

Performance Measurement in Sharia-Based Microbusinesses: Theoretical Practical Framework

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Abstract

This study explores performance measurement in sharia-based microbusinesses, integrating Islamic ethical and spiritual values with modern evaluative frameworks. While conventional tools prioritize financial outcomes, Islamic entrepreneurship calls for multidimensional assessment rooted in *maqāṣid al-sharī'ah*—the higher objectives of Islamic law. Through qualitative analysis of literature, Islamic economic texts, and institutional practices, this study develops a holistic model encompassing financial, ethical, and spiritual performance. Key findings show conventional metrics are insufficient to capture the full scope of success in sharia-compliant enterprises. Ethical governance, spiritual alignment, and stakeholder-centered evaluation shape sustainable performance. The proposed framework connects Islamic jurisprudence with management theory, offering theoretical contributions and practical tools for microenterprises, policymakers, and Islamic financial institutions. Centering on divine accountability and communal welfare, the model supports a principled, resilient entrepreneurial ecosystem. This research refines Islamic economic paradigms and expands Islamic performance measurement's applicability in real-world practice.

Keywords:

sharia microbusiness; Islamic entrepreneurship; *maqāṣid al-sharī'ah*; performance metrics; stakeholder evaluation

INTRODUCTION

The emergence of *sharia*-based microbusinesses has introduced a transformative shift in how entrepreneurship is practiced and evaluated in Muslim-majority societies. These enterprises operate under the framework of Islamic ethics and jurisprudence, aiming not only for profit but also for social justice, equity, and spiritual accountability (Dusuki & Abdullah, 2007). As Islamic financial services expand, microbusinesses grounded in Islamic principles play a pivotal role in reducing poverty and promoting inclusive economic growth (Obaidullah & Khan, 2008). However, while interest in Islamic microfinance continues to rise globally, especially in Southeast Asia and Sub-Saharan Africa, there remains a lack of clarity on how performance should be assessed in alignment with Islamic values (Ascarya, 2022).

Traditional performance measurement systems tend to prioritize financial metrics such as profit margins, asset growth, and return on investment. These tools, though effective in conventional contexts, often fall short of capturing the holistic success metrics vital to *sharia*-compliant enterprises (Haniffa & Hudaib, 2007). For example, *maqāṣid al-sharī'ah*, the foundational objectives of Islamic law, emphasize not only economic welfare but also social cohesion, preservation of faith, and environmental stewardship (Chapra, 2000). Therefore, measuring performance in Islamic microbusinesses necessitates a more nuanced approach—one that incorporates ethical and spiritual dimensions alongside traditional financial indicators (Kamla, 2009).

The importance of this topic lies in the growing need for Islamic economic institutions to standardize and legitimize performance evaluations that reflect Islamic epistemology. Currently, many *sharia*-based microenterprises face challenges in accessing formal financial support due to perceived inefficiencies and lack of quantifiable outcomes. However, these perceptions often stem from evaluative tools that ignore the distinctive goals and practices of Islamic businesses (Karim, Tarazi, & Reille, 2008). Furthermore, the Islamic finance industry is at a critical juncture where the demand for accountability and transparency has intensified, necessitating systems that reflect Islamic values while also meeting the expectations of modern financial governance (Ali, 2023).

Theoretically, the study contributes to Islamic economic thought by reconciling modern performance evaluation models with classical Islamic teachings. Empirically, it seeks to address how performance in *sharia*-based microbusinesses can be measured in a way that is both functional and faithful to Islamic ethics. While some scholars have attempted to integrate *maqāṣid*-based indicators into business models, these remain fragmented and lack universal application across diverse Muslim communities (Dusuki & Abozaid, 2007). The gap persists in creating a comprehensive framework that addresses spiritual, financial, and communal well-being—three pillars essential to Islamic entrepreneurship.

This research is motivated by the disconnect between existing performance frameworks and the principles of *sharia*-compliant enterprises. Specifically, it asks: How can performance measurement tools be adapted to align with Islamic ethical and legal norms? What theoretical models support a multidimensional view of success in microbusinesses? And how can such frameworks be operationalized in daily business practices of *sharia*-based entrepreneurs? These questions are central to both academic inquiry and practical application, particularly for stakeholders in Islamic microfinance and development sectors.

Hence, the objective of this study is to develop a theoretical and practical framework for performance measurement in *sharia*-based microbusinesses. By engaging with Islamic legal, economic, and ethical sources, this research offers an integrated perspective that bridges the theoretical gap and contributes to actionable solutions for practitioners. The study ultimately aims to support the growth of ethical entrepreneurship by providing a robust evaluative system rooted in Islamic tradition.

LITERATURE REVIEW

Scholars in Islamic economics have long argued that the objectives of economic activity within Islam transcend material gain and are deeply intertwined with achieving justice, equity, and *taqwa* (God-consciousness) (Chapra, 2000). Conventional literature on microbusiness performance often emphasizes indicators such as profitability, productivity, and efficiency (Kaplan & Norton, 1996). However, these frameworks are rooted in secular rationality and lack sensitivity to the ontological and epistemological foundations of Islamic entrepreneurship (Kamla, 2009). In response, Islamic economists have proposed alternative conceptualizations of success grounded in *maqāṣid al-sharī'ah*—protection of religion, life, intellect, lineage, and wealth—as foundational goals of all economic behavior (Dusuki & Abdullah, 2007).

Recent studies have begun exploring the integration of *maqāṣid*-based performance frameworks in Islamic banking and finance, with some models being adapted for microbusinesses (Siddiqi, 2008). For instance, Haneef and Furqani (2011) argued for a multidimensional performance index that reflects both material and spiritual well-being. In line with this, contemporary Islamic microfinance institutions are increasingly interested in social performance metrics such as outreach to the poor, gender equity, and ethical business conduct (Karim et al., 2008). However, while these dimensions are occasionally cited, they are seldom operationalized into measurable criteria for day-to-day management of *sharia*-compliant microenterprises.

In the Indonesian context, scholars have highlighted the potential of Islamic performance systems in improving the sustainability of local *usaha mikro kecil dan*

menengah (UMKM) when aligned with Islamic ethical values (Ascarya, 2022). Despite growing interest, there remains a lack of consensus on what constitutes holistic performance in Islamic microbusiness. Furthermore, existing literature often treats Islamic microenterprises as a monolithic entity, ignoring cultural and gender-based differences in entrepreneurial expression (Ali, 2023). This study aims to fill this gap by offering a context-sensitive yet theoretically grounded framework for evaluating success in *sharia*-based microbusinesses.

Theoretical Framework

The theoretical foundation of this study is grounded in the Islamic economic paradigm, specifically the concept of *maqāṣid al-sharī'ah*, which serves as the ethical and philosophical compass for all economic activities in Islam. The *maqāṣid* framework, as articulated by classical scholars such as al-Ghazali and al-Shatibi, asserts that economic behavior must fulfill the objectives of protecting religion, life, intellect, lineage, and wealth (Kamali, 2008). These principles not only guide personal behavior but also institutional practices, including how businesses operate and measure success. As such, this study places *maqāṣid al-sharī'ah* at the core of performance evaluation in Islamic microbusinesses, offering a framework that balances financial returns with spiritual and social responsibilities (Chapra, 2000).

To operationalize these values, the study draws upon the Balanced Scorecard (BSC) framework developed by Kaplan and Norton (1996), reinterpreting its dimensions—financial, customer, internal process, and learning and growth—through an Islamic lens. Scholars such as Hameed and Furqani (2015) have adapted the BSC model to include Islamic values like *amanah* (trustworthiness), *'adl* (justice), and *ihsan* (excellence). This hybrid approach allows for the integration of conventional managerial tools with Islamic ethical constructs, ensuring that performance metrics remain both relevant and faithful to *shariah* principles.

In addition, the study employs stakeholder theory to expand the focus of business performance beyond shareholders to include all affected parties—employees, customers, communities, and even the environment. In the Islamic worldview, this approach aligns with the concept of *maslahah* (public interest), which prioritizes collective well-being over individual profit maximization (Dusuki & Abdullah, 2007). By applying stakeholder theory, this research underscores the communal nature of Islamic entrepreneurship, where performance is evaluated based on its contribution to social justice, environmental stewardship, and spiritual growth (Haniffa & Hudaib, 2007).

Another critical theoretical input comes from Islamic spiritual leadership models, particularly the notion of *khilafah* (vicegerency) and *'ibadah* (worship). In Islam, work

and entrepreneurship are not merely economic functions but acts of worship when conducted within *sharia*-compliant boundaries (Beekun & Badawi, 2005). This perspective redefines business success to include spiritual metrics such as *niyyah* (intentions), *barakah* (divine blessings), and ethical consistency. The inclusion of these non-material dimensions challenges the dominant secular logic in performance measurement and introduces a value-laden alternative rooted in divine accountability (Ali, 2023).

Finally, the concept of social capital, particularly *ukhuwah islamiyyah* (Islamic brotherhood), informs the communal and relational dimensions of performance. Scholars argue that strong intra-community ties enhance trust, reduce transaction costs, and promote ethical norms in economic interactions (Iqbal & Mirakhor, 2007). In Islamic microbusinesses, these social bonds become strategic assets that contribute to sustainability and resilience. Therefore, the theoretical framework of this study not only incorporates Islamic jurisprudential goals but also modern organizational theories, reinterpreted through an Islamic ethical paradigm to support a holistic performance measurement system.

Previous Research

In 2007, Haniffa and Hudaib conducted a seminal study that critically examined the limitations of conventional performance metrics in Islamic financial institutions. Their research emphasized that Islamic businesses require a dual-bottom line approach—spiritual and financial—which cannot be captured through traditional accounting systems. Their qualitative methodology revealed a need for incorporating *shariah* compliance indicators and stakeholder-oriented disclosures. This laid the groundwork for later models that aim to balance accountability to God with transparency to stakeholders (Haniffa & Hudaib, 2007).

Following that, in 2008, Chapra expanded the debate by emphasizing the role of *maqāṣid al-sharī'ah* as a comprehensive framework for economic development. His analysis highlighted how Islamic economics differs fundamentally from neoclassical paradigms by prioritizing justice and welfare over mere efficiency (Chapra, 2008). This contribution was significant in shaping the theoretical underpinnings for performance evaluation models in Islamic enterprises, especially those operating at the micro level.

In 2011, Haneef and Furqani proposed a performance evaluation model for Islamic financial institutions that integrates the *maqāṣid* framework into quantifiable indices. Their study, based on content analysis of institutional documents, argued that existing performance tools lacked depth and failed to reflect the Islamic value system

adequately (Haneef & Furqani, 2011). Their work significantly influenced how microfinance institutions assess social performance in Islamic contexts.

A later study by Karim et al. (2013) focused on microfinance outreach in Muslim communities, highlighting the operational challenges faced by Islamic microenterprises, especially those run by women. Their research showed that the absence of culturally relevant performance tools undermined trust and effectiveness in *sharia*-based microfinance programs. This pointed to the urgency of context-sensitive evaluation frameworks that honor both Islamic values and local realities (Karim et al., 2013).

In 2020, Ascarya explored the development of a *maqāṣid*-based index specifically tailored to Indonesian Islamic microfinance institutions. He used mixed methods to validate the feasibility of such an index and demonstrated its ability to reflect both economic and ethical performance. His research provided practical validation for integrating *maqāṣid* into business performance, showing improvements in both organizational accountability and client satisfaction (Ascarya, 2020).

Most recently, Ali (2023) analyzed the spiritual dimensions of Islamic entrepreneurship in Sub-Saharan Africa, emphasizing the influence of *taqwa*, *barakah*, and *ihsan* in daily business practices. Through ethnographic research, he revealed how small-scale entrepreneurs used informal spiritual metrics to assess success and legitimacy. His findings underscored the importance of spirituality as a legitimate and measurable component of performance (Ali, 2023).

Despite these important contributions, a significant research gap remains in formulating a comprehensive, operational performance measurement framework specifically for *sharia*-based microbusinesses. Current literature is either overly theoretical or too narrow in focus, failing to offer an integrative model that includes spiritual, financial, and social dimensions. This gap motivates the current study, which seeks to bridge these domains and respond to the need for a more holistic and context-aware evaluation tool for Islamic microenterprises.

RESEARCH METHODS

The type of data used in this study is qualitative and textual, focused on conceptual and interpretive understanding. Rather than numerical datasets, the research relies on documented scholarly interpretations, theoretical models, and institutional frameworks relevant to Islamic economic performance. This aligns with the research's aim to construct a theoretical and practical framework that reflects the unique values of *sharia*-based microbusinesses. Qualitative data allows for deep exploration of

meanings, norms, and ethical standards embedded in Islamic entrepreneurship (Creswell, 2013).

The primary data sources include peer-reviewed international journal articles, Islamic economic texts, official documents from Islamic financial institutions, and Sinta-Garuda accredited Indonesian publications. These sources were selected to ensure both global relevance and local contextual sensitivity. Texts by scholars such as Chapra (2000), Kamla (2009), and Haniffa and Hudaib (2007) were pivotal in providing foundational theories. Additionally, institutional reports from BPS–Statistics Indonesia and the Islamic Development Bank offered practical insights into microenterprise performance and policy (IDB, 2024).

Data collection was carried out through a systematic literature review, using scholarly databases such as Scopus, JSTOR, and Google Scholar, filtered to include only works published no later than 2025. Search terms included combinations of “Islamic microbusiness,” “performance measurement,” “*maqāṣid al-sharīʿah*,” and “Islamic economics.” Inclusion criteria emphasized conceptual richness, empirical relevance, and alignment with Islamic ethical paradigms. This technique ensured the incorporation of both classical and contemporary perspectives essential to framework development (Booth et al., 2016).

The data analysis technique employed was thematic analysis. This method involves identifying, analyzing, and reporting recurring patterns or themes within the data corpus. Themes were coded around core concepts such as ethical performance, spiritual accountability, stakeholder inclusiveness, and *maqāṣid* alignment. Thematic analysis enabled the researcher to synthesize various theoretical approaches into a coherent model while preserving the normative essence of Islamic economics (Braun & Clarke, 2006). Interpretation was guided by *tafsir* logic—contextual understanding of meanings in Islamic texts—and grounded theory principles.

Conclusion drawing involved triangulating insights across theoretical models, scholarly opinions, and institutional practices to generate a robust and integrative framework for performance measurement. By comparing classical Islamic principles with modern organizational theories, the study ensures both authenticity and applicability. The conclusions were refined iteratively, ensuring that the resulting framework is theoretically sound, empirically relevant, and ethically grounded. This process led to the development of a multidimensional performance model suitable for *sharia*-compliant microenterprises operating across diverse socio-economic settings.

RESULTS AND DISCUSSION

The findings of this research contribute to a growing discourse that advocates for the integration of Islamic ethical values within modern performance measurement

systems. The application of *maqāṣid al-sharī'ah* as a foundational lens revealed that performance in *sharia*-based microbusinesses cannot be fully understood through conventional financial metrics alone. Instead, success must be viewed as a composite of material, spiritual, and social outcomes. This expands the theoretical framework established by Chapra (2000) and Furqani and Haneef (2011), affirming that Islamic economic behavior is inherently multidimensional and value-driven.

This study also builds upon the work of Haniffa and Hudaib (2007), who emphasized the importance of spiritual accountability in Islamic corporate reporting. By introducing dimensions such as *taqwa*, *barakah*, and *ihsan* into the performance evaluation process, this research adds a deeper spiritual layer to existing frameworks. Furthermore, it supports Ali's (2023) ethnographic insights that informal spiritual metrics already guide many Muslim entrepreneurs. The formalization of these metrics into an operational framework represents a significant advancement in Islamic performance literature.

Importantly, this study fills the empirical and theoretical gap identified in previous research by synthesizing Islamic legal principles with modern business strategy. It bridges the divide between Western-centric performance tools like the Balanced Scorecard (Kaplan & Norton, 1996) and Islamic ethical models by adapting these tools to reflect *sharia*-compliant values. This integrative approach enhances both the legitimacy and functionality of performance evaluation in Islamic microenterprises.

1. Reconstructing Performance Through Maqāṣid Alignment

This section addresses the first research question by exploring how performance can be measured in a way that aligns with Islamic ethical and legal norms. The framework developed in this study proposes a three-dimensional approach—financial viability, ethical governance, and spiritual fulfillment—anchored in the objectives of *maqāṣid al-sharī'ah*. Unlike traditional models that prioritize shareholder returns, this framework positions *maslahah* (public good) as a central evaluative criterion (Dusuki & Abdullah, 2007).

The financial dimension includes conventional metrics such as profitability, operational efficiency, and capital growth. However, these are reinterpreted within the bounds of *halal* practices, such as the prohibition of interest (*riba*) and unethical speculation (*gharar*) (Kamali, 2008). Financial performance, therefore, is not just about maximizing returns but ensuring that income sources comply with Islamic commercial ethics (Siddiqi, 2008). This shifts the evaluative lens from quantity to ethical quality of earnings.

Ethical governance forms the second axis of performance and includes dimensions like transparency, justice (*'adl*), and trustworthiness (*amanah*). Microbusinesses are encouraged to maintain ethical conduct not merely for regulatory compliance but as a religious duty. Studies by Haniffa and Hudaib (2007) showed that businesses which integrate ethical values report higher levels of community trust and customer loyalty, leading to long-term sustainability. This supports the argument that Islamic ethics offer not only moral guidance but also strategic business advantages.

The spiritual dimension, often omitted in performance literature, includes indicators such as *niyyah* (intention), *barakah*, and the entrepreneur's commitment to *'ibadah* (worship) through business. Drawing on Ali (2023), the framework captures how Muslim entrepreneurs derive meaning and legitimacy from their spiritual commitments. This spiritual alignment contributes to emotional resilience and reinforces a sense of purpose, both of which are crucial for long-term performance in resource-constrained environments like microbusinesses.

In sum, aligning performance metrics with *maqāṣid al-sharī'ah* provides a comprehensive evaluative lens that balances material success with moral and spiritual integrity. This model not only adheres to Islamic values but also responds to calls for more inclusive and context-sensitive performance measurement systems. It offers a legitimate and actionable alternative for *sharia*-based microbusinesses seeking to thrive in both religious and economic terms.

2. Operationalizing Islamic Ethics in Business Practice

This section addresses the second research question by examining how Islamic ethical principles can be translated into practical performance indicators within *sharia*-based microbusinesses. While the theoretical alignment with *maqāṣid al-sharī'ah* provides the philosophical foundation, the operational challenge lies in translating these abstract concepts into observable and measurable practices. This subsection explores how ethical governance, spiritual intention, and communal responsibility are embedded into the daily operations of Islamic microenterprises.

The first practical aspect involves ethical conduct in transactions, which includes honest pricing, truthful advertising, and fair treatment of suppliers and customers. These practices are deeply rooted in the Prophetic traditions and form the baseline of Islamic commercial conduct (Beekun & Badawi, 2005). For

example, the principle of *ihsan* (excellence) compels entrepreneurs to go beyond mere contractual obligations and act in the best interest of all stakeholders. Haniffa and Hudaib (2007) argue that when these ethics are institutionalized, they result in reputational capital that supports sustainable business growth.

Secondly, employee relations in *sharia*-based enterprises reflect Islamic labor ethics, which emphasize dignity of work, timely compensation, and just treatment. These values correspond to the performance criterion of organizational justice. Studies from Ali (2023) show that entrepreneurs who provide spiritually nourishing work environments often experience higher employee loyalty and reduced turnover. This aligns with the idea that internal ethical climates directly impact performance outcomes in Islamic microbusinesses.

In terms of spiritual alignment, indicators such as regular prayer breaks, ethical sourcing of materials, and *zakat* (alms) distribution are embedded into business processes. These activities, although not traditionally associated with performance, reflect an alignment with the Islamic worldview where business is viewed as a form of *'ibadah* (worship) (Chapra, 2000). These practices enhance internal satisfaction and social legitimacy, especially in Muslim-majority contexts where religiosity shapes consumer behavior (Kamla, 2009).

Another critical operational component is the practice of social accountability. This includes community engagement, charitable giving, and responsiveness to local needs. Karim et al. (2013) observed that businesses with stronger community ties showed greater resilience during economic downturns. Social capital derived from Islamic values—like *ukhuwah islamiyyah* (Islamic brotherhood)—thus becomes a strategic asset. Such engagement not only supports community development but also serves as an indirect measure of business performance through enhanced stakeholder trust.

Finally, the use of ethical audit tools and value-based reporting practices ensures that performance is continuously monitored through both spiritual and managerial lenses. Recent initiatives, like the Maqasid Index developed by Ascarya (2020), offer templates for embedding these metrics into regular business assessments. These tools provide microbusinesses with a means to self-evaluate while maintaining alignment with Islamic objectives.

By operationalizing ethics in this manner, *sharia*-based microenterprises are able to align their daily practices with overarching spiritual and communal goals. This approach offers a distinct value proposition, blending purpose with

performance, and providing a practical roadmap for ethical entrepreneurship within Islamic economic systems.

3. Integrating Stakeholder-Centered Evaluation in Sharia Based Microbusinesses

This section responds to the third research question by exploring how performance frameworks in *sharia*-based microbusinesses can be broadened to reflect stakeholder-centric perspectives. Unlike traditional business models that focus primarily on shareholders or owners, Islamic economic principles mandate concern for all stakeholders, including employees, customers, the environment, and the broader ummah (community) (Dusuki & Abdullah, 2007). This section outlines how stakeholder theory, reinterpreted through an Islamic lens, enriches the performance measurement landscape of Islamic microenterprises.

The Islamic ethical paradigm naturally aligns with stakeholder theory, as both emphasize accountability, justice, and the long-term welfare of multiple actors. In Islam, the concept of *maslahah* (public interest) encourages entrepreneurs to act in ways that generate collective benefit rather than personal gain. Beekun and Badawi (2005) assert that Islamic leadership entails stewardship (*khilafah*), which expands business responsibility beyond profit-making to include environmental sustainability, social justice, and moral conduct. When applied to microbusiness performance, this framework invites a reassessment of who matters in measuring success and why.

Practically, stakeholder-centered evaluation includes metrics such as employee satisfaction, customer retention, environmental responsibility, and community well-being. These indicators go beyond financial performance to address the relational health and social impact of a business. For example, Ali (2023) highlighted how women-led microenterprises in Sub-Saharan Africa were perceived as more trustworthy and impactful due to their active role in community development, a perspective often overlooked by conventional performance audits. Incorporating these insights into Islamic microbusiness performance models helps capture a fuller picture of organizational success.

From a customer perspective, loyalty, trust, and satisfaction are influenced not just by product quality or price, but by the perceived religiosity and ethical conduct of the business. Kamla (2009) notes that Muslim consumers often base their purchasing decisions on the *halal* integrity of both products and business practices. Therefore, performance indicators must account for brand trust and ethical reputation, as these are critical to customer retention in Islamic markets.

In the context of community and environment, stakeholder performance includes contributions to local charities, support for local economies, and responsible environmental behavior. Haniffa and Hudaib (2007) proposed that disclosing environmental and social impact is not only good governance but an Islamic imperative. Such disclosures reflect *amanah* (trust) and *'adl* (justice), reinforcing the moral legitimacy of the enterprise. Microbusinesses can measure these impacts through community surveys, public recognition, or alignment with Islamic social responsibility initiatives.

Finally, stakeholder-centered evaluation encourages participatory decision-making, where feedback loops from employees, customers, and communities shape business strategies. This aligns with the Islamic principle of *shura* (consultation), which promotes inclusive governance. Ascarya (2022) emphasized that businesses engaging in structured community consultation reported stronger performance in both financial and social dimensions. This participatory ethos enhances accountability and transparency, traits increasingly demanded by modern consumers and regulators alike.

By integrating stakeholder perspectives, *sharia*-based microbusinesses construct a performance measurement system that is ethical, inclusive, and sustainable. This multidimensional evaluation not only reflects Islamic values but also supports competitive advantage in faith-sensitive markets. It further legitimizes Islamic entrepreneurship as a viable, ethical alternative to profit-centric business models prevalent in global economic systems.

This study has addressed the three core research questions by developing and articulating a multidimensional framework for performance measurement in *sharia*-based microbusinesses. First, the alignment of performance evaluation with *maqāṣid al-sharī'ah* provides a conceptual basis for integrating spiritual, financial, and ethical success indicators. It establishes that Islamic microenterprises require a broader evaluative lens that transcends profit margins and incorporates divine accountability, communal well-being, and value-driven practices. This contributes to a growing body of literature that advocates for Islamic epistemology in management sciences and organizational performance.

Second, the study operationalized Islamic ethical principles such as *ihsan*, *amanah*, and *maslahah* into measurable business practices. By embedding these values into daily operations—through employee relations, product integrity, and socially beneficial actions—*sharia*-compliant microbusinesses not only fulfill their religious obligations but also achieve greater stakeholder trust and market sustainability. This confirms the feasibility and necessity of practical tools that reflect both managerial logic and Islamic ethics, filling a key implementation gap in previous models.

Third, the integration of stakeholder-centered evaluation reinforced the communal and inclusive nature of Islamic entrepreneurship. Islamic microenterprises, guided by the principle of *shura* (consultation) and grounded in *taqwa*, benefit from a participatory approach that amplifies the voices of employees, customers, and communities. This shift from shareholder to stakeholder orientation enhances both legitimacy and resilience, aligning with global trends toward ethical and socially responsible business.

Theoretically, this study refines Islamic economic discourse by proposing a performance measurement model that unites classical jurisprudence, organizational theory, and ethical governance. It contributes a conceptual framework capable of expanding existing theory, offering a comprehensive and spiritually grounded alternative to Western-centric performance tools. Practically, the implications are substantial: Islamic financial institutions can utilize the model for impact assessment; policymakers can develop support programs aligned with *maqāṣid* values; and educators can incorporate the framework into Islamic business curricula to foster a new generation of ethically driven entrepreneurs.

CONCLUSION

This study has developed a comprehensive and integrative framework for measuring performance in *sharia*-based microbusinesses, responding to the critical need for evaluative tools that align with Islamic ethical and spiritual values. Drawing from the foundational principles of *maqāṣid al-sharī'ah*, stakeholder theory, and Islamic spiritual leadership, the proposed model reconceptualizes performance to include not only financial success but also ethical governance, social responsibility, and spiritual accountability.

The findings affirm that traditional metrics are insufficient for capturing the holistic aspirations of Islamic enterprises. Instead, effective performance measurement must embrace dimensions such as *ihsan*, *taqwa*, *maslahah*, and *barakah*. These values reflect both divine guidance and the practical realities of Muslim entrepreneurs who operate in diverse cultural and economic contexts. The study also confirms the practicality of translating Islamic ethics into observable business practices, ranging from fair labor policies and ethical sourcing to community engagement and environmental stewardship.

By reaffirming the role of inclusive, stakeholder-based evaluation, this research underscores the communal nature of Islamic economic activity and offers an ethically robust alternative to profit-centric models. As a contribution to theory, the study bridges classical Islamic jurisprudence with modern performance frameworks, advancing a more comprehensive understanding of success in the Islamic economy.

In terms of practical recommendations, Islamic financial institutions should adopt performance tools that reflect the spiritual and communal goals of their clients. Policymakers are encouraged to support initiatives that institutionalize Islamic values into microenterprise development strategies. Future research may explore sector-specific adaptations of the model or empirically test its application across varied Muslim communities. In doing so, the field of Islamic entrepreneurship can move closer to realizing its vision of just, ethical, and sustainable economic systems.

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