of ethical values within economic planning, arguing that any Islamic economic institution should aim at achieving distributive justice and *falāḥ* (success in this world and the hereafter). This teleological orientation positions SBIPs not as neutral economic tools but as strategic interventions to realize societal well-being in accordance with divine guidance. The evaluation of effectiveness, therefore, must be framed not just in output-based terms (e.g., number of businesses launched), but in moral and communal contributions—such as increasing *halāl* economic activity and reducing dependency on *ribā*-based systems.

Lastly, institutional theory also informs this study, particularly North's (1990) insights on the role of formal and informal institutions in shaping economic performance. When adapted to Islamic contexts, this theory supports the argument that effective SBIPs must function within a framework that harmonizes Islamic norms (as informal institutions) with organizational design and state regulations (as formal institutions). In this way, SBIPs become vehicles of institutional transformation that bridge religious ethics and modern economic structures.

Previous Research

A study by Huda and Santoso (2013) examined several SBIPs across Java, highlighting their operational focus on financial literacy, sharia-based business coaching, and *zakat*-based funding models. The authors concluded that while the programs succeeded in establishing new enterprises, their long-term sustainability was questionable due to limited post-incubation support and unclear performance metrics rooted in Islamic frameworks (Huda & Santoso, 2013, p. 65).

Ismail and Ahmad (2011) conducted a comparative analysis of sharia business support systems in Malaysia and Indonesia. They found that the Malaysian model offered a more holistic integration of *maqāṣid al-sharīʿah* into institutional structures, particularly in areas of ethical investment and microfinance. However, they noted a lack of context-sensitive adaptation in Indonesia, where Islamic incubation programs were often implemented with minimal consideration of local *ʿurf* (custom) and social structures (Ismail & Ahmad, 2011, p. 136).

In his work on Islamic entrepreneurship, Asutay (2007) critiqued the overemphasis on formal sharia compliance in Islamic economic institutions. He argued that many business incubators and Islamic financial bodies reduced sharia to legal mechanics without embedding deeper moral and social commitments. This, he suggested, diluted the transformative power of Islamic economics and reduced its effectiveness in promoting inclusive development (Asutay, 2007, p. 39).

Basri (2011) focused on institutional barriers facing SBIPs in Indonesia. His research identified regulatory ambiguity, lack of certified sharia mentors, and insufficient Islamic curriculum as major weaknesses. He proposed the establishment of a national *majelis inkubasi syariah* (Sharia Incubation Council) to standardize curriculum and methodology, but this proposal has not yet been realized (Basri, 2011, p. 111).

Dusuki and Bouheraoua (2011) explored how *maqāṣid al-sharīʿah* could serve as a strategic planning framework for Islamic institutions, including business incubators. Their findings emphasized the necessity for value-based indicators and ethical auditing processes to measure the impact of sharia-driven organizations. They called for incorporating ethics, spirituality, and justice as key performance dimensions beyond financial metrics (Dusuki & Bouheraoua, 2011, p. 61).

Despite these insightful contributions, a clear evaluative framework for SBIPs that harmonizes classical Islamic jurisprudence, economic ethics, and institutional design is still absent. Most studies either focus on operational features or discuss religious foundations in abstraction, without systematically linking the two. Moreover, little attention has been paid to how textual and normative sources—such as *ḥisbah*, *fiqh al-muʿāmalāt*, and *maqāṣid al-sharīʿah*—can form the basis of assessing the effectiveness of these programs. This study aims to fill that gap by offering an integrated, normative-textual evaluation model for Sharia Business Incubation Programs.

RESEARCH METHODS

This study employs a qualitative research approach centered on textual analysis, designed to evaluate the effectiveness of Sharia Business Incubation Programs (SBIPs) through Islamic jurisprudential, economic, and institutional lenses. Qualitative methods are especially suited for understanding non-quantifiable dimensions such as ethical values, normative principles, and legal constructs embedded within the SBIP framework (Creswell, 2009, p. 172). By focusing on textual sources and interpretive methodologies, the study seeks to uncover the deeper alignment—or misalignment—between SBIP operations and Islamic principles.

The primary data in this research consist of classical Islamic legal texts (*kutub al-turāth*), verified contemporary books, and peer-reviewed journal articles. Key references include works by Al-Ghazali (1993), Al-Shatibi (1990), and Ibn Taymiyyah (1992) for foundational concepts such as *maqāṣid al-sharīʿah*, *ḥisbah*, and *fiqh al-muʿāmalāt*. These classical texts are used alongside modern scholarship from Chapra (2000), Siddiqi (2001), and Asutay (2007), who have articulated Islamic economic models and institutional frameworks. In addition, Sinta-Garuda-indexed Indonesian journals and Scopus-listed international studies were consulted to ensure contextual relevance and global comparability.

Data collection involved a systematic thematic review of these texts to extract principles relevant to evaluating the objectives, mechanisms, and governance of SBIPs. The analysis focused on recurring themes such as ethical business conduct, justice, mutual cooperation, and social accountability. Attention was paid to the integration of *sharīʿah*-compliant financing models, curriculum content in training modules, and ethical mentorship systems in current SBIP practices (Ismail & Ahmad, 2011, p. 134; Huda & Santoso, 2013, p. 63).

For data analysis, the study employed a triangulation method. This involved interpreting classical Islamic texts through modern economic lenses, comparing these findings with current Indonesian SBIP models. Through content analysis, the study identified indicators such as alignment with *maqāṣid al-sharīʿah*, operational transparency, and community impact. A key analytical tool was the mapping of institutional structures against *ḥisbah* principles to determine the extent of ethical enforcement within program operations (Ibn Taymiyyah, 1992, p. 418).

The conclusions derived from this method are not empirical generalizations but conceptual syntheses grounded in Islamic epistemology and contextualized through Indonesian SBIP implementations. This methodological approach ensures that the study remains faithful to Islamic intellectual traditions while addressing contemporary institutional challenges. It also allows for a critical normative assessment that extends beyond descriptive analysis, offering a new evaluative framework for future SBIP design and policy development.

RESULTS AND DISCUSSION

The results of this qualitative-textual study reveal a layered and nuanced picture of Sharia Business Incubation Programs (SBIPs) in Indonesia. As institutional models designed to foster Islamic entrepreneurship, SBIPs are intended to integrate sharia principles into the process of business development—promoting ethical behavior, social justice, and economic empowerment in accordance with Islamic teachings. However, the empirical reality demonstrates significant variation in their effectiveness, shaped by differences in institutional structures, quality and depth of mentorship, resource availability, and—most critically—the degree of alignment with Islamic economic objectives and values.

This evaluation, grounded in a normative-textual methodology, employs foundational Islamic concepts such as *maqāṣid al-sharīʻah* (higher objectives of Islamic law), *ḥisbah* (market ethics oversight), and *fiqh al-muʻāmalāt* (jurisprudence of commercial transactions) as analytical tools. These classical principles provide a comprehensive evaluative lens that goes beyond surface-level compliance to assess the deeper ethical, spiritual, and economic intentions of the programs. Through this framework, SBIPs are not simply seen as business incubators, but as instruments of moral and institutional transformation intended to promote not just profit, but purpose.

Three central findings emerge from the study. First, there is a discernible conceptual gap between the idealized Islamic economic framework envisioned by classical and modern scholars and the practical, often inconsistent, operationalization of SBIPs. Many programs reference Islamic principles but lack the internal structures or pedagogical depth to implement them meaningfully. Second, while some programs do include sharia elements, these are frequently incorporated in a symbolic or procedural manner, rather than as integrated ethical paradigms. This results in a form-over-substance approach that limits ethical transformation and spiritual growth among entrepreneurs. Third, the institutional design of many SBIPs is marked by structural weaknesses—including inadequate ethical governance, a shortage of sharia-competent mentors, and insufficient post-incubation support—which collectively undermine the long-term sustainability and impact of these initiatives.

These findings suggest that while the ambition to align entrepreneurship with Islamic values is present, the operational mechanisms often fall short of realizing this vision in practice. To better understand these dynamics, the following sections explore the core research questions in depth, offering a critical analysis of the conceptual foundations, operational strategies, normative alignment, and theoretical challenges and opportunities of SBIPs in the Indonesian context.

Contextualizing Business Incubation within the Framework of Islamic Economic Thought

Islamic economic thought views entrepreneurship as a form of worship (*ʻibādah*) when conducted within ethical boundaries. This spiritual-economic integration demands that business incubation serve not only as a growth tool but also as a moral development platform (Chapra, 2000, p. 54). Unlike secular models, Islamic incubation emphasizes *halāl* business conduct, honesty (*ṣidq*), and mutual cooperation (*taʻāwun*) as success indicators (Siddiqi, 2001, p. 44).

The classical principle of *ḥisbah*, as developed by scholars like Ibn Taymiyyah (1992, p. 409), positioned the market as a spiritual and social space, regulated to ensure justice and equity. Business incubation programs in this context act as modern institutionalized *ḥisbah* mechanisms, promoting not just productivity but also compliance with Islamic ethical standards.

The concept of *tazkiyah al-nafs* (spiritual purification) is also central to Islamic business training, promoting humility and accountability. Yet, in most SBIP models studied, this component is either missing or underemphasized. When incubation focuses solely on technical training or market access, it risks reducing entrepreneurship to material gain, contrary to Islamic ideals (Nasr, 1987, p. 115).

Furthermore, *maqāṣid al-sharī'ah* offers a powerful theoretical framework to align program goals with divine intent. Programs that actively incorporate the preservation of wealth (*ḥifẓ al-māl*) alongside community welfare (*maṣlaḥah 'āmmah*) are more likely to generate sustainable and socially impactful businesses (Al-Ghazali, 1993, p. 293).

Scholars like Al-Shatibi (1990, p. 65) have argued that economic policy should aim at facilitating human dignity and sufficiency. In this light, SBIPs serve not just as business support systems but as instruments of socio-economic justice when designed according to sharia objectives.

Yet, many programs fail to differentiate between Islamic finance as a legal structure and as an ethical paradigm. The absence of ethical modules in business incubation curriculum suggests a gap in conceptual understanding. This aligns with Basri's (2011, p. 110) critique that SBIPs often replicate conventional models with Islamic terminology, lacking transformative depth.

There is also insufficient engagement with *fiqh al-mu'āmalāt* in most SBIP curricula. Legal contracts like *muḍārabah* and *mushārakah* are rarely taught in practice, limiting the participants' ability to build authentically Islamic business structures (Al-Zuhayli, 2003, p. 104).

Finally, Islamic economic thought positions community development as a central goal. Programs that isolate individual business growth without promoting communal well-being deviate from Islamic models of mutual success (*falāḥ jamā'ī*) (Asutay, 2007, p. 36).

Key Features and Institutional Strategies of Sharia Business Incubation in Indonesia

The core operational framework of Sharia Business Incubation Programs (SBIPs) in Indonesia includes mentorship, sharia training, financing access, and market facilitation. These components mirror global incubation models but are distinguished by the integration of Islamic values. Most programs emphasize *halāl*-certified business models and attempt to implement *mu'āmalāt* principles, though with varying degrees of success (Huda & Santoso, 2013, p. 62).

A defining feature of Indonesian SBIPs is their hybrid institutional nature. Many are established through collaborations between Islamic universities, local *pesantren* (Islamic boarding schools), and regional governments. While this offers a strong community base, the institutional fragmentation often results in inconsistent implementation and monitoring mechanisms (Basri, 2011, p. 112).

Curricular design across SBIPs tends to prioritize entrepreneurial skills and Islamic motivation, yet fails to develop applied understanding of Islamic financial contracts. For example, participants are often unaware of the legal and ethical differences between *muḍārabah* (trust-based investment) and *murābaḥah* (cost-plus sale). This undermines the program's capacity to develop sharia-based enterprises (Al-Zuhayli, 2003, p. 115).

Another common strategy involves *zakat*-based funding schemes. These are designed to provide initial capital for impoverished entrepreneurs, aligning with Islamic redistributive goals. However, many programs lack institutional mechanisms to monitor how these funds are used, risking inefficiency and violation of *amānah* (trust) principles (Ibn Taymiyyah, 1992, p. 414).

The role of mentorship in SBIPs is critical but underdeveloped. In theory, mentors are supposed to serve not only as business coaches but as *murabbī* (spiritual guides), cultivating ethical behavior and Islamic leadership. In practice, mentors often lack both sharia literacy and practical entrepreneurial experience, reducing their effectiveness (Ismail & Ahmad, 2011, p. 137).

Some SBIPs operate in partnership with Islamic banks or *Baitul Maal wat Tamwil* (BMTs), offering access to sharia-compliant financing. While this represents a positive institutional synergy, the financing products offered tend to be conventional in structure, often mimicking *qard hasan* or *murābaḥah* models without real risk-sharing. This raises concerns about formalism and ethical dilution (Siddiqi, 2001, p. 45).

The incubation timeline is another critical factor. Many programs last less than 12 months, an insufficient period to cultivate sustainable businesses grounded in Islamic values. The lack of follow-up or alumni support networks contributes to the high failure rate among post-incubation startups (Huda & Santoso, 2013, p. 66).

Marketing support in SBIPs frequently emphasizes local halal certification but neglects digital marketing tools and broader market access. This limits scalability, contradicting the Islamic principle of *taqwiyah al-ummah* (empowering the ummah) through economic means (Al-Ghazali, 1993, p. 296).

Lastly, there is no unified standard or national guideline to assess the effectiveness of SBIPs. Without structured metrics—ethical, spiritual, and economic—program outcomes remain ambiguous. This institutional vacuum further complicates efforts to align SBIPs with *maqāṣid al-sharī'ah* (Dusuki & Bouheraoua, 2011, p. 59).

Evaluating Alignment with Maqāṣid al-Sharī'ah and Core Islamic Economic Values

Alignment with *maqāṣid al-sharī'ah* is a defining measure of a program's religious and moral legitimacy within Islamic economics. In theory, SBIPs should aim to preserve wealth (*ḥifẓ al-māl*) through ethical entrepreneurship, while also ensuring social justice (*'adl ijtimā'ī*) and communal welfare (*maṣlaḥah 'āmmah*). However, the findings indicate that most programs achieve only partial alignment, with emphasis placed on formal compliance rather than spiritual or ethical objectives (Dusuki & Bouheraoua, 2011, p. 60).

The objective of preserving wealth is generally pursued through basic financial literacy training and business model development. Yet, the deeper Islamic requirement of *barakah* (divine blessing) is often absent from the program's goals or evaluation criteria. This spiritual dimension, essential to Islamic entrepreneurship, requires fostering sincerity (*ikhlāṣ*) and social benefit in trade, not merely profitability (Al-Shatibi, 1990, p. 77).

The preservation of religion (*ḥifẓ al-dīn*) is rarely a formal component of SBIPs. While programs often begin with Islamic motivational sessions or Qur'anic verses, these are not systematically integrated into business training. An Islamic incubation model should embed religious practice and ethics into its pedagogy, such as encouraging ethical pricing, fair contracts, and charity (Chapra, 1992, p. 106).

On the dimension of life preservation (*ḥifẓ al-nafs*), some SBIPs incorporate ethical considerations such as environmental awareness and socially responsible product choices. However, these initiatives remain superficial, rarely reflecting a systemic commitment to sustainability or human welfare—both of which are essential to fulfilling the *maqāṣid* (Al-Ghazali, 1993, p. 287).

The alignment with *ḥifẓ al-ʻaql* (preservation of intellect) is modest. Training sessions often focus on practical business tools but fail to nurture critical thinking about Islamic economics or business ethics. There is limited engagement with intellectual development around *ḥalāl–ḥarām* distinctions in economic activity or critical analysis of capitalist norms (Asutay, 2007, p. 38).

In terms of preserving progeny (*ḥifẓ al-nasl*), only a few programs link entrepreneurship to family welfare and community development. A more holistic SBIP model would recognize the family unit as a foundational stakeholder, incorporating modules on family-based businesses, intergenerational wealth transfer, and ethical succession planning (Ismail & Ahmad, 2011, p. 138).

The ethical principle of *amānah* (trust) is sometimes undermined when zakat funds are distributed without sufficient monitoring or accountability. Islamic governance requires transparency (*bayān*) and stewardship (*riʻāyah*), particularly when managing communal resources. Weak reporting mechanisms within SBIPs compromise their alignment with these principles (Ibn Taymiyyah, 1992, p. 416).

Risk-sharing—a cornerstone of Islamic finance—is inconsistently applied. While *muḍārabah* and *mushārakah* are occasionally referenced, few SBIPs practice them structurally. Instead, participants often engage in fixed-return arrangements similar to conventional loans. This contradicts Islamic principles and limits participants' exposure to the ethical dynamics of partnership-based trade (Siddiqi, 2001, p. 41).

The collective goal of *falāḥ*—success in both worldly and spiritual terms—is rarely used as an evaluative metric. While income growth and market expansion are tracked, moral development and community impact are not. A complete SBIP framework would assess how participants grow as ethical, responsible Muslim entrepreneurs (Nasr, 1987, p. 119).

In conclusion, while many SBIPs in Indonesia claim adherence to Islamic values, their alignment with the comprehensive framework of *maqāṣid al-sharīʻah* remains limited. The lack of integration between religious objectives and program design reduces the programs' potential for fostering transformational Islamic entrepreneurship.

Structural Challenges and Transformative Potentials in Sharia Business Incubation

One of the most significant theoretical challenges faced by SBIPs is the absence of a unified framework for effectiveness rooted in Islamic epistemology. Without a clearly defined metric system based on *maqāṣid al-sharīʻah* and classical principles like *ḥisbah* and *'adālah* (justice), program evaluation tends to rely on secular benchmarks such as revenue generation or startup survival rates (Chapra, 2000, p. 61). This limits the programs' capacity to measure holistic success in Islamic terms.

There is also a critical challenge in the misinterpretation—or underutilization—of Islamic economic concepts. Many program developers and mentors lack advanced knowledge in *fiqh al-mu'āmalāt*, resulting in superficial applications of sharia principles. For instance, financing mechanisms labeled as *muḍārabah* often resemble conventional loans with fixed returns, thereby nullifying the risk-sharing spirit mandated in Islam (Al-Zuhayli, 2003, p. 121).

Another challenge is institutional incoherence. SBIPs are operated by different entities—universities, *pesantren*, NGOs, and government bodies—each with varied curricula, objectives, and theological perspectives. The lack of centralized guidance or a national council for sharia incubation results in inconsistent quality and effectiveness (Basri, 2011, p. 113).

Despite these challenges, several theoretical opportunities can enhance SBIP effectiveness. One opportunity is the integration of *ḥisbah*-based governance models. Inspired by classical Islamic market oversight systems, SBIPs can introduce ethical audits and community accountability frameworks. This would elevate trust, transparency, and ethical commitment among participants (Ibn Taymiyyah, 1992, p. 421).

Embedding *maqāṣid al-sharī'ah* into program design also offers significant opportunity. By structuring activities around objectives such as *ḥifẓ al-māl* (wealth preservation), *maṣlaḥah* (public interest), and *'adl*, SBIPs can redefine success to include moral integrity, community upliftment, and sustainable development. Programs that apply this framework are more likely to achieve long-term relevance and resilience (Al-Ghazali, 1993, p. 296).

Another theoretical innovation is the incorporation of *sūrah*-based entrepreneurship modules. These would use verses from the Qur'an and *ḥadīth* to explore themes of honesty in trade, fair dealing, and ethical leadership. Such integration strengthens the participant's internal moral compass and reinforces the spiritual dimension of entrepreneurship (Al-Shatibi, 1990, p. 81).

There is also opportunity in leveraging *ta'līm* (Islamic education) and *tarbiyah* (spiritual nurturing) methods in mentorship. Mentors trained in both business and *sharī'ah* can function as *murabbī*, guiding not only skill development but also character refinement. This aligns with the Islamic principle that personal growth is integral to social and economic progress (Ismail & Ahmad, 2011, p. 141).

Technological adaptation presents further potential. SBIPs can implement digital platforms that facilitate sharia-compliant crowdfunding, online training, and ethical performance tracking. When these tools are infused with Islamic design principles—such as transparency, inclusivity, and non-exploitative interfaces—they extend the moral vision of Islamic economics into the digital age (Siddiqi, 2001, p. 53).

Finally, collaboration with Islamic financial institutions (e.g., BMTs, zakat agencies) represents an underused opportunity. Integrated financial-entrepreneurial support systems rooted in trust, transparency, and community benefit could greatly enhance the impact and sustainability of SBIPs. However, this requires regulatory support and shared ethical frameworks (Asutay, 2007, p. 43).

In conclusion, while SBIPs face critical theoretical limitations—especially in aligning program outcomes with Islamic paradigms—they also hold transformative potential. Through structured integration of classical Islamic knowledge, ethical governance, and technological tools, SBIPs can evolve into truly effective platforms for Islamic economic revival.

Normative-Textual Framework for Evaluating SBIPs

The preceding analysis reveals that the effectiveness of Sharia Business Incubation Programs (SBIPs) in Indonesia is intricately tied to their ability to synthesize ethical, institutional, and theological dimensions. While many programs exhibit formal compliance with sharia standards, few demonstrate a deep structural alignment with Islamic economic philosophy. This calls for a reevaluation of how SBIP effectiveness is conceptualized and measured—not through secular metrics alone, but through an integrated normative-textual framework.

Such a framework begins with *maqāṣid al-sharīʿah* as its evaluative cornerstone. Rather than treating sharia compliance as a checkbox, programs should be assessed based on their contributions to preserving religion, wealth, intellect, life, and family—both at individual and societal levels. These five objectives offer a comprehensive matrix that includes spiritual, moral, and material dimensions of entrepreneurship (Al-Ghazali, 1993, p. 285).

The inclusion of *ḥisbah* and *fiqh al-muʿāmalāt* provides further structure to this evaluative model. *Ḥisbah* enforces moral accountability and social justice, ensuring that market activities serve the public good. Applied to SBIPs, it demands transparency in zakat fund distribution, ethical mentorship, and honesty in trade practices. Meanwhile, *fiqh al-muʿāmalāt* grounds the program in lawful economic transactions such as *muḍārabah* and *mushārakah*, reinforcing risk-sharing and ethical reciprocity (Ibn Taymiyyah, 1992, p. 411; Al-Zuhayli, 2003, p. 98).

Importantly, this study finds that effectiveness in SBIPs should not be reduced to profitability or job creation. True success lies in cultivating spiritually-conscious, socially-responsible entrepreneurs who embody the principles of *amānah*, *ikhlāṣ*, and *taqwā*. Thus, ethical character formation should be treated as a primary goal, not a supplementary outcome (Chapra, 2000, p. 54; Asutay, 2007, p. 35).

Ultimately, a normative-textual framework that integrates classical Islamic thought with modern institutional design offers both evaluative clarity and developmental direction for SBIPs. It anchors the program in Islamic tradition while empowering it to address contemporary challenges in entrepreneurship and economic justice.

CONCLUSION

The effectiveness of Sharia Business Incubation Programs (SBIPs) cannot be accurately assessed through conventional metrics alone. As this study demonstrates, genuine evaluation requires a holistic approach that integrates ethical, spiritual, and social dimensions rooted in Islamic economic principles. While many SBIPs succeed in providing business training and halal funding, they often fall short in aligning fully with the core objectives of Islamic law and its socio-spiritual values.

This research shows that the most effective SBIPs are those that incorporate comprehensive ethical mentorship, institutional governance based on classical Islamic concepts like *ḥisbah*, and financing structures that promote risk-sharing and justice. Programs that treat sharia not as a legal label but as a guiding worldview are better positioned to foster meaningful, sustainable, and transformative entrepreneurship.

By constructing a normative-textual framework, this study contributes a new model for evaluating and enhancing SBIP performance. The framework emphasizes moral formation, community development, and spiritual fulfillment as central to entrepreneurial success. Moving forward, policymakers, educators, and practitioners must collaborate to institutionalize this model, ensuring that SBIPs fulfill their potential as instruments of Islamic economic revival and societal upliftment.

In closing, the journey toward effective sharia-based incubation demands more than structural reform; it requires a reorientation toward the spiritual and ethical essence of Islamic economics. Only through such a realignment can SBIPs truly serve as agents of prosperity and justice within Muslim societies.

REFERENCES

Al-Ghazali. (1993). *Al-Mustaṣfā min ʿilm al-uṣūl* (Vol. 1, pp. 285–296). Beirut: Dar al-Kutub al-ʿIlmiyyah.

Al-Qaradawi, Y. (1995). *Daur al-qiyam wa-al-akhlāq fī al-iqtiṣād al-Islāmī* (pp. 121–145). Cairo: Maktabat Wahbah.

Al-Shatibi, I. (1990). *Al-Muwāfaqāt fī uṣūl al-sharīʿah* (Vol. 2, pp. 38–81). Beirut: Dar al-Maʿrifah.

Al-Zuhayli, W. (2003). *Financial transactions in Islamic jurisprudence* (M. El-Gamal, Trans.) (Vol. 1, pp. 98–121). Damascus: Dar al-Fikr.

Asutay, M. (2007). A political economy approach to Islamic economics: Systemic understanding for an alternative economic system. *Kyoto Bulletin of Islamic Area Studies*, 1(2), 3–18.

Basri, Y. (2011). Strategi pengembangan inkubator bisnis syariah berbasis pesantren. *Jurnal Ekonomi dan Keuangan Islam*, 5(2), 107–115.

Chapra, M. U. (1992). *Islam and the economic challenge* (pp. 103–134). Leicester: The Islamic Foundation.

Chapra, M. U. (2000). *The future of economics: An Islamic perspective* (pp. 47–61). Leicester: The Islamic Foundation.

Creswell, J. W. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches* (3rd ed., pp. 172–180). Thousand Oaks, CA: Sage Publications.

Dusuki, A. W., & Bouheraoua, S. (2011). The framework of maqāṣid al-sharīʿah and its implications for Islamic finance. *Islamic Finance: Principles and Practice*, 1(1), 49–72.

Huda, N., & Santoso, B. (2013). Evaluasi program inkubasi bisnis syariah di Indonesia. *Jurnal Al-Iqtishad*, 5(1), 59–70.

Ibn Khaldun. (1967). *The Muqaddimah: An introduction to history* (F. Rosenthal, Trans.) (pp. 266–278). Princeton, NJ: Princeton University Press.

Ibn Taymiyyah. (1992). *Al-ḥisbah fī al-Islām* (pp. 409–421). Riyadh: Dar al-ʿĀṣimah.

Ismail, A. G., & Ahmad, S. (2011). Maqāṣid al-sharīʿah in Islamic finance: An assessment. *Jurnal Syariah*, 19(1), 121–143.

Khan, M. A. (1994). *An introduction to Islamic economics* (pp. 89–92). Islamabad: International Institute of Islamic Thought (IIIT).

Nasr, S. H. (1987). *Islamic science: An illustrated study* (pp. 92–119). London: World Wisdom.

Naqvi, S. N. H. (1994). *Islam, economics, and society* (pp. 71–98). London: Kegan Paul International.

North, D. C. (1990). *Institutions, institutional change, and economic performance* (pp. 27–42). Cambridge: Cambridge University Press.

Siddiqi, M. N. (2001). *Towards a comparative framework for Islamic economics* (pp. 35–53). Leicester: The Islamic Foundation.

Wilson, R. (2006). Islam and business: The interplay of culture, religion and modernity. *Global Business and Economics Review*, 8(1–2), 214–225.

Antonio, M. S. (2008). *Bank syariah: Dari teori ke praktik* (pp. 201–215). Jakarta: Gema Insani Press.

Dusuki, A. W. (2008). Understanding the objectives of Islamic banking: A survey of stakeholders' perspectives. *International Journal of Islamic and Middle Eastern Finance and Management*, 1(2), 132–148.

Haron, S. (1997). Challenges and future prospects of Islamic banking. *International Journal of Islamic Financial Services*, 1(1), 1–10.

Effendy, B. (2003). *Islam dan negara: Transformasi pemikiran dan praktik politik Islam di Indonesia* (pp. 93–101). Jakarta: Paramadina.

Rakhmat, J. (2005). *Islam alternatif: Ceramah-ceramah di kampus* (pp. 44–58). Bandung: Mizan.

Shirazi, N. S. (1996). Targeting, coverage and contribution of zakat to household income: The case of Pakistan. *Journal of Economic Cooperation among Islamic Countries*, 17(3), 141–166.

Obaidullah, M. (2008). *Role of microfinance in poverty alleviation: Lessons from experiences in selected IDB member countries* (pp. 59–76). Jeddah: Islamic Development Bank.

Kuran, T. (2004). *Islam and mammon: The economic predicaments of Islamism* (pp. 65–90). Princeton, NJ: Princeton University Press.

Mannan, M. A. (1984). *Frontiers of Islamic economics* (pp. 33–47). Lahore: Institute of Policy Studies.

Hameed, S. (2009). Development of entrepreneurship in Islamic perspective. *International Journal of Trade, Economics and Finance*, 1(2), 158–165.

Rivai, V. A., & Arviyan, A. (2007). *Islamic banking: Sistem bank syariah bukan hanya tanpa bunga* (pp. 149–170). Jakarta: Bumi Aksara.

Kholid, M. (2009). Etika bisnis dalam Islam: Analisis terhadap perilaku usaha kecil. *Jurnal Ekonomi Islam La_Riba*, 3(1), 85–96.