

# ANALYSING THE KEY DETERMINANTS FOR THE GROWTH OF BUSINESSES OPERATING UNDER SHARIA PRINCIPLES: A CASE STUDY OF THE NURTURING OF SMALL AND MEDIUM ENTERPRISES

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## ABSTRACT

*Indonesia has significant prospects for the implementation of Sharia economics and finance. Regrettably, the endeavours to promote sharia principles among SMEs actors remain significantly restricted. Even though Muslim business actors possess fundamental knowledge pertaining to the Islamic religion, they do not necessarily possess an automatic comprehension of the implementation of sharia values and principles in the realm of muamalah. The author deems it crucial to examine the growth of business players that prioritise the implementation of sharia features. The objective of this study is to examine the crucial aspects involved in the development of business actors based on sharia principles. The study methodology employs a qualitative approach coupled with an exploratory method. The research findings indicate that there are a minimum of four components contributing to the development of sharia business players, including marketing, financial, human resources, and operational issues.*

**Keywords :** Sharia Business, Business Development of sharia business actors, Small Medium enterprises

## INTRODUCTION

Indonesia has significant potential for the establishment of Sharia-based economic and financial systems. This is exemplified by the emergence of sharia-compliant business practices throughout the nation. According to Dinar Standard data on World Trade Tourism, Indonesia ranks seventh among the top ten countries with the greatest sharia financial assets. (Rafiuddin, et al, 2023). Indonesia's assets amount to USD 119.5 billion, which is lower than Kuwait's assets of USD 144 billion. This demonstrates that Indonesia possesses significant prospects for the development of industries based on sharia principles. In addition, the Government has also expressed worry regarding the progress of the halal industry. The Vice President of the Republic of Indonesia, K.H. Ma'ruf Amin, has unveiled a vision for Indonesia to become the global hub of the halal business. Indonesia's commendable placement in the State of Global Islamic Economy report during the past 5 years serves as evidence of the government's

successful endeavours to establish Indonesia as a prominent sharia economic and financial hub. The ranking position of Indonesia in the SGIE report for the period of 2017-2022 is as follows: Islamic Finance: Ranked 10th in 2017, now ranked 6th. Halal Food: Not among the top 10 in 2017, now ranked 2nd. Modest Fashion: Not among the top 10 in 2017, now ranked 3rd. Pharma & Cosmetics: Ranked 8th in 2017, now ranked 9th with a decline. (Harsanto, et al, 2022).

It is crucial to investigate and cultivate this potential further, especially following the enactment of Law Number 33 of 2014 regarding Halal Product Guarantees. SMEs are mandated to conduct halal certification for each of their products under this legislation. This legislation affirms that all products entering, circulating, and being traded inside the borders of Indonesia must possess a halal certification (Huda, 2012). Business Actors submit applications for Halal Certificates in written form to BPJPH. In addition, BPJPH mandates LPH to conduct halal inspection and/or testing of products.

The initiatives to promote the implementation of sharia principles for SMEs remain significantly constrained. The government, universities, and the private sector have developed many entrepreneurship or coaching programmes aimed at nurturing entrepreneurial ability. (Kesa, 2024). However, these programmes primarily focus on discussing the overarching notion of entrepreneurship without delving into specific details. The Government has initiated various programmes, including AKSES 2023, which is launched by the Ministry of Tourism and Creative Economy. This programme aims to provide financial support to the creative economy sector. The development of SMEs in Indonesia, particularly through the various programme conducted several universities in collaboration with industries network, has not sufficiently prioritised the incorporation of sharia values and principles in business practices.

Given the significant opportunities presented by the sharia economy and the government's dedicated efforts to establish Indonesia as a central hub for sharia economic growth, the author believes it is crucial to examine the creation of commercial entities that prioritise the implementation of sharia principles (Afza & Asghar, 2014). Despite Indonesia's status as one of the nations with the highest Muslim population globally, the author posits that a comprehensive comprehension of the Islamic faith is not necessarily a crucial determinant for Muslim business actors to effectively implement sharia values and principles in their business management. Hence, it is crucial to prioritise coaching programmes for business players. The author choose to analyse the essential elements required for cultivating business actors that can effectively apply sharia values and principles. To do this, the author selected a case study on the execution of SMEs nurturing program based on sharia principles.

The author posits that Muslim business actors possessing rudimentary understanding of the Islamic religion may not inherently comprehend the practical implementation of sharia norms and principles in the domain of muamalah. (Ahmad, et al., 2018). In order to incorporate sharia ideals and principles, the author will examine four specific areas: marketing, finance, HR, and operations. The four management issues mentioned are crucial elements in delineating the incorporation of sharia principles in company. The author establishes a hypothesis based on the problem definition, asserting that the growth of sharia-based corporate entities must address four essential factors: marketing, finance, human resources, and operations. What are the crucial variables contributing to the growth of sharia-based business entities in the implementation of SMEs nurturing program.

## METHOD

### Literature Review

Prior study endeavours to identify parallels and gain fresh insights to inform future investigations. Furthermore, conducting a comprehensive analysis of existing literature aids in situating the research and showcasing its novelty. Within this section, the researcher incorporates pertinent findings from prior investigations that are applicable to the forthcoming research topic. Subsequently, the researcher provides a concise overview of the findings, encompassing both the published and unpublished outcomes. The subsequent text provides a concise overview of prior research that remains pertinent to the subject matter being investigated by the author.

### SMEs Development

The study undertaken (Al-Maimani, & Johari, 2015) ;(Al-Mulla et al., 2022); (Alqahtani & Boulanouar, 2017) ;(Alqahtani, et al., 2017), explores the advancement of small, and medium firms by Cooperatives and SMEs Department. This study use qualitative research methods, namely descriptive methods, to gather data through interviews and documentation analysis. The data was analysed through the process of data reduction, data presentation, and drawing of conclusions. The findings of this study suggest that coaching for Small and Medium Enterprises (SMEs) has not attained the optimal level due to various factors, including inadequate awareness about the importance of coaching, limited capital leading to restricted production, and a shortage of competent coaching personnel, resulting in a low participation rate among business operators in the coaching program.

The resemblances between prior investigations and this study are as follows: The objects under study are both micro enterprises that focus on business development. However, there are distinct contrasts between past research and current research, which are as follows: The previous research focused on Small, and Medium Enterprises (SMEs). In this study, the focus is on the SMEs activity based as generals. Previous research primarily emphasised the growth of small and medium enterprises. However, this study aims to investigate the essential elements for fostering sharia business actors within enterprises economic independence programs.

### Financial autonomy of SMEs and Islamic Principle

Researchers elucidate in their publication named "Strategies for Enhancing Small, and Medium Enterprises. This study employs qualitative research methodologies, namely descriptive approaches. This research aims to examine the ways for enhancing the development of SMEs, as well as the elements that facilitate or impede their growth(Alqudsi, 2014). The research findings indicate that the development strategy implemented by the institution of cooperative and SMEs service has not yet achieved optimal efficacy. The development plan encompasses several activities, including counselling, coaching, provision of financial and non-financial help, as well as training and mentoring. Implementing the coaching program encounters various hurdles, such as the subpar quality of human resources engaged in the business and a deficiency in technological proficiency.

The commonalities between prior investigations and this study are as follows: Both

items under study are microenterprises. (Hassan, & Aliyu, 2018);(Hassan, 2021). Both individuals deliberated on many facets and methodologies pertaining to the advancement of business. Conversely, the distinctions between prior investigations and this particular study are as follows: The previous study focused on examining SMEs whereas this study specifically investigated the economic activities

The study titled "Strategy for the Development of Sharia Financial Services Cooperatives in Financing Micro Businesses (Alshater et al., 2022). This study employs a qualitative approach. The data gathering methods include literature study, field observations, questionnaires, working papers, and interviews with administrators/managers and experts, employing an expertise approach. The research findings reveal that the development plan for the Baitul Maal Sharia Financial Services Cooperative was determined by evaluating the SWOT and QSP matrices(Amaliah et al., 2015). This evaluation resulted in identifying five strategic priorities that are recommended for the cooperative.

The priorities encompass the following: (1) Enhancing service quality and business management in accordance with sharia principles; (2) Enhancing the reputation of cooperatives by strengthening internal oversight and ensuring accountability of financial reports; (3) Enhancing the calibre and resilience of Human Resources (HR); (4) Establishing favourable relationships and partnerships with financial institutions or donors; and (5) Maximising services, providing coaching and business support to members, with the objective of fostering members' loyalty and encouraging savings(Balushi et al., 2018). The commonalities between prior investigations and this study are as follows: Explores the evolution of sharia economics. Conversely, the disparities between prior investigations and this study can be outlined as follows: The previous study focused on small and medium-sized enterprises (SMEs) regardless this study examined only the economic aspects.

### **Factors influencing the development of human resources in Sharia SMEs**

highlights that entrepreneurial management underscores the imperative of comprehending four key domains while initiating a business, namely operational management, marketing, finance, and HR. (Caporale et al., 2020). These four facets underscore the significance of comprehension in achieving success in business. Experts believe the financial part of business development to be vital since it plays a crucial role in assessing the viability and long-term success of a corporation. In their study, (Ejaz et al., 2022)asserted that a business feasibility study encompasses an assessment of the company's financial aspects, such as funding sources, projected income, and different categories of expenses. Evaluating the financial factors is the primary determinant of the feasibility of a business or project.

Moreover, the human resources component plays a crucial role in ensuring the ongoing success and viability of a corporation (Disli & Jalaly, 2024). This entails the implementation of efficient human resource development strategies and the enhancement of business acumen and consciousness. Through comprehensive comprehension and effective administration of human resources, a corporation can successfully attain marketing objectives, enhance productivity, and accrue financial gains. (Elbanna et al., 2020).

The market and marketing factors are crucial and primary considerations in any organisation. The marketing factor is crucial in attaining marketing objectives, enhancing efficiency, and generating revenues. The final part pertains to the practical implementation and execution. Operational factors are crucial components that require careful consideration in

business development endeavours, as they significantly influence the viability, sustainability, and possible financial gains of the organisation. (Elhaj et al., 2015). Through comprehending and effectively overseeing these operational facets, a business can effectively attain marketing objectives, enhance efficiency, and attain financial gains.

## RESEARCH METHODOLOGY

The author will employ a qualitative approach in their research, utilising an exploratory research method. This involved conducting interviews and focus group discussions (FGD) with eighth expert various sources, including the team responsible for implementing the SMEs Islamic financing programme, programme participants, and companions who assisted in form completion. Exploratory research is a form of social research conducted with a particular objective in mind. (Magd & McCoy, 2014). defines exploratory qualitative research as a methodological technique that seeks to examine and comprehend the significance attributed by individuals or groups while addressing social or human issues. (Xu, J. et al., 2021). further elucidates that exploratory qualitative research aims to generate information and knowledge in domains that have not been previously investigated. Initial study transitions into a conjectural or conceptual notion. This is the space where researchers generate ideas and possess a strong inclination to investigate a certain subject in order to attain a more profound comprehension of it. Exploratory study aims to establish a basis that could perhaps pave the way for future investigations.

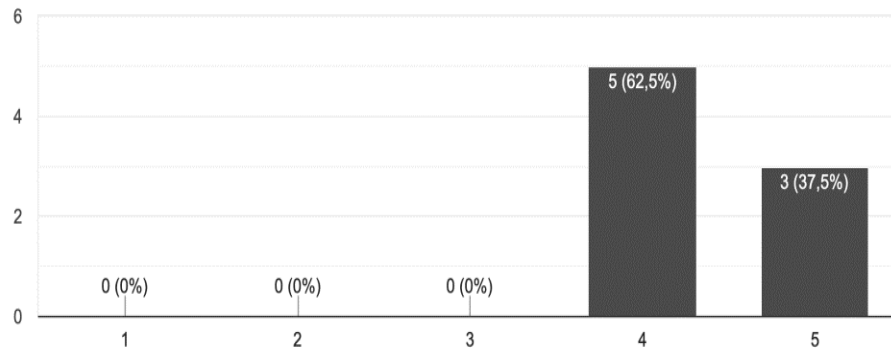
The case study method is employed to investigate the economic autonomy programme of the Islamic boarding school. (Meslier et al., 2020). asserts that the case study method is a research approach that focuses on a specific unit of analysis, which is the key element in conducting case studies. The unit of analysis refers to a specific occurrence or phenomena that serves as the primary focus of the inquiry. Case studies are employed to conduct analysis from multiple angles and offer a comprehensive examination of numerous precise elements that are frequently disregarded.

## RESULTS

Sharia business is a type of business that is currently popular. This business is based on Islamic economic principles, which place justice, togetherness and transparency in business as the main foundation. Sharia business aims to generate profits based on sharia, by selling products that are halal and free from usury(Fayyad, 2023). Analysis of key factors in developing sharia-based business actors in the context of Islamic boarding school economic independence programs can involve several main aspects. In order to provide a comprehensive understanding.

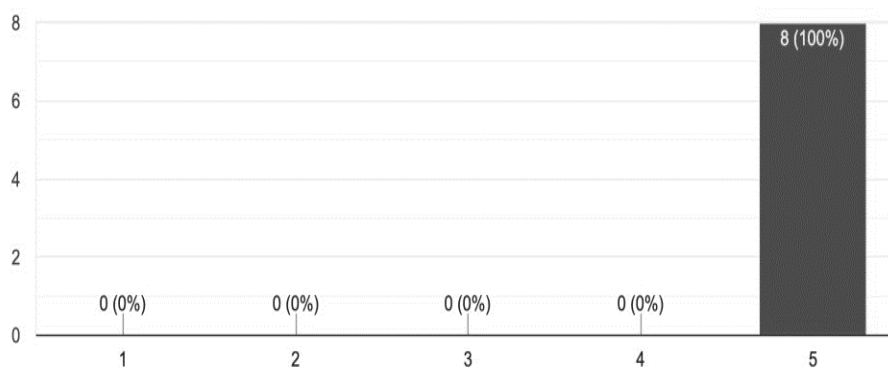
### Marketing Aspects

The application of sharia principles in marketing requires companies to operate with integrity and prioritize moral values in every aspect of their business. This creates a healthier relationship between companies and consumers, based on trust and adherence to sharia principles. Figure 1 below shows the importance of being shariah driven in shariah marketing.



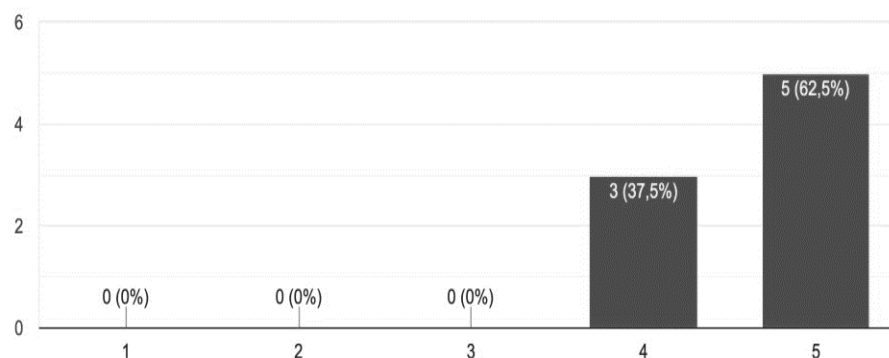
**Figure 1**  
**SHARIA DRIVEN IN SHARIA MARKETING**

Observations conducted on the implementation team, helpers, and participants concluded that the incorporation of Sharia Driven principles was deemed essential in the realm of sharia marketing. However, the expert (implementer) expressly affirmed that Sharia Driven is the fundamental essence of the Department of Sharia Economics and Finance. (Ghlamallah et al., 2021). Hence, Sharia Driven holds significant importance since it falls under the purview of the Department of Sharia Economics and Finance. Additionally, in the era of industry 4.0, news spreads rapidly, thereby posing a substantial risk to a business's reputation. Moreover, participants evaluated SMEs as missionary and educational establishments with strong societal foundations. Participation of Islamic financing in the programme must align with the incorporation of sharia principles in marketing. This is supported by the results of the Likert scale survey, which indicates an average rating of 4.4 (designated as important) for the adoption of Sharia Driven in sharia marketing. Figure 2 below shows the importance of openness and integrity in sharia marketing.



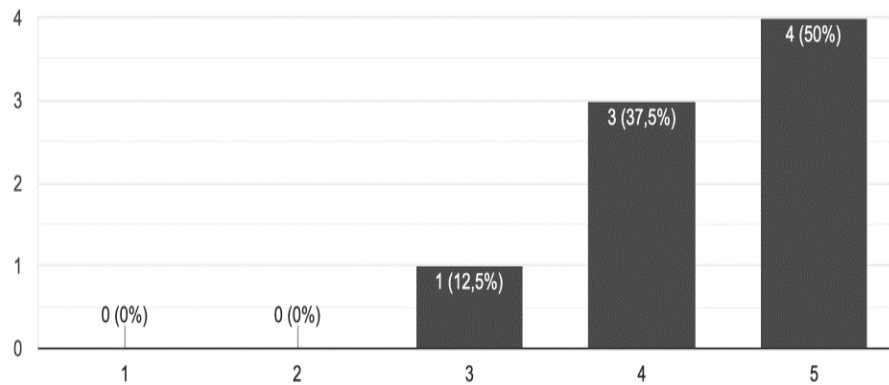
**Figure 2**  
**OPENNES AND INTEGRITY ON SHARIA MARKETING**

The development programme for SMEs by Bank Indonesia consistently prioritises the concepts of integrity and transparency. Nevertheless, Bank Indonesia has been unable to exert gradual control over it in this particular instance. The principle of transparency and candour dictates that all products, particularly processed food, must publicly disclose the ingredients and seasonings on their packaging, in order to persuade consumers. (Haruna et al., 2023). In addition, halal certification plays a crucial role in persuading consumers that the items manufactured by SMEs are genuinely halal. Furthermore, another authority has voiced the viewpoint that a significant number of transactions have been conducted in a virtual manner lately. Consequently, the principles of transparency and integrity hold great significance, since the products or services being marketed in the virtual marketplace should possess the same level of quality as those being sold physically. Participants emphasised the need for explicit transparency, which goes beyond just being a concept. They highlighted the importance of having standard operating procedures (SOPs) and processes in place to ensure openness. This includes the use of instruments to provide clear information regarding costs. This is supported by the Likert scale results, which indicate an average rating of 5 (signifying high importance) for the principles of openness and honesty in sharia marketing. Figure 3 below shows the importance of shariah content in marketing tools.



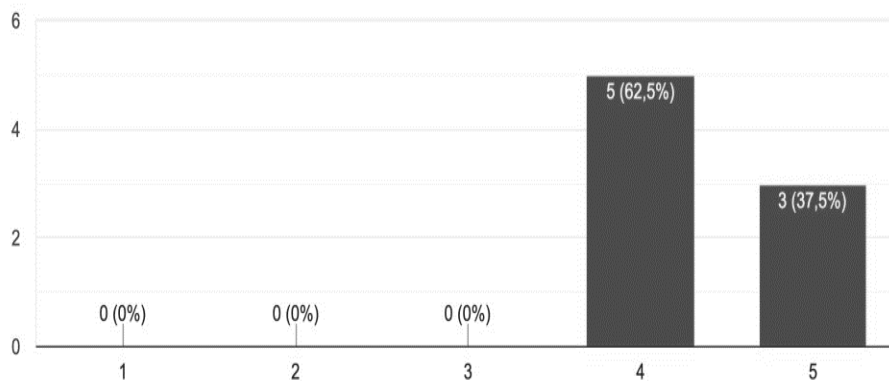
**Figure 3**  
**SHARIA CONTENT ON MARKETING TOOLS**

Furthermore, the implementing team, assistants and participants stated that the implementation of sharia-based marketing in marketing scripts/content was important. Sharia Driven needs to be present in all aspects of marketing including marketing scripts/content, in the context of open trade, scripts are sometimes excessive and convey things that are not useful, for example the use of swearing which is often used to exaggerate the benefits of a product being marketed is something that is strictly prohibited in Islam. This is reinforced by the results of the Likert scale in the form that has been filled in stating an average of 4.6 (classified as important) regarding the implementation of sharia-based marketing in scripts/content in sharia marketing. Figure 4 below shows the importance of the importance of providing education on sharia marketing concepts.



**Figure 4**  
**MARKETING SHARIA EDUCATION**

It is essential to provide facilitation and education on sharia marketing concepts in order to grow sharia business actors. Currently, there is a lack of instructional guidelines for sharia marketing practitioners. In addition, participants emphasised the necessity of including sharia marketing education into SMEs programmes. This would enable individuals to have a comprehensive understanding of different types of sharia-compliant buying and selling contracts. This is supported by the Likert scale results, which indicate an average rating of 4.4 (designated as important) for the provision of facilitation/education on sharia marketing concepts. Figure 5 below shows the importance of implementation and evaluation in sharia marketing.



**Figure 5**  
**SHARIA MARKETING IMPLEMENTATION AND EVALUATION**

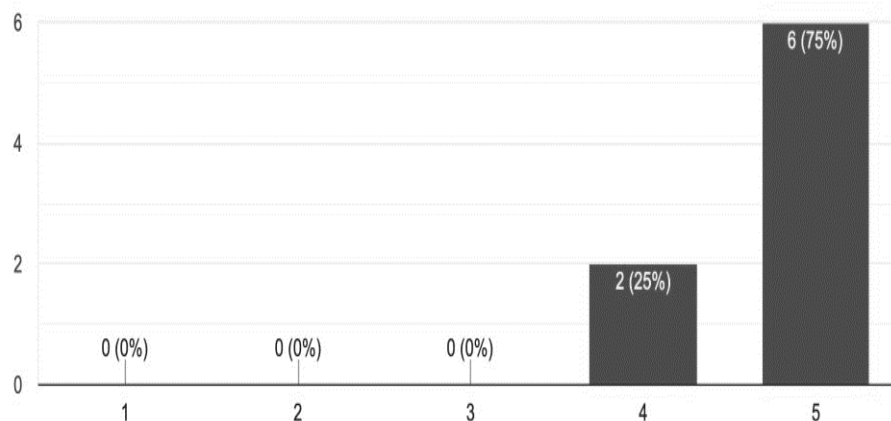
Sharia marketing implementation should be utilised as an evaluative tool throughout the later phases of programme execution. This was corroborated by the implementing team, helpers, and participants who asserted that the utilisation of sharia marketing should serve as evaluative material in the concluding phase. (Hashim & Shariff, 2016). The assessment focuses on the implementation of sharia marketing in the economic development of the SMEs the goal is to ensure the sustainability of the school and its successful execution of sharia-based marketing strategies, both within the community and in the broader surrounding environment. The measures undertaken indicate that it is insufficient merely to be aware of the quantity of things



sold; rather, the marketing process must also be evaluated. Moreover, the evaluation conducted is highly significant due to its influence on production capacity and the demand for unrestricted market entry. Moreover, this is corroborated by the Likert scale results from the completed form, which indicate an average rating of 4.4 (categorised as significant) in relation to the utilisation of sharia marketing for assessment purposes in the final phase.

### Financial Aspect

It is important to note that Islamic finance is not only about avoiding usury, but also involves other aspects that reflect the values and ethical principles in Islam. Therefore, a deep understanding of these principles is necessary to ensure that businesses operate in accordance with sharia principles (Jamali et al., 2020). Sharia finance avoids the use of riba (interest) in all forms of transactions. Therefore, financing and loans must be carried out without containing elements of usury. Figure 6 below shows the rib restriction information.

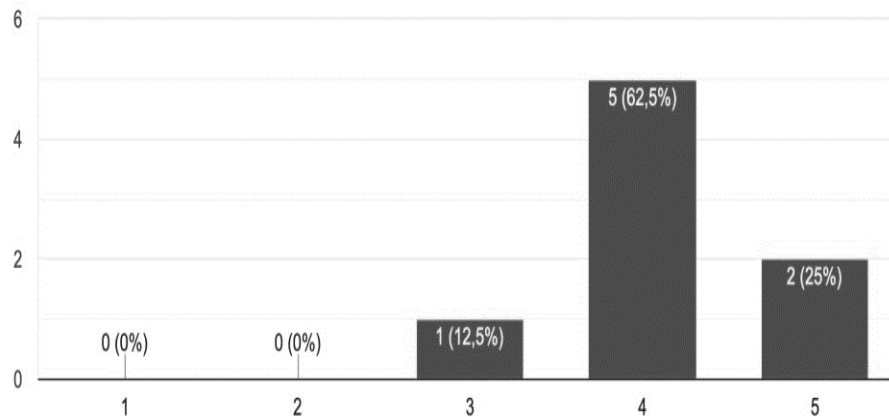


**Figure 6**  
**RIBA RESTRICTION INFORMATION**

It is important to note that Islamic finance is not only about avoiding usury, but also involves other aspects that reflect the values and ethical principles in Islam. Therefore, a deep understanding of these principles is necessary to ensure that businesses operate in accordance with sharia principles. Sharia finance avoids the use of riba (interest) in all forms of transactions. Therefore, financing and loans must be carried out without containing elements of usury. (Kholidah et al., 2022)

In addition, the implementation team, mentors, and participants emphasised the significance of comprehending the prohibition of usury, which refers to the restriction of employing conventional financial practices, in both financing and payment systems, within the context of business. The implementation of Sharia is aimed at boosting SMEs units, which in turn can promote the Sharia economy by attracting more users of Sharia financing. The advancement of sharia finance is of utmost importance, as there are still numerous micro, small, and medium enterprises (MSMEs) that continue to rely on the People's Business Credit due to its relatively lower cost (Kumar, 2014).

Therefore, when it comes to building sharia-based small, and medium enterprises (SMEs), the parties responsible for implementation should prioritise comprehending the ban of usury and exploring alternative methods to get sharia-based microcredit at competitive rates. The prohibition of usury in business is crucial, given that SMEs are dedicated to religious education, aiming to provide not only religious teachings but also knowledge in commercial transactions (muamalah). This is anticipated to facilitate the growth of sharia-compliant institutions and finance. This is supported by the Likert scale results from the completed questionnaire, which indicate an average rating of 4.75 (designated as important) in terms of knowing the ban of usury in sharia finance. Figure 7 below shows zakat payment awareness



instance of nishab and haul.

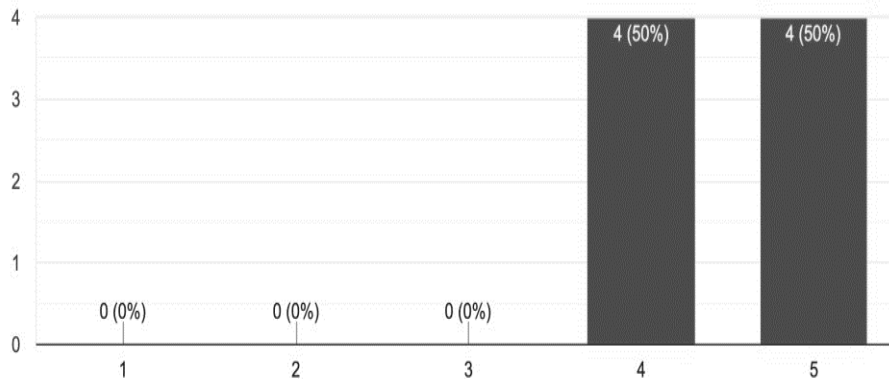
**Figure 7**  
**ZAKAT PAYMENT AWARENESS INSTANCE OF NISHAB AND HAUL**

It is important to note that Islamic finance is not only about avoiding usury, but also involves other aspects that reflect the values and ethical principles in Islam. Therefore, a deep understanding of these principles is necessary to ensure that businesses operate in accordance with sharia principles. (Maghyereh et al., 2022). Sharia finance avoids the use of riba (interest) in all forms of transactions. Therefore, financing and loans must be carried out without containing elements of usury.

It is crucial to comprehend the responsibility of paying zakat once you have met the nishab and haul requirements. He firmly asserts that zakat is an integral component of the fundamental principles of Islam, therefore emphasising its significance. Participants also expressed that in Islam, the act of giving zakat is considered a means of purifying one's properties. Zakat, a concept that redistributes money and ensures the rights of the deserving individuals (eight asnaf), fosters harmony between SMEs and the local population (Maswadeh, 2015).

However, a more precise viewpoint is that this is contingent upon the capabilities of the Islamic boarding school. If the school has not yet reached the nishab (a minimum amount of 90 grammes of gold) and haul (a year), then it is not obligated to pay zakat and is classified as a muzaki (someone who is required to pay zakat). Therefore, the income of the Islamic boarding school must be taken into account. Comprehension of zakat payments is crucial as it might yield advantages for the local populace. This feature is corroborated by the Likert scale results,

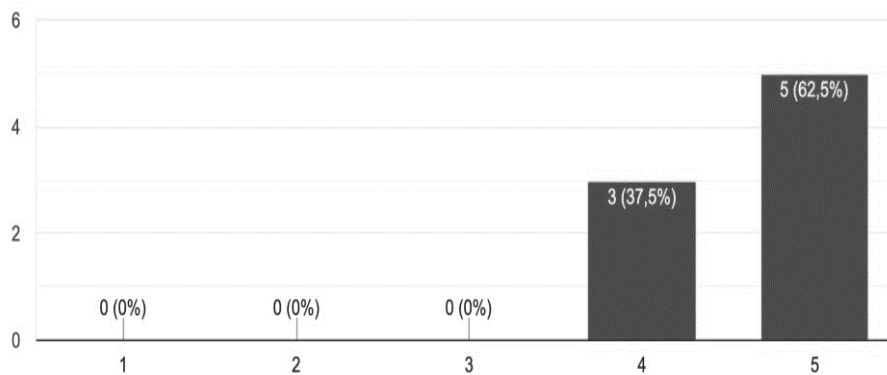
which indicate an average score of 4.1 in terms of comprehending the significance of the duty to give zakat after the nishab and haul conditions are met. Figure 8 below shows accounting principles and reports.



**Figure 8**  
**ACCOUNTING PRINCIPLES AND REPORTS**

The utilisation of accounting concepts to generate clear and responsible financial reports is crucial. The utilisation of Sharia-based MSME growth and adherence to Islamic boarding school principles serve as a demonstration of the significance of a business in assessing its progress. In addition, implementers have conducted accounting training programmes and facilitated student applications to enhance expertise. (Maulina et al., 2023).

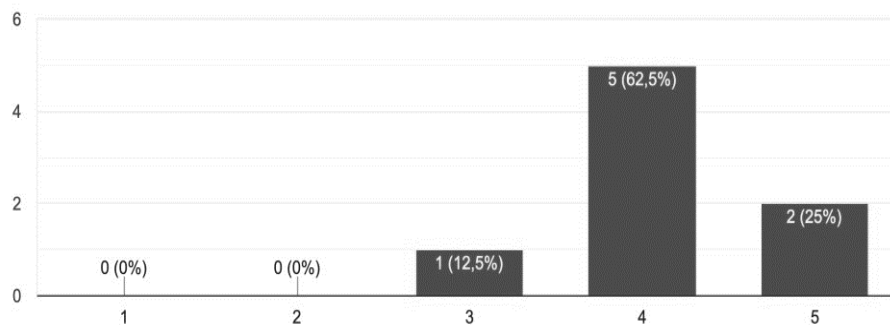
During this training, the implementer works along with reputable institution which stands, to ensure that participants gain a comprehensive understanding of how to create high-quality and transparent financial reports. Transparent and accountable financial reporting are crucial for the many business units within SMEs (Menne et al., 2024). Islamic principles derive their income not alone from their own operations, but also from grant monies. It is crucial to maintain accurate records of these funds, since they will need to be accounted for in the future. (Menne et al., 2022). Figure 9 below shows type of sharia funds transaction. Figure 9 below shows type of sharia funds transaction.



**Figure 9**  
**TYPE OF SHARIA FUNDS TRANSACTION**

Participants emphasised the need of applying accounting concepts to generate clear and responsible financial reporting. This practice aligns with the guidance provided in QS Al Baqarah 282 of the Al-Quran. Recording and posting are mandated by Allah. This is supported by the findings of the Likert scale survey, which indicated an average rating of 4.5 (designated as significant), considering the implementation of accounting rules to generate transparent and accountable financial reports in sharia finance. (Mensi et al., 2018).

Gaining a comprehensive understanding of the many types of sharia financial contracts, such as murabahah, mudharabah, musyarakah, wakalah, kafalah, and others, holds significant importance. The participants deemed this matter highly significant due to its fundamental nature. Furthermore, a comprehensive grasp of sharia financial contracts is crucial in facilitating the advancement and expansion of businesses. Business injections are derived from several sources, such as commercial investments, societal contributions (such as zakat and productive endowments), and Qardhul Hasan loans (which are interest-free loans). Gaining comprehension of the contract can enhance the institution aptitude for negotiation and evaluate SMEs unit's capacity to identify opportunities for business growth (Mertzanis, 2017). This is supported by the Likert scale findings from the completed form, which indicate an average rating of 4.6 (classified as important) in terms of the significance of comprehending the various types of sharia financial contracts (such as murabahah, mudharabah, musyarakah, wakalah, kafalah, etc.) in the field of sharia finance. Figure 10 below shows payment based on sharia principles.



**Figure 10**  
**PAYMENT BASED ON SHARIA PRINCIPLES**

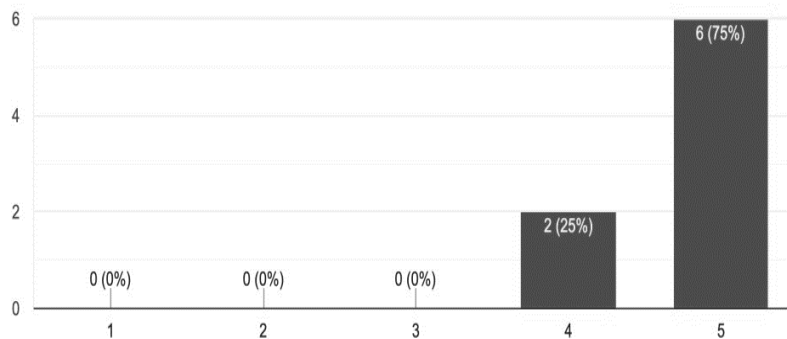
Moreover, it is deemed essential to include the sharia financial ecosystem into the payment system, such as transfers and the deployment of QRIS, as a crucial component of the sharia players' advancement. This is supported by an average rating of 4.3 (considered significant) in relation to the establishment of the sharia financial ecosystem within the sharia financial payment system (Migliavacca et al., 2022).

It is necessary to increase awareness and understanding among fostered MSMEs, particularly SMEs, as the adoption of the sharia financial ecosystem is a logical outcome. (Niankara, 2023) Since Business entities are aware of the prohibition of usury, they are obligated to utilise sharia finance. However, from a technological standpoint, Islamic finance is still perceived as inadequate. When addressing this matter, implementers frequently advise utilising traditional banks solely for intermediary functions, rather than for the purpose of keeping money. This is due to the fact that numerous business associates from small business continue to utilise

traditional banks for the purpose of transferring funds. Respondents expressed the viewpoint that have a duty to fulfil this requirement as they are religious educational establishments. The perpetrator's viewpoint was further reinforced by the participant's assertion, namely to ensure its success and promote the adoption of the sharia finance system within the Muslim community. This is corroborated by the findings of the Likert scale, which indicate an average rating of 4.12 (categorised as significant).

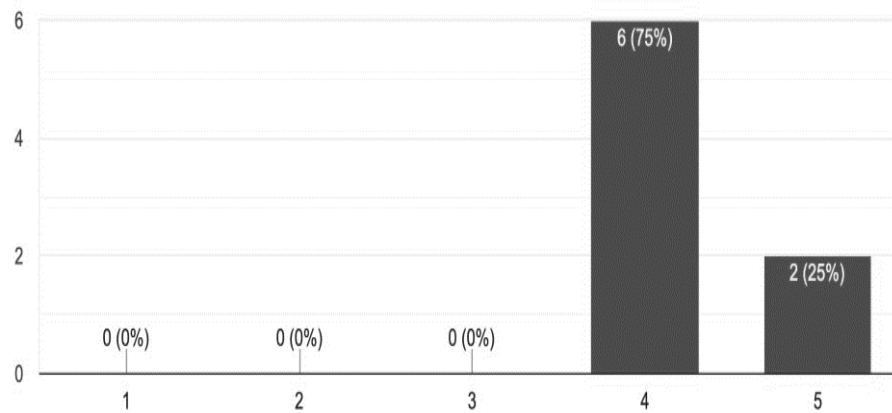
### Human Resources Aspects

In the realm of HR, it is indeed crucial to provide employees/farmers who labour on the front lines with a solid foundation of ethical and moral education. To be more precise, Experts elucidated that SMEs are educational establishments whose primary objective is to cultivate pupils with exemplary ethical values. (Nurunnabi et al., 2022). It is important to note that Islamic finance is not only about avoiding usury, but also involves other aspects that reflect the values and ethical principles in Islam. Therefore, a deep understanding of these principles is necessary to ensure that businesses operate in accordance with sharia principles. Sharia finance avoids the use of riba (interest) in all forms of transactions. Therefore, financing and loans must be carried out without containing elements of usury. Figure 11 below shows business ethics educational.



**Figure 11**  
**BUSINESS ETHICS EDUCATIONAL**

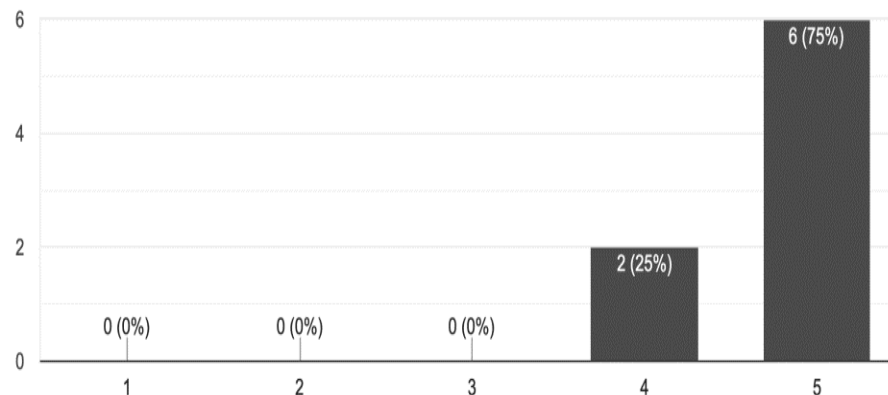
Furthermore, in a corporate setting, it is imperative to effectively communicate the application of ethics and morals in business practices to ensure comprehension. Ethics upholds the significance of this matter and posits that ethics and morals can foster positive relationships among business partners of small medium enterprises. Meanwhile, participants emphasised that having a thorough understanding of ethical principles is crucial, particularly in the realm of professional life. According to his perspective, adhering to ethical principles contributes to enhancing an individual's social standing (Rabbani et al., 2021). Hence, the aspect of imparting sound ethical and moral education to employees/farmers who are directly involved in the operations is a matter of utmost concern for conscientious business owners. This is supported by the Likert scale findings from the completed form, which indicate an average rating of 4.75 (classified as significant). The rating specifically pertains to the significance of providing good ethical and moral education to employees, farmers, and those working on the front line. This education is crucial for the development of sharia business. Figure 12 below shows culture insight.



**Figure 12**  
**CULTURE INSIGHT**

Moreover, it is crucial to incorporate knowledge about the implementation of Islamic culture in establishing a corporate culture within the business sector, as this plays a significant role in the growth and development of sharia-based small, and medium enterprises (SMEs) Culture is a manifestation of a firm's values, which every organisation attempts to establish. (Rabbani et al., 2021).

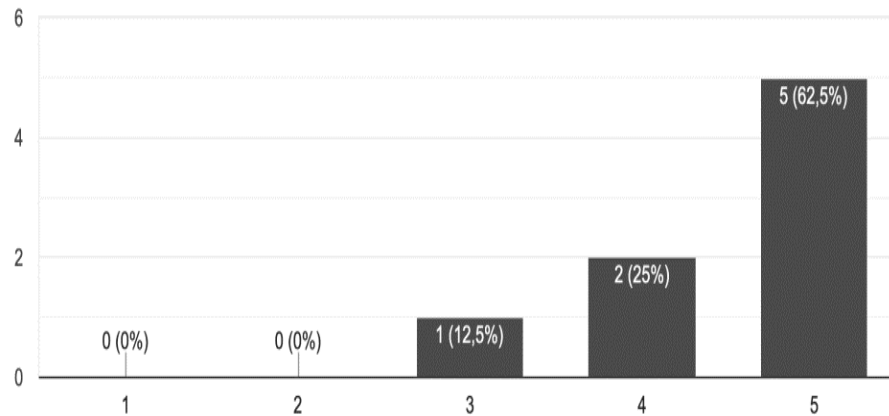
The company culture is shaped by these values. In the context of sharia business development, it is necessary to construct this. Within the context of sharia, muamalah, which refers to financial transactions and social interactions, is inherently intertwined with the element of worship. Consequently, fostering a work culture that promotes a harmonious relationship between muamalah and worship becomes essential. The participants' replies further supported the notion that a business rooted in Islamic culture, characterised by honesty and devotion, will foster a thriving business culture. This is supported by the Likert scale findings from the completed form, which indicate an average rating of 4.25 (classified as important). This rating pertains to the implementation of insights related to the application of Islamic culture in the establishment of corporate culture in sharia company development. Figure 13 below shows workers right and responsibility.



**Figure 13**  
**WORKERS RIGHT AND RESPONSIBILITY**

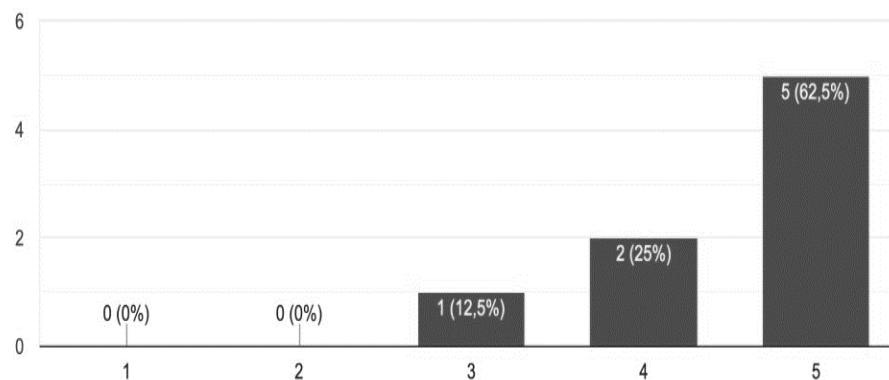
The organisation and oversight of employee rights and responsibilities is a crucial issue, which the Implementation team, assistants, and participants all acknowledge as being of utmost importance. Within the setting of business, the management does not primarily focus on handling the rights and responsibilities of employees. (Salahudin et al., 2016). This is because the individuals involved are predominantly agricultural labourers, whose rights and obligations are straightforwardly controlled, with the majority being seasonal in nature. Nevertheless, overall, implementers continue to effectively communicate equitable practices in handling employee rights and responsibilities. Effectively overseeing employee rights and responsibilities is crucial. matters must establish a clear distinction between education and business. In cases where students are employed inside a commercial entity, it is imperative that these students are granted appropriate privileges in accordance with their responsibilities. Participants emphasised that a strong sense of justice can greatly facilitate the development of excellent ethics and morality. This sense of justice is evident in the administration of employee rights and responsibilities, as well as the providing of compensation to employees. The participants expressed their consensus

and emphasised the necessity of regulating employee rights and obligations, particularly in the context of the Islamic boarding school's economic independence programme. This is supported by an average Likert scale rating of 4.5, indicating a high level of importance. Figure 14 below shows development and retooling of employee.



**Figure 14**  
**DEVELOPMENT AND RETOOLING OF EMPLOYEE**

In addition, the development of employees' capacity and skill is also regarded as crucial. The competence of employees is crucial in sharia-compliant small, and medium enterprises (SMEs). (Wasiaturrahma et al., 2020). Competence is intricately linked to professionalism, customer happiness, creativity, and business creation. Disregarding this crucial aspect will hinder a company's growth. A dedicated team was established within the Islamic boarding school independence programme to deliver a comprehensive training programme aimed at enhancing farmers' comprehension of effective agricultural techniques. Additionally, the team aimed to uphold the proficiency of individuals responsible for executing Standard Operating Procedures (SOPs). Participants unanimously acknowledged the significance of this aspect in the sharia-based business development programme for enhancing corporate efficiency. Figure 15 below shows employee salary.



**Figure 15**  
**EMPLOYEE SALARY**

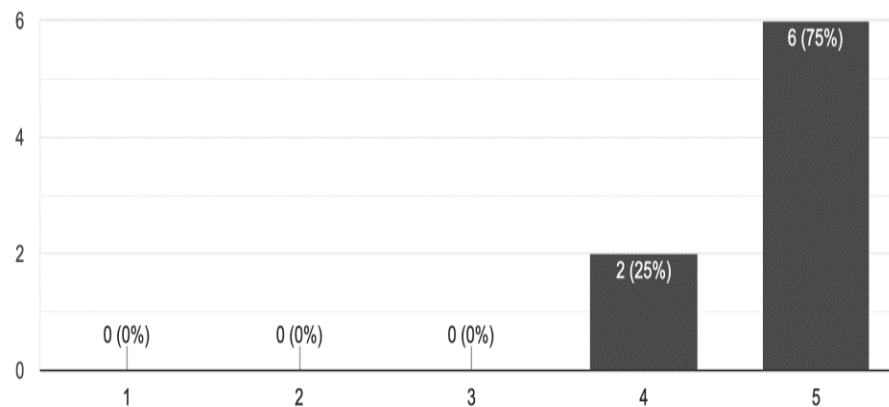
Equitable compensation is a crucial element of the remuneration system for employees and farm labourers. Participants held the belief that the teachings of the Koran emphasise the importance of justice, since it serves as a yardstick for assessing an individual's level of piety. Hence, participants firmly concur that the arrangement of compensation for employees and



agricultural labourers, as well as the consideration of justice, are crucial factors in the sharia-based business actor development programme. In this scenario, the component of sharia law ensures the maintenance of justice. Nevertheless, he asserts that this is once again contingent upon the company's capacities.

### Operational Considerations

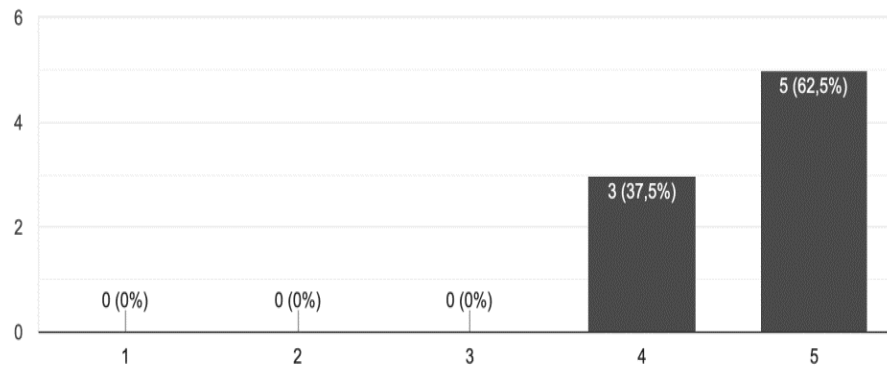
When it comes to the operational component, it is crucial to have a clear grasp of the utilisation of halal raw materials. Specifically, an expert asserts that it is crucial to enhance public consciousness and is the responsibility of a Muslim. Operators must diligently oversee the procedure till the product is ensured to be halal for consumers. It is important to note that Islamic finance is not only about avoiding usury, but also involves other aspects that reflect the values and ethical principles in Islam. Therefore, a deep understanding of these principles is necessary to ensure that businesses operate in accordance with sharia principles. Sharia finance avoids the use of *riba* (interest) in all forms of transactions. Therefore, financing and loans must be carried out without containing elements of usury. Figure 16 below shows comprehending the use of unprocessed materials. The coaching programme commences with input factors or raw materials, so rendering the result uncertain. This aspect holds significant relevance for coaching, particularly in the context of sharia-based organisations. Participants expressed a solid consensus regarding the significance of comprehending the utilisation of halal raw resources. Participants also expressed that the halal element encompasses not only the material, but also the manner in which the halal status is attained. This is supported by the fact that the average Likert scale score for this characteristic is 4.75, which is classified as important. Figure 17 below shows understanding of halal certification.



**Figure 16**  
**COMPREHENDING THE USE OF UNPROCESSED MATERIALS**

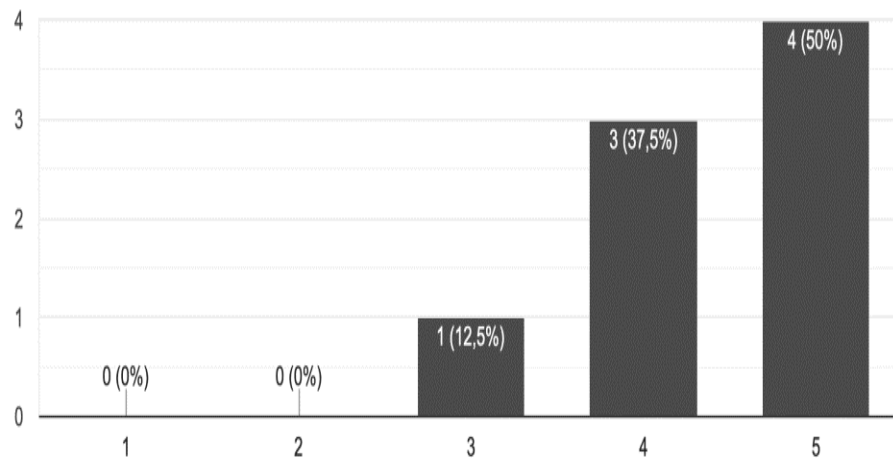
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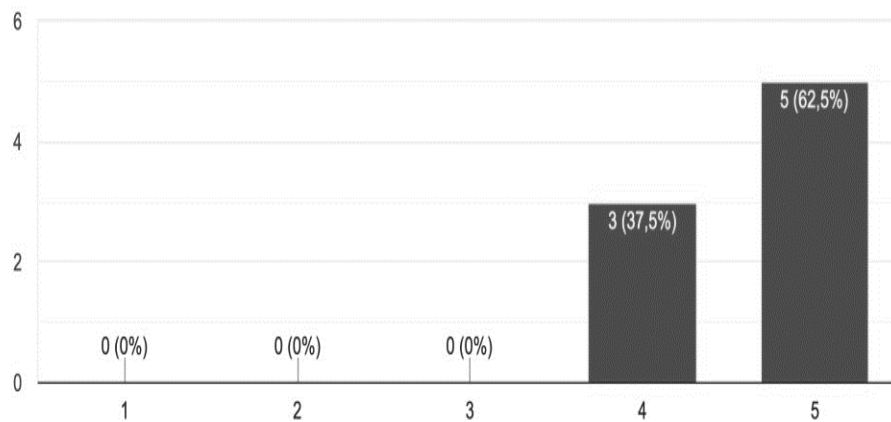
**Figure 17**  
**UNDERSTANDING OF HALAL CERTIFICATION**

Hence, it is crucial to comprehend the halal certification process for all manufactured goods. The Implementation Team, companions, and participants concur that this is an exceedingly crucial component. State regulation is necessary to standardise Halal practices, both within the country and for worldwide exports, in order to enhance customer trust. Halal certification ensures the quality of the products it covers. Participants also emphasised that halal certification serves as a crucial tool for establishing the validity and verifying that items have been scrutiny by a halal inspection agency, hence preventing any fraudulent or misleading claims. This is supported by the Likert scale results from the completed questionnaire, which indicate an average rating of 4.6 (categorised as important) for the level of comprehension regarding halal certification for each product manufactured. Figure 18 below shows level of comprehension regarding the importance of cost efficiency.



**Figure 18**  
**THE LEVEL OF COMPREHENSION REGARDING THE IMPORTANCE OF COST EFFICIENCY**

Recognising the need of cost efficiency is crucial. Opinions on cost efficiency align with Islamic ideals as Islamic microeconomics discourages wastefulness. Consequently, mentorship programmes always undergo a financial audit to guarantee cost effectiveness. In addition to adhering to sharia values, efficiency must be taken into account in business sustainability as it is a crucial component for the long-term viability of a corporation. According to the perspectives of participants in Islam, individuals who are ineffective in their expenditure suffer significant losses. This is supported by the mean score of 4.4 (categorised as significant) on the Likert scale. Figure 19 below shows ensuring and enhancing productivity and maintaining consistent manufacturing quality.

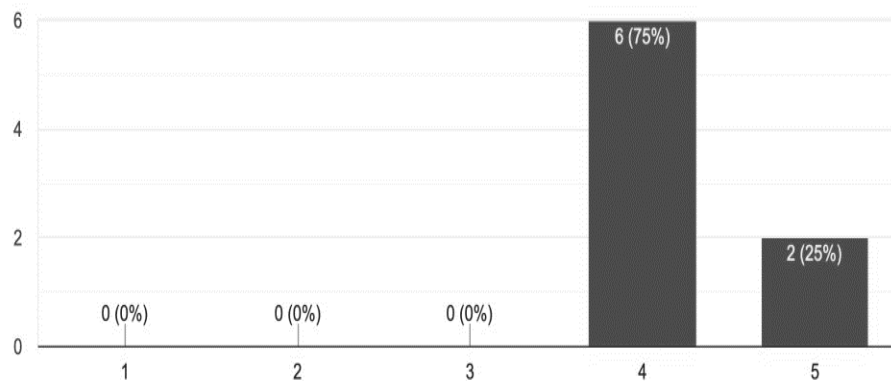


**Figure 19**  
**ENSURING AND ENHANCING PRODUCTIVITY AND MAINTAINING CONSISTENT MANUFACTURING QUALITY**

Moreover, it is crucial to comprehend the necessity of strategic planning in order to uphold and enhance productivity, as well as ensure continuous production quality. Implementers consistently prioritise gaining a deep understanding of effective planning. Hence, when

discussing the proficiency of executing staff members, it is imperative to adhere to the Standard Operating Procedure (SOP) to ensure uniformity in both the quality and quantity of output. This will enable the programme to consistently maintain the necessary components for production planning, ensuring both quality and quantity are consistently met. Participants emphasised the importance of recognising the necessity of planning in order to sustain or enhance productivity and ensure constant production quality in the operational aspect. Participants believe that *istiqamah* (consistency) can create a positive image or brand for a corporation and its products, therefore adding value. This is corroborated by the mean score of 4.6 on the Likert scale.

A crucial operational focus in the development of sharia-based enterprises, including SMEs, is comprehending the adverse effects of waste generation and its proper management. It is crucial for small and medium-sized enterprises (SMEs), especially who operate sharia principles to comprehend the environmental management movement. Small medium enterprises achieve economic self-sufficiency through the use of integrated farming practices. This approach fosters mutual advantages, minimises waste, decreases expenses, and yields valuable by-products, such as beef. Preserving the environment from detrimental effects is a fundamental duty in Islam. Figure 20 below shows adverse effects of production and care activities on waste management.



**Figure 20**

#### **THE ADVERSE EFFECTS OF PRODUCTION AND CARE ACTIVITIES ON WASTE MANAGEMENT**

This viewpoint is substantiated by the perspectives of participants who see that the commitment to environmental preservation aligns with Islamic doctrines, which emphasise the responsibility of humans to consistently uphold its longevity. This is supported by the findings of the Likert scale survey, which indicates an average rating of 4.3 (designated as important) for the level of comprehension regarding halal certification for each product manufactured.

#### **CONCLUSIONS**

It is important to note that Islamic finance is not only about avoiding usury, but also involves other aspects that reflect the values and ethical principles in Islam. Therefore, a deep understanding of these principles is necessary to ensure that businesses operate in accordance

with sharia principles. Sharia finance avoids the use of riba (interest) in all forms of transactions. Therefore, financing and loans must be carried out without containing elements of usury. On the basis of the findings of the research, it is possible to draw the conclusion that the four aspects that comprise the key factors for developing sharia business actors and that are applied in the implementation of the Islamic boarding school and sharia business economic independence programme are marketing aspects, financial aspects, human resources aspects, and operational aspects.

The author's research sources provide concrete evidence of this, both in the form of opinions and based on the author's own personal experiences. The advice that the author gives to the coaching program is that in the future it can concentrate knowledge related Islamic marketing concepts which have not before been applied. The concept of Sharia marketing places an emphasis on fairness in all aspects, including distribution, promotion, and pricing arrangements. Each and every piece of information that is offered to customers must be truthful and open. The products or services that are being sold, as well as the methods of financing, must not involve usury. It is imperative that promotions and contracts are transparent and do not generate any additional doubt.

The creation of goods and services that strictly adhere to Islamic principles and are considered to be halal. Sharia legislation and ethical principles must be adhered to by the products that are being offered. Encourage ethical company practices and excellent service to customers. Sincerity, responsibility, and attentiveness to the requirements of the clientele are the primary focuses. In the context of Sharia marketing, advertising methods that are misleading or deceptive are generally avoided. It is imperative that advertisements are truthful and offer goods or services in a manner that is morally sound. Businesses that implement sharia marketing should have a positive relationship with the communities in which they operate.

The formation of partnerships with communities, education, and other activities that contribute to the development of communities are all essential. In order to better understand the level of sharia awareness among clients and stakeholders, Sharia Education and Awareness services are being upgraded. This can be accomplished through the implementation of information campaigns, seminars, and training programmes. It is necessary to have a strong commitment to Islamic ideals and social responsibility in order to comprehend and put into practice the ideal sharia business concept. By establishing their operations on these principles, businesses have the potential to make a beneficial contribution to society and achieve success over the long term.

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