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Sharia Business Ethics and Sustainable Business Performance: Evidence from Islamic Microenterprises

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Abstract: This study examines the implementation of Sharia business ethics and its contribution to sustainable business performance among Islamic microenterprises. Specifically, it explores how Islamic ethical principles are incorporated into business operations, how ethical practices shape relationships with customers and other stakeholders, and what challenges entrepreneurs encounter in maintaining ethical business conduct. This study employs a qualitative approach using a multiple-case study design. Data are collected through semi-structured interviews, non-participant observations, and document analysis involving purposively selected Islamic microenterprise owners and relevant stakeholders. Data analysis follows the interactive model of Miles et al. (2014), comprising data condensation, data display, and conclusion drawing and verification. The analytical framework focuses on five dimensions of Sharia business ethics: honesty (ṣidq), trustworthiness (amānah), justice (ʿadl), transparency, and social responsibility. The study conceptualizes these ethical principles as an integrated foundation for responsible business management, customer trust, stakeholder relationships, and business continuity. It also highlights potential implementation challenges, including limited managerial understanding, financial constraints, inadequate administrative systems, digital literacy limitations, and market competition. This study contributes to the discussion of Islamic entrepreneurship by connecting Sharia business ethics with the multidimensional concept of sustainable business performance, encompassing economic, social, and ethical responsibilities.

Keywords: Sharia Business Ethics; Sustainable Business Performance; Islamic Microenterprises; Islamic Entrepreneurship; Stakeholder Trust; Business Sustainability.

INTRODUCTION

The growing emphasis on sustainable business development has transformed the way enterprises define and evaluate business success. In contemporary markets, organizational performance is no longer determined solely by profitability and financial growth but also by the ability to maintain ethical business practices, establish stakeholder trust, and ensure long-term operational sustainability. Sustainability has increasingly become an important

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consideration in business management because enterprises are expected to balance economic objectives with social and environmental responsibilities (Bansal, 2005; Elkington, 1997). This development is particularly relevant for microenterprises, which frequently operate under resource constraints while facing increasing demands to maintain competitiveness and business continuity. Although microenterprises generally have limited organizational resources, their contribution to employment creation, income generation, and local economic development makes their sustainability an important issue in developing economies. In this context, ethical business conduct represents an important foundation for developing sustainable business practices. Rather than viewing ethics as an additional organizational obligation, enterprises need to recognize ethical principles as an integral component of business strategy and long-term performance. Research on sustainability performance among small and medium-sized enterprises also demonstrates that sustainability should be evaluated through interconnected economic, social, and environmental dimensions rather than through financial indicators alone (Yadav et al., 2021).

Islamic business ethics offers a distinctive framework for integrating economic objectives with moral accountability and social responsibility. Grounded in Islamic teachings, this framework emphasizes fundamental principles such as ṣidq (truthfulness), amānah (trustworthiness), ʿadl (justice), iḥsān (excellence), and maṣlaḥah (public benefit). These principles establish ethical standards governing business transactions, managerial decisions, relationships with customers, and responsibilities toward society. Islamic business ethics positions commercial activities within a broader framework of religious and social accountability, in which economic activities are expected to comply with moral principles and contribute to collective welfare. Rice (1999) explains that Islamic business ethics is rooted in the relationship between religious values, commercial activities, and ethical responsibilities. Similarly, Gümüsay (2015) conceptualizes Islamic entrepreneurship through three interconnected dimensions: entrepreneurial activity, socioeconomic and ethical responsibilities, and religio-spiritual commitments. This perspective demonstrates that entrepreneurship is not merely an economic activity but also a means of generating social value and fulfilling moral responsibilities. Consequently, Islamic business ethics provides a conceptual foundation for understanding how religious values can shape business behavior and contribute to sustainable entrepreneurial development.

The integration of ethical principles into business management has important implications for organizational performance. Ethical practices can strengthen consumer confidence, improve business reputation, reduce opportunistic behavior, and establish

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sustainable relationships between enterprises and their stakeholders. In particular, honesty and transparency in commercial transactions can reduce information asymmetry, while fairness and accountability can strengthen customer loyalty and business credibility. These mechanisms are especially relevant in business environments characterized by direct interactions between entrepreneurs, customers, suppliers, and local communities. Empirical research has demonstrated the relevance of Islamic ethical principles to organizational and business performance. Udin et al. (2022), for example, found that Islamic work ethics were positively associated with affective commitment and employee performance in Indonesian family businesses. Similarly, Kareem et al. (2025), in their study of 531 SME managers, demonstrated that Islamic work ethics positively influenced enterprise performance and strengthened the relationship between organizational culture and business outcomes. These findings provide an important foundation for examining ethical values as organizational resources that may contribute to sustainable business outcomes. From this perspective, ethical conduct should not be considered merely a moral requirement but also a potential strategic capability that strengthens organizational relationships and business competitiveness.

The importance of this relationship becomes more evident in the context of Islamic microenterprises. Microenterprises constitute an essential part of economic activity in developing countries because they contribute to employment opportunities, income distribution, entrepreneurial participation, and community-based economic development. However, their operational environments are frequently characterized by limited capital, inadequate managerial capabilities, restricted technological adoption, and intense market competition. These conditions create challenges for maintaining business continuity while simultaneously fulfilling ethical and social responsibilities. In many cases, business decisions are directly influenced by the personal values, religious commitments, and managerial capabilities of individual entrepreneurs. Therefore, the implementation of Islamic business ethics may have particular significance for microenterprises, where organizational culture and business practices are often closely associated with the owner's personal ethical orientation. In the Indonesian context, Alimusa et al. (2022) examined factors determining the business performance of Muslim micro and small enterprise owners in Southeast Sulawesi. Their findings identified Islamic business practices, business orientation, external stimuli, and internal business processes as important dimensions associated with entrepreneurial performance. Furthermore, Ayyubi and Anggraini (2017) found that Islamic business ethics positively influenced the performance of food-sector MSMEs in Bogor, Indonesia. These

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findings indicate that Islamic ethical values are relevant to business performance and deserve further investigation as an integral component of microenterprise management.

Furthermore, sustainable business performance requires a multidimensional understanding that incorporates economic continuity, social responsibility, and responsible business management. Financial performance remains important because enterprises must generate sufficient income to maintain operations, meet financial obligations, and support future development. Nevertheless, profitability alone does not necessarily indicate whether a business can survive market uncertainty or maintain constructive relationships with its stakeholders. Sustainable business performance also involves the capacity to retain customers, maintain product quality, establish responsible relationships with suppliers, and respond to changing market conditions. Yadav et al. (2021) emphasize the importance of evaluating SME sustainability performance through multiple criteria and analytical approaches, particularly by considering the relationships between sustainability practices and economic, social, and environmental performance. From an Islamic perspective, these dimensions are consistent with the broader concept of falāḥ, which emphasizes prosperity and well-being in both worldly and spiritual dimensions. This perspective provides an alternative understanding of business success by integrating profitability with ethical responsibility and social benefit. Accordingly, sustainable business performance can be understood as an outcome that combines economic viability with social responsibility and responsible business conduct. Such an approach provides a conceptual basis for examining the contribution of Islamic ethical principles to long-term business sustainability.

Despite the increasing attention given to Islamic business ethics and sustainable entrepreneurship, several research gaps remain. First, existing studies have frequently examined Islamic work ethics, organizational culture, and business performance within broader organizational settings. For example, Udin et al. (2022) focused on Islamic work ethics, affective commitment, and employee performance in family businesses, while Kareem et al. (2025) investigated the relationship between Islamic work ethics, organizational culture, and enterprise performance among SME managers. Although these studies provide important empirical insights, their primary emphasis is not specifically on sustainable business performance among microenterprises. Second, research on Muslim-owned micro and small enterprises has identified the relevance of Islamic business practices to entrepreneurial performance, but the relationship between specific Sharia-based ethical dimensions and multidimensional business sustainability requires further examination (Alimusa et al., 2022). Third, previous research has often emphasized organizational performance or sustainability

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practices without sufficiently integrating practical dimensions of Islamic business ethics, such as honesty, trustworthiness, fairness, transparency, and social responsibility, into a unified analytical framework. Consequently, further empirical investigation is needed to explain how these ethical principles contribute to economic continuity, stakeholder relationships, and responsible business development within Muslim-owned microenterprises.

The novelty of this study lies in positioning Sharia business ethics as a strategic foundation for sustainable entrepreneurial performance rather than merely as a normative framework governing commercial transactions. Drawing on the resource-based view, ethical values may be conceptualized as intangible organizational resources that are difficult to imitate because they are embedded in the entrepreneur's beliefs, business culture, and stakeholder relationships (Barney, 1991). In this regard, honesty, trustworthiness, fairness, transparency, and social responsibility may strengthen business credibility, customer relationships, and organizational resilience. This perspective is consistent with the argument that Islamic entrepreneurship integrates economic activities with ethical and spiritual commitments (Gümüsay, 2015). Empirical evidence from Indonesian Muslim entrepreneurs also demonstrates the relevance of Islamic business practices to enterprise performance (Alimusa et al., 2022). Furthermore, research involving SMEs indicates that Islamic work ethics can contribute to enterprise performance through organizational and behavioral mechanisms (Kareem et al., 2025). However, this study extends these discussions by focusing specifically on the relationship between Sharia business ethics and sustainable business performance among Islamic microenterprises. Its contribution is to connect Islamic ethical principles with the multidimensional sustainability of microenterprises, particularly economic continuity, social responsibility, and responsible business management.

Based on the above discussion, this study aims to examine the influence of Sharia business ethics on sustainable business performance among Islamic microenterprises. Specifically, it investigates how the application of Islamic ethical principles contributes to business continuity, economic sustainability, stakeholder relationships, and responsible business practices. The study also seeks to provide empirical evidence concerning the relevance of Islamic ethical values in contemporary entrepreneurial management. By focusing on Muslim-owned microenterprises, this research is expected to extend the literature on Islamic entrepreneurship and sustainable business development. Ultimately, the findings are expected to offer theoretical and practical contributions to the development of ethical business strategies, particularly for microenterprise owners, Islamic financial institutions, and policymakers seeking to strengthen sustainable and inclusive economic development.

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RESEARCH METHOD

This study employs a qualitative approach using a multiple-case study design to explore the implementation of Sharia business ethics and its contribution to sustainable business performance among Islamic microenterprises (Creswell & Poth, 2018; Yin, 2018). Data will be collected through semi-structured interviews, non-participant observations, and document analysis involving purposively selected Muslim microenterprise owners, managers, employees, and relevant stakeholders. The research focuses on five dimensions of Sharia business ethics: honesty (ṣidq), trustworthiness (amānah), justice (ʿadl), transparency, and social responsibility. Data will be analyzed using the interactive model of Miles et al. (2014), comprising data condensation, data display, and conclusion drawing and verification, supported by thematic coding and cross-case analysis. To ensure research trustworthiness, the study applies source and method triangulation, member checking, and the criteria of credibility, transferability, dependability, and confirmability (Lincoln & Guba, 1985). Ethical considerations include informed consent, voluntary participation, confidentiality, and protection of participants' identities.

RESULTS AND DISCUSSION

1. The Implementation of Sharia Business Ethics

Honesty (ṣidq) represents a fundamental principle in the implementation of Sharia business ethics, particularly in maintaining ethical relationships between entrepreneurs and consumers. In Islamic microenterprises, this principle is reflected in the accuracy of product information, including quality, quantity, ingredients, prices, and product origins. Entrepreneurs are expected to communicate truthfully and avoid misleading advertisements, concealing product defects, manipulating measurements, or making promises that cannot be fulfilled. The implementation of honesty is particularly important for microenterprises because their business activities frequently depend on direct communication, customer relationships, and consumer trust. Providing accurate information enables customers to make informed purchasing decisions and reduces the potential for disputes arising from misleading transactions. From an Islamic perspective, honesty is not merely a commercial strategy but a moral obligation that reflects accountability before God and other people. Rice (1999) emphasizes that Islamic business ethics integrate moral principles into economic activities. Therefore, ṣidq provides an ethical foundation for developing credible and responsible business practices.

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Trustworthiness (amānah) refers to the responsibility of entrepreneurs to fulfil their commitments and protect the interests of parties involved in business transactions. In Islamic microenterprises, this principle can be demonstrated through delivering products according to agreed specifications, maintaining product quality, completing orders on time, and managing financial resources responsibly. Trustworthiness also extends to relationships with employees, suppliers, customers, and business partners. Entrepreneurs are expected to maintain agreements, fulfil payment obligations, and avoid actions that may undermine the confidence of other stakeholders. This principle becomes particularly relevant to microenterprises because business relationships often depend on personal communication and informal cooperation. Gümüsay (2015) explains that entrepreneurship from an Islamic perspective integrates economic activities with ethical, social, and religious responsibilities. Accordingly, amānah encourages entrepreneurs to understand business resources as responsibilities that must be managed carefully rather than merely as instruments for generating profit. Its implementation can strengthen business credibility, encourage cooperation, and establish more reliable relationships among stakeholders. Thus, trustworthiness represents an important ethical foundation for responsible business management.

Justice (ʿadl) emphasizes fairness in business transactions and the protection of the rights and interests of all stakeholders. In Islamic microenterprises, this principle can be implemented through reasonable pricing, accurate product measurements, fair treatment of employees, timely payments to suppliers, and the fulfilment of business agreements. Entrepreneurs should consider production costs, product quality, market conditions, and consumer purchasing capacity when determining prices. They must also avoid exploitation, discrimination, fraud, and practices that may disadvantage customers or business partners. Justice is not limited to the relationship between sellers and buyers but also encompasses internal business relationships and cooperation with suppliers. Ayyubi and Anggraini (2017) highlight the relevance of Islamic business ethics to the performance of food-sector micro, small, and medium enterprises in Indonesia. Their study provides a basis for understanding ethical conduct as an important element of business management. From this perspective, ʿadl helps establish balanced economic relationships, reduce potential conflicts, and strengthen stakeholder confidence. Consequently, justice serves as an ethical mechanism for promoting fairness and responsible business practices.

Transparency refers to the provision of clear, accurate, and accessible information in business transactions and managerial activities. For Islamic microenterprises, transparency can be implemented through open communication concerning product specifications, prices,

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payment procedures, transaction conditions, and business commitments. This principle has become increasingly important in digital business environments, where consumers frequently obtain product information through social media and online marketplaces. Entrepreneurs should therefore provide accurate product photographs, clear descriptions, accessible prices, and reliable purchasing procedures. Transparency also involves internal management practices, particularly recording financial transactions, separating personal and business finances, and maintaining clear information about business income and expenditure. Although microenterprises may have limited administrative resources, simple financial records can support accountability and improve managerial decision-making. Islamic business ethics emphasize the importance of avoiding misleading information and uncertainty in commercial relationships (Rice, 1999). Furthermore, transparency can reduce information asymmetry between sellers and consumers, enabling both parties to make more informed decisions. Therefore, transparency should be considered not merely an administrative practice but also an ethical commitment that strengthens accountability, credibility, and stakeholder confidence.

Social responsibility demonstrates that the objectives of Islamic microenterprises extend beyond financial profitability to include contributions to society and environmental sustainability. This principle is closely associated with the Islamic concept of maṣlaḥah, which emphasizes the realization of public benefits and the prevention of harm. In business activities, social responsibility can be reflected in providing safe products, treating employees fairly, supporting local suppliers, employing community members, and participating in social activities according to the enterprise's financial capacity. Environmental responsibility may also involve reducing production waste, using raw materials efficiently, maintaining workplace cleanliness, and avoiding activities that cause environmental damage. Gümüsay (2015) explains that Islamic entrepreneurship encompasses broader ethical and socio-economic responsibilities. This perspective indicates that business success should consider the welfare of stakeholders and the surrounding community rather than focusing exclusively on financial returns. Social responsibility can also strengthen relationships between enterprises and their communities by creating mutual benefits. Therefore, integrating social responsibility into business operations provides an ethical foundation for developing inclusive, responsible, and sustainable Islamic microenterprises.

2. Ethical Practices in Business Operations

Ethical practices in business operations represent the practical application of Sharia business principles in the daily management of Islamic microenterprises. These practices

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involve integrating Islamic values into production, marketing, financial management, customer services, and relationships with business partners. In operational activities, entrepreneurs are expected to ensure that every business decision is consistent with the principles of honesty (ṣidq), trustworthiness (amānah), and justice (ʿadl). In production, ethical conduct can be demonstrated through maintaining product quality, using appropriate materials, ensuring product safety, and avoiding activities that may harm consumers. In marketing, entrepreneurs should communicate product information accurately, establish reasonable prices, and avoid misleading promotional strategies. Customer services should also reflect fairness, respect, and responsibility, particularly in responding to complaints and fulfilling consumer expectations. Rice (1999) explains that Islamic ethics provide moral guidance for economic and commercial activities, emphasizing that business decisions should not be separated from ethical accountability. Similarly, Gümüsay (2015) highlights the integration of economic, social, and religious values in Islamic entrepreneurship. Therefore, ethical practices should become an integral part of operational management rather than merely formal expressions of religious commitment.

Furthermore, ethical business operations require responsible financial management and fair relationships with employees, suppliers, and customers. Financial management should be conducted transparently through proper transaction records, responsible allocation of capital, and the fulfilment of payment obligations. Entrepreneurs should avoid deceptive financial practices and ensure that agreements are clearly understood by all parties. In relationships with suppliers, ethical conduct involves respecting contractual commitments, paying invoices according to agreed schedules, and maintaining fair negotiation practices. Similarly, employees should receive appropriate compensation, respectful treatment, and working conditions that consider their rights and responsibilities. These practices demonstrate that Islamic business ethics extend beyond individual transactions to encompass the entire business environment. Ayyubi and Anggraini (2017) provide evidence of the relevance of Islamic business ethics in the management of food-sector micro, small, and medium enterprises in Indonesia. Their research supports the examination of ethical principles as an important consideration in business performance. From this perspective, responsible financial management and fair stakeholder relationships can strengthen business credibility, encourage cooperation, and reduce potential conflicts. Consequently, ethical operations provide a foundation for establishing stable business relationships and maintaining the trust of stakeholders.

In addition, the development of digital technology has expanded the scope of ethical responsibilities in business operations. Islamic microenterprises increasingly use social media, online marketplaces, and digital payment systems to promote products and conduct transactions. Although these technologies create opportunities to expand market access, they also require entrepreneurs to maintain honesty, transparency, and accountability in digital interactions. Ethical digital practices include displaying accurate product photographs,

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providing complete descriptions, communicating prices clearly, protecting customer information, and delivering products according to agreed conditions. Entrepreneurs should also respond professionally to customer feedback and avoid manipulating online reviews or promotional information. Beyond digital transactions, ethical operations should consider social and environmental consequences, including responsible resource utilization, waste reduction, and support for local communities. Gümüsay (2015) emphasizes that Islamic entrepreneurship incorporates broader social and ethical considerations into economic activities. Accordingly, business operations should balance commercial objectives with the interests of consumers, employees, suppliers, and society. The integration of these practices indicates that Sharia business ethics can guide microenterprises toward more accountable management, stronger stakeholder relationships, and responsible business development.

3. Sharia Business Ethics and Sustainable Business Performance

The relationship between Sharia business ethics and sustainable business performance can be understood through the integration of ethical values into business strategies and operational decisions. Islamic microenterprises that incorporate honesty (ṣidq), trustworthiness (amānah), justice (ʿadl), transparency, and social responsibility have an ethical foundation for developing business practices oriented toward long-term continuity. These principles encourage entrepreneurs to consider not only immediate financial returns but also the consequences of their decisions for customers, employees, suppliers, and the surrounding community. Sustainable business performance therefore involves more than increasing sales or profitability; it also includes maintaining operational stability, preserving stakeholder relationships, and managing social and environmental responsibilities. Bansal (2005) explains that corporate sustainability involves the integration of economic, environmental, and social considerations into organizational development. Similarly, Malesios et al. (2021) emphasize the importance of examining sustainability performance in small and medium-sized enterprises through broader dimensions of business responsibility. From this perspective, Sharia business ethics can provide a normative foundation for microenterprises to pursue economic objectives while maintaining ethical and social commitments.

Customer trust is another important mechanism connecting Sharia business ethics with sustainable business performance. Ethical business conduct can strengthen customers' confidence because consumers receive accurate information, fair treatment, consistent product quality, and responsible services. When customers perceive that entrepreneurs consistently fulfil their commitments, they may be more willing to make repeat purchases and maintain long-term relationships with the enterprise. This relationship is particularly significant for Islamic microenterprises, whose market activities often depend on customer loyalty, personal recommendations, and community networks. Abrori and Sakinah (2024) found that microenterprise owners who consistently apply Islamic ethical principles tend to develop stronger customer trust and more harmonious business relationships. Similarly, Ayyubi and Anggraini (2017) reported a positive relationship between Islamic business ethics and the

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performance of food-sector MSMEs in Bogor. Beyond customer relationships, ethical practices can also strengthen cooperation with suppliers, employees, and other stakeholders. Therefore, customer trust and stakeholder cooperation represent important pathways through which ethical business conduct can support business continuity and strengthen the enterprise's position in competitive markets.

Business stability and long-term performance are also relevant dimensions in examining the relationship between Sharia business ethics and enterprise sustainability. The consistent application of ethical principles can help microenterprises develop reliable operational practices, reduce transaction-related conflicts, maintain stakeholder confidence, and strengthen their reputation. These conditions may support business resilience when enterprises face market competition, changes in consumer preferences, and financial constraints. From a resource-based perspective, ethical reputation and stakeholder relationships can be considered intangible organizational resources that contribute to the development of competitive advantages (Barney, 1991). Alimusa et al. (2022) also identify Islamic business practices as an important factor in understanding the performance of Muslim-owned micro and small enterprises in Indonesia. Meanwhile, Malesios et al. (2021) emphasize that SME sustainability performance should be assessed through interconnected economic, social, and environmental dimensions. These perspectives suggest that sustainable business performance cannot be evaluated solely through short-term profitability. Rather, it should also consider business continuity, responsible resource management, stakeholder relationships, and the enterprise's capacity to maintain its operations over time.

4. Challenges in Implementing Sharia Business Ethics

The implementation of Sharia business ethics in Islamic microenterprises faces various challenges arising from internal business conditions and external environmental factors. Although Islamic ethical principles provide clear guidance for conducting responsible economic activities, their practical application is not always straightforward. Microenterprise owners frequently operate with limited financial resources, relatively simple management systems, and restricted access to business information. These conditions may influence their ability to consistently implement honesty (ṣidq), trustworthiness (amānah), justice (ʿadl), transparency, and social responsibility in daily operations. One significant challenge concerns the gap between entrepreneurs' normative understanding of Islamic business ethics and their actual business practices. Some entrepreneurs may recognize the importance of Islamic values but experience difficulties translating these principles into operational procedures, financial administration, and stakeholder management. Gümüsay (2015) explains that Islamic entrepreneurship involves the integration of religious, ethical, and economic dimensions. This integration requires more than religious awareness because entrepreneurs must also possess the managerial capabilities necessary to incorporate ethical principles into their business decisions.

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Another challenge relates to the limited understanding of Sharia business ethics among microenterprise owners and their employees. In some business environments, ethical principles are understood primarily as general religious teachings rather than specific guidelines for commercial activities. Consequently, entrepreneurs may emphasize honesty and trustworthiness in personal relationships without fully recognizing their implications for product information, pricing strategies, financial management, contractual agreements, and customer protection. This limitation can create inconsistencies between religious commitments and operational practices. For example, business owners may understand that honesty is important but lack clear procedures for communicating product defects, calculating appropriate prices, or managing customer complaints. Rice (1999) emphasizes that Islamic ethics should influence the actual conduct of business rather than remain limited to personal moral beliefs. Therefore, improving ethical awareness requires practical education that connects Islamic principles with everyday business decisions. Without sufficient understanding, the implementation of Sharia business ethics may depend heavily on individual interpretation, personal experience, and informal business habits.

Financial limitations also represent a substantial obstacle to implementing Sharia business ethics consistently. Islamic microenterprises generally need sufficient capital to maintain product quality, improve production processes, establish transparent administrative systems, and fulfil their responsibilities toward employees and customers. However, limited access to financing may restrict their ability to adopt better operational standards and invest in appropriate business facilities. Financial pressure can also influence ethical decision-making, particularly when entrepreneurs face increasing production costs, declining purchasing power, and intense market competition. Under these circumstances, some business owners may prioritize immediate business survival over long-term ethical considerations. For instance, financial difficulties may create pressure to reduce production costs, delay payments to suppliers, or postpone improvements in product quality. Nevertheless, these practices should not automatically be interpreted as deliberate violations of Islamic principles because they may also reflect structural limitations within microenterprise operations. Malesios et al. (2021) highlight the importance of considering organizational resources and operational conditions when assessing sustainability performance among small and medium-sized enterprises. Accordingly, financial capacity needs to be considered when evaluating the practical implementation of ethical business standards.

The next challenge concerns the difficulty of maintaining transparency and accountability in business management. Many microenterprises operate through relatively simple administrative arrangements, in which financial transactions, inventory movements, and operational expenditures are not always systematically recorded. The separation between personal and business finances may also be difficult, particularly when household income and business capital are managed together. Such conditions can create problems in monitoring business performance, calculating production costs, determining appropriate prices, and

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reporting financial information accurately. Limited financial literacy and the absence of standardized administrative procedures may further complicate the application of transparency as an essential dimension of Sharia business ethics. In addition, entrepreneurs may not have sufficient knowledge of digital bookkeeping applications or formal financial reporting practices. Rice (1999) emphasizes the significance of ethical accountability in Islamic commercial activities, while Gümüsay (2015) highlights the integration of ethical values into entrepreneurial management. These perspectives suggest that transparency requires both moral commitment and practical managerial capabilities. Therefore, improving financial administration and record-keeping systems is important for strengthening accountability among Islamic microenterprises.

Market competition and changing consumer behaviour create additional challenges for entrepreneurs seeking to maintain ethical business practices. Microenterprises increasingly operate in competitive markets where product prices, promotional strategies, service quality, and delivery speed influence consumer purchasing decisions. Competition may encourage entrepreneurs to adopt aggressive marketing techniques, offer substantial discounts, and make promotional claims intended to attract customers. However, these practices can become problematic when product information is exaggerated, prices are presented misleadingly, or consumer expectations are not fulfilled. Digital platforms introduce further challenges because business owners must manage online reviews, customer complaints, product descriptions, and electronic transactions. Entrepreneurs with limited digital literacy may experience difficulties maintaining accurate information and protecting customer data. At the same time, consumers increasingly expect rapid responses, transparent prices, and reliable delivery services. Ayyubi and Anggraini (2017) demonstrate the relevance of Islamic business ethics in the performance of food-sector MSMEs, providing a basis for understanding ethical conduct within competitive business environments. Consequently, entrepreneurs need to balance market competitiveness with honesty, fairness, and responsibility in their commercial activities.

Human resource limitations also influence the consistency of Sharia business ethics in daily operations. Islamic microenterprises often depend on family members, informal workers, or employees who perform several operational responsibilities simultaneously. Such arrangements may reduce labour costs but can create difficulties in establishing clear job descriptions, monitoring work performance, and ensuring consistent service standards. Limited employee training may also result in different understandings of ethical responsibilities, particularly concerning customer services, product quality, transaction procedures, and workplace relationships. For example, business owners may understand the importance of fair treatment, but the absence of formal employment arrangements can make it difficult to establish consistent compensation systems and working conditions. Similarly, employees who lack adequate knowledge of Islamic business principles may unintentionally engage in practices that conflict with the ethical expectations of the enterprise. From an Islamic entrepreneurial perspective, business activities should integrate economic objectives

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with moral and social responsibilities (Gümüsay, 2015). Therefore, strengthening human resource capabilities through practical training, clear operational guidelines, and consistent supervision is important for translating ethical commitments into organizational practices.

Another important challenge involves the difficulty of balancing social responsibility with the immediate economic needs of microenterprises. Social responsibility requires entrepreneurs to consider the welfare of employees, customers, local communities, and the environment. However, businesses with limited financial resources may find it difficult to allocate funds for community activities, environmental improvements, employee welfare programmes, or more sustainable production methods. For example, environmentally friendly packaging may involve higher costs, while waste-management facilities may require additional investment. Similarly, entrepreneurs may recognize the importance of supporting local communities but lack sufficient financial capacity to undertake regular social programmes. These circumstances create a practical tension between fulfilling social obligations and maintaining business continuity. Bansal (2005) explains that sustainable business development requires attention to economic, environmental, and social considerations over time. Malesios et al. (2021) also emphasize the multidimensional nature of sustainability performance among SMEs. Accordingly, social responsibility should be integrated gradually into business operations according to the enterprise's capacity, without compromising its ability to remain economically viable.

Overall, the challenges of implementing Sharia business ethics in Islamic microenterprises demonstrate that ethical business management is influenced by the interaction between religious awareness, managerial capabilities, financial resources, market pressures, human resource conditions, and social responsibilities. Limited understanding of Islamic business principles may create inconsistencies in ethical decision-making, while financial and administrative constraints can restrict the development of transparent and accountable business practices. Meanwhile, digital competition and changing consumer expectations require entrepreneurs to strengthen their capacity to maintain honesty, fairness, and trustworthiness across different business channels. These challenges indicate that the implementation of Sharia business ethics cannot depend exclusively on individual moral commitment. It also requires an enabling business environment, practical education, accessible financial support, appropriate technology, and stronger managerial capabilities. In this regard, the development of Islamic microenterprises should integrate ethical awareness with operational improvements and sustainable business strategies. The five ethical dimensions discussed in this study therefore need to be understood within the actual conditions experienced by entrepreneurs. Addressing these challenges may provide a foundation for strengthening ethical consistency, stakeholder confidence, operational stability, and the long-term sustainability of Islamic microenterprises.

CONCLUSION

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This study highlights the importance of Sharia business ethics in supporting sustainable business performance among Islamic microenterprises. The findings indicate that the implementation of honesty (ṣidq), trustworthiness (amānah), justice (ʿadl), transparency, and social responsibility provides an ethical foundation for responsible business management. These principles guide entrepreneurs in conducting transactions, maintaining product quality, managing financial resources, and developing relationships with customers, employees, suppliers, and local communities. The study further emphasizes that ethical business practices are closely connected to customer trust, stakeholder relationships, business credibility, and operational stability. The integration of Islamic ethical values into business operations therefore offers a broader perspective on business performance, in which economic objectives are pursued alongside social and moral responsibilities. Nevertheless, the implementation of these principles faces several challenges, including limited ethical and managerial understanding, financial constraints, inadequate administrative systems, digital literacy limitations, market competition, and restricted human resource capabilities. Accordingly, sustainable business performance requires not only individual ethical commitment but also adequate managerial capacity and a supportive business environment. Overall, Sharia business ethics can serve as an important foundation for developing responsible, resilient, and sustainable Islamic microenterprises.

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