

Research Article

Green Entrepreneurship in Islamic Perspective: Building Sustainable Innovation Based on Ethical and Environmental Values

Andreas Tigor Oktaga ^{1*}, Ahmad Dwi Nurdiyanto ², and Gulrukh Tukhlieva ³

¹ Institut Teknologi dan Bisnis Semarang, Indonesia tigoroktaga@gmail.com

² Institut Teknologi dan Bisnis Semarang, Indonesia ad.nurdiyanto@gmail.com

³ University World of Economy and Diplomacy, Tashkent, Uzbekistan
Uzbekistan.gulrukhtukhlieva@gmail.com

* Corresponding Author: e-mail : tigoroktaga@gmail.com

Abstract: This research explores the integration of Islamic values into sustainable entrepreneurship, focusing on Muslim entrepreneurs who incorporate green innovation practices in their businesses. Despite growing awareness of sustainability, many Muslim entrepreneurs face challenges in aligning Islamic ethical principles with modern green business practices. This study aims to identify key Islamic values that guide sustainable entrepreneurship and analyze how faith-based motivations foster a culture of eco-conscious innovation. A qualitative descriptive research design, using a phenomenological approach, was employed to explore the experiences of Muslim entrepreneurs in environmentally sustainable sectors, including organic farming, renewable energy, and eco-friendly product manufacturing. Data was collected through semi-structured interviews, and thematic analysis was used to identify patterns of Islamic ethical influence on decision-making and innovation practices. The study found that Islamic entrepreneurship is rooted in values such as justice, stewardship, and social responsibility, which guide environmentally responsible innovation. These values encourage long-term sustainability, with a focus on community welfare and ecological preservation. The study also identified that Muslim entrepreneurs face barriers such as limited access to Sharia-compliant financing and financial literacy. The conclusions suggest promoting Sharia-based sustainable business frameworks, developing Islamic green financing instruments, and incorporating environmental education within Islamic entrepreneurship programs to foster more eco-conscious innovations. These findings offer valuable insights for policymakers, financial institutions, and entrepreneurs looking to integrate Islamic principles with sustainable development.

Keywords: Environmental Stewardship; Green Business Practices; Islamic Entrepreneurship; Sharia-Compliant Financing; Sustainable Innovation.

Received: May 11, 2024

Revised: June 25, 2024

Accepted: July 12, 2024

Published: July 30, 2024

Curr. Ver.: July 30, 2024

1. Introduction

Environmental degradation and resource depletion are among the most pressing global challenges threatening the sustainability of modern civilization. These issues manifest through the depletion of natural resources such as water, minerals, and fossil fuels, as well as the loss of biodiversity and increased greenhouse gas emissions that contribute to climate change (Abitha et al., 2023; Asiedu et al., 2021; Xiaoman et al., 2021). The accelerating pace of industrialization and urbanization has intensified the strain on ecological systems, creating an imbalance that undermines both economic stability and human well-being. The consequences of these challenges are particularly severe in vulnerable regions, where economic and environmental crises are intertwined, leading to reduced resilience and adaptive capacity (Liphadzi et al., 2024). To address these challenges, the global community emphasizes sustainable development practices that balance economic growth with ecological preservation (Abitha et al., 2023; Asiedu et al., 2021).



Copyright: © 2025 by the authors.
Submitted for possible open
access publication under the
terms and conditions of the
Creative Commons Attribution
(CC BY SA) license
(<https://creativecommons.org/licenses/by-sa/4.0/>)

From an Islamic perspective, environmental degradation and resource depletion are not only ecological or economic issues but also ethical and spiritual concerns. Islam provides a comprehensive framework for addressing environmental crises by integrating moral responsibility and environmental stewardship into daily life and economic activities. Islamic entrepreneurship, guided by the principles of *Sharia*, emphasizes harmony between humans and nature through balance (*mizan*), stewardship (*khalifah*), and social welfare (*maslahah*) (Bhat, 2024; Kurbiyanto et al., 2024; Moneim, 2023). These ethical foundations encourage Muslims to act as caretakers of the Earth, promoting responsible consumption, reducing waste, and ensuring that business activities contribute positively to society and the environment.

The concept of *mizan* (balance) reflects the Quranic principle of maintaining equilibrium in all aspects of life, including the relationship between economic progress and environmental protection. Islam discourages extravagance and overexploitation of resources, encouraging moderation and prudence in consumption (Kurbiyanto et al., 2024; Moneim, 2023). The principle of *khalifah* (stewardship) establishes human beings as trustees of the Earth, tasked with preserving its resources for future generations (Bhat, 2024). This stewardship is not merely environmental but moral, requiring individuals to uphold justice and accountability in managing natural assets (Hassan, 2016). Meanwhile, *maslahah* (social welfare) highlights the pursuit of public good and collective benefit, ensuring that economic endeavors contribute to the well-being of society rather than individual profit alone (Raimi et al., 2023; Meliza et al., 2023).

Incorporating these principles, Islamic entrepreneurship emerges as a transformative force that aligns business innovation with sustainability goals. Islamic entrepreneurs are expected to uphold ethical standards that minimize environmental harm, promote renewable energy, and foster equitable economic growth (Hassan, 2016; Ramadani et al., 2016). Through *Sharia*-compliant financing instruments such as *Green Sukuk*, as well as sustainable business models rooted in ethical responsibility, Islamic entrepreneurship serves as a catalyst for green innovation and inclusive development (Meliza et al., 2023; Raimi et al., 2023). By combining economic creativity with faith-based ethics, Islamic entrepreneurship offers a holistic pathway toward sustainable development that benefits both humanity and the natural world.

In recent years, sustainability has emerged as a central concern in global business practices, emphasizing the balance between economic development and environmental responsibility. Despite this growing awareness, many Muslim entrepreneurs continue to face difficulties in integrating Islamic ethical principles with innovative green business practices. This issue is multifaceted, involving both internal and external factors that hinder the alignment of entrepreneurship with sustainability values grounded in *Shariah* principles (Abdul Ghani Azmi et al., 2024). These challenges have created gaps in the effective implementation of Islamic entrepreneurship that is environmentally conscious, socially responsible, and ethically grounded.

From an internal perspective, Muslim entrepreneurs encounter several obstacles that impede their ability to incorporate sustainability into business operations. A lack of up-to-date knowledge regarding sustainable business models and green technologies remains a key limitation (Abdul Ghani Azmi et al., 2024). Moreover, emotional and interpersonal conflicts within business networks often undermine teamwork and innovation. Other internal factors include limited managerial competence and a risk-averse mindset that discourages experimentation and innovative thinking. These constraints collectively inhibit the transition from traditional business models to sustainable and innovation-oriented practices.

Externally, Muslim entrepreneurs struggle with structural and systemic barriers that further constrain their capacity for green transformation. Among these, financial limitations are particularly significant, as access to capital remains restricted for entrepreneurs seeking to implement green initiatives. In addition, market competition and volatile consumer dynamics make it challenging for new ventures to achieve stability and growth (Abdul Ghani Azmi et al., 2024). Regulatory inconsistencies also pose major barriers; many existing legal frameworks fail to provide adequate support for sustainable business practices that align with Islamic ethics (Rosman & Marzuki, 2024). These external pressures often result in a disconnection between moral aspirations and business realities.

The integration of Islamic ethical principles-particularly justice (*adl*), transparency (*amanah*), and social responsibility (*mas'uliyah*)-is essential in promoting sustainability-oriented entrepreneurship. However, implementing these values in practice remains difficult. Ensuring fairness and equity in business dealings, profit distribution, and partnerships is often hindered by asymmetrical power relations and lack of transparency (Rosman & Marzuki, 2024).

Similarly, many Muslim-owned businesses struggle to prioritize corporate social responsibility when faced with more immediate operational and financial concerns. These challenges highlight the need for systemic mechanisms that support the operationalization of Islamic ethics in business decision-making.

To overcome these barriers, Muslim entrepreneurs are increasingly exploring innovative models that combine Islamic ethical principles with green business practices. Emerging approaches such as Green FinTech have shown promise in integrating digital finance innovations with *Shariah*-compliant principles, enabling environmentally sustainable financial transactions (Rosman & Marzuki, 2024). Similarly, Islamic green finance, including *green Sukuk* and socially responsible investment (SRI) funds, has been instrumental in supporting environmentally friendly projects and fostering green entrepreneurship (Rosman & Marzuki, 2024). Furthermore, innovations in green product development and process design, moderated by Islamic business and environmental ethics, significantly contribute to sustainable competitive advantage (Cahyono & Nugroho, 2022).

Addressing these challenges requires a multidimensional strategy that involves education, financial empowerment, regulatory reform, and technological integration. Training programs can enhance entrepreneurs' capacity to implement sustainable business models and green technologies (Abdul Ghani Azmi et al., 2024). Access to Islamic green finance and venture capital can alleviate financial constraints and stimulate innovation (Rosman & Marzuki, 2024). Additionally, improving regulatory frameworks can facilitate the adoption of ethical and sustainable business practices consistent with Islamic law. Finally, integrating artificial intelligence (AI) as a tool for innovation while ensuring adherence to Islamic ethical standards can improve operational efficiency and sustainability outcomes (Kismawadi & Irfan, 2024). Through these concerted efforts, Islamic entrepreneurship can evolve into a model that harmonizes faith, ethics, and environmental stewardship.

In recent years, sustainable entrepreneurship has emerged as a pivotal framework for balancing economic growth with environmental preservation. Within the Islamic context, sustainability is deeply rooted in ethical, moral, and spiritual values that guide human behavior toward harmony with nature. The objective of this study is to identify key Islamic values that shape sustainable entrepreneurship and analyze how faith-based motivations strengthen a culture of green innovation. Understanding how Islamic ethical principles can serve as a foundation for sustainable innovation and environmental stewardship provides valuable insights not only for entrepreneurs but also for policymakers and researchers working toward global sustainability goals (Hussein et al., 2024; Moneim, 2023).

Islamic teachings emphasize ethical responsibility and stewardship (*khilafah*), positioning humans as caretakers of the Earth. The Qur'an and Hadith highlight the moral duty to protect and preserve the environment as an act of worship and obedience to God (Bhat, 2024; Kurbiyanto et al., 2024). The principle of *khilafah* is central to Islamic environmental ethics, urging Muslims to act as guardians of the planet and to avoid wastefulness and environmental degradation (Moneim, 2023). This aligns with the concept of *amanah* (trust), where humans are entrusted with maintaining the ecological balance that sustains all life forms. Such stewardship extends beyond mere environmental management to encompass ethical accountability in economic and social activities.

Interconnectedness and balance also represent key dimensions of Islamic thought in sustainability. The principle of *tawhid* (oneness of God) underscores the interconnectedness of all creation, establishing a holistic understanding that environmental protection is integral to spiritual well-being (Kurbiyanto et al., 2024). The Qur'anic concept of *mizan* (balance) reinforces the idea that sustainability is achieved when economic, social, and ecological systems function harmoniously (Rizk, 2014). In this framework, overexploitation of resources and environmental neglect constitute moral failures, disrupting the divinely ordained balance of nature (Hussein et al., 2024). Therefore, sustainability in Islam is not merely a pragmatic goal but a theological imperative rooted in maintaining cosmic order.

Justice (*adl*) and socio-economic equity are equally important within Islamic sustainable entrepreneurship. The principle of *adl* promotes fairness and justice in all human interactions, extending to equitable resource distribution and protection of vulnerable populations (Hussein et al., 2024). Islamic teachings advocate for the preservation of natural resources to ensure intergenerational equity, resonating with contemporary global sustainability agendas (Moneim, 2023). Economic justice, environmental preservation, and social welfare collectively define the moral foundation of Islamic entrepreneurship, guiding business activities toward both profitability and societal benefit (Elgharbawy et al., 2023).

Faith-based motivations play a transformative role in promoting green innovation within Islamic entrepreneurship. The integration of Islamic business ethics with modern management practices encourages the development of sustainable and responsible business models. This dual pursuit of ethical integrity and financial success aligns with the principle of *al-falah*, which represents prosperity in both worldly and spiritual dimensions (Islam, 2022). The inclusion of Islamic environmental ethics (IEE) and Islamic business ethics (IBE) enhances green innovation performance and strengthens competitive advantage (Cahyono & Nugroho, 2022). Moreover, Islamic teachings encourage the use of technology and innovation as means of fulfilling environmental responsibilities, leading to the emergence of green-oriented business cultures and improved sustainability performance (Bhatti et al., 2023).

Islamic financial institutions (IFIs) play an instrumental role in advancing environmental sustainability. By aligning their operations with *Shariah* principles, IFIs contribute to sustainable investment and responsible financing practices that promote green economic growth (Abdullah & Haron, 2024). The introduction of ethical investment tools such as *SRI Sukuk* and Islamic green finance instruments underscores the integration of financial ethics and environmental stewardship (Abdullah & Haron, 2024). These initiatives bridge Islamic finance and sustainable development by emphasizing social justice, environmental protection, and ethical responsibility. Ultimately, the fusion of Islamic values with green innovation fosters a holistic model of sustainable entrepreneurship—one that harmonizes economic progress, ethical integrity, and ecological balance.

2. Literature Review

Islamic Perspective on Entrepreneurship

Islamic entrepreneurship is rooted in the comprehensive ethical framework of Islam, which governs all aspects of human life, including economic and business activities. The foundation of Islamic entrepreneurship is built upon *Shariah* principles that emphasize lawful (*halal*) business conduct, social justice, and spiritual accountability (Ramadani et al., 2015; Raimi et al., 2023). The Qur'an and Hadith guide Muslim entrepreneurs to engage only in permissible (*halal*) activities while avoiding forbidden (*haram*) practices such as fraud, exploitation, and interest-based transactions (Beekun, 2022). This distinction between *halal* and *haram* forms the ethical foundation of Islamic business, ensuring that entrepreneurial activities contribute positively to both individual and societal welfare.

Islamic business ethics further emphasize values such as honesty, trustworthiness, fairness, and social responsibility. According to Hussain et al. (2023), Muslim entrepreneurs are expected to conduct business with integrity, ensuring that their actions do not harm others and that they contribute to the well-being of society. This ethical orientation reflects Islam's holistic approach, which intertwines spirituality with socio-economic responsibilities. In this regard, the efficient and responsible use of resources is not only an economic necessity but also a moral obligation to avoid wastefulness (*israf*), in accordance with the Qur'anic call for moderation and sustainability (Ramadani et al., 2016).

The principle of justice (*adl*) serves as a central value in Islamic entrepreneurship. Justice in business requires fair treatment of all stakeholders, including employees, customers, and partners, ensuring equality and transparency in transactions (Raimi et al., 2023). Ramadani et al. (2015) emphasize that equitable wealth distribution and the prevention of exploitation are critical to maintaining social harmony and economic balance. Through fair practices, Islamic entrepreneurs aim to reduce socio-economic disparities and uphold the principle of shared prosperity. In essence, justice functions as a safeguard against corruption and inequality, reinforcing trust and stability in Islamic business environments.

Accountability to Allah (*taqwa*) is another defining characteristic of Islamic entrepreneurship, highlighting the spiritual dimension of business conduct. Entrepreneurs are viewed as stewards (*kehalifah*) who are accountable not only to society but also to God for their actions (Beekun, 2022). This accountability cultivates a sense of moral consciousness and encourages business decisions guided by ethical and spiritual integrity. As Hussain et al. (2023) note, the sincerity of intention (*niyyah*) is essential in Islam; entrepreneurs are encouraged to pursue business activities that seek divine approval and contribute to collective welfare rather than focusing solely on material gain. This integration of ethics and faith

provides a strong motivational foundation for sustainable and socially responsible entrepreneurship.

Concept of Green Entrepreneurship

Green entrepreneurship refers to business practices driven by sustainability principles that integrate economic performance with ecological responsibility. It aligns with frameworks such as the Triple Bottom Line, Circular Economy, and Eco-preneurship, which emphasize the need to balance financial viability with environmental and social outcomes (Habip & Mouloudj, 2024; Weis & Nikolić, 2024). Green entrepreneurs prioritize long-term ecological balance over short-term profits, focusing on practices such as waste reduction, efficient resource utilization, and the development of eco-friendly innovations (Tekala et al., 2024). This paradigm reflects a shift toward sustainable capitalism, where entrepreneurship serves as a catalyst for positive environmental and social transformation.

Innovation plays a central role in advancing green entrepreneurship. As noted by Morales-Rios et al. (2023), innovation in green products, processes, and business models allows firms to create sustainable solutions that address pressing environmental issues. Technological progress, particularly in renewable energy, waste management, and digital transformation, has enabled entrepreneurs to design scalable, eco-efficient business models (Habip & Mouloudj, 2024). Similarly, Weis and Nikolić (2024) highlight that innovation serves as both a strategic tool and a cultural value within green organizations, fostering adaptability in dynamic markets. This integration of innovation with environmental ethics forms a cornerstone of sustainable competitive advantage.

Public-private collaboration also plays an essential role in advancing green entrepreneurship. According to Morales-Rios et al. (2023), partnerships between the government, private sector, and civil society are critical for providing financial resources, technical expertise, and institutional support necessary for sustainable business development. Such collaborations promote the diffusion of green technologies and facilitate access to green financing, which are vital for overcoming the initial financial and regulatory barriers commonly faced by eco-entrepreneurs (Habip & Mouloudj, 2024). These partnerships demonstrate the collective responsibility required to foster a green economic ecosystem.

Despite its growing prominence, green entrepreneurship continues to face several challenges. Financial constraints, complex regulatory requirements, and competitive market pressures are among the major barriers hindering its widespread adoption (Tekala et al., 2024). However, the increasing global demand for sustainable products and services offers significant opportunities for entrepreneurs to innovate and expand their markets (Habip & Mouloudj, 2024). As consumer awareness regarding environmental issues grows, green entrepreneurship emerges not only as a moral and ecological necessity but also as a profitable and resilient business model for the future.

Integration of Islamic and Green Entrepreneurship

The convergence between Islamic entrepreneurship and green entrepreneurship represents a holistic approach to sustainability. Both paradigms share common principles such as ethical responsibility, social justice, and environmental stewardship (Ramadani et al., 2016). The integration of Islamic values into green entrepreneurship offers a unique framework that combines moral accountability with ecological innovation. According to Raimi et al. (2023), Islamic entrepreneurship provides ethical guidance through *Shariah*-compliant principles, while green entrepreneurship supplies the practical mechanisms for sustainable implementation. Together, they form a comprehensive model of “Islamic Green Entrepreneurship”, which emphasizes environmental protection as an act of faith and a form of social responsibility.

This integrated perspective positions Muslim entrepreneurs as agents of ethical and ecological transformation. Through responsible innovation and adherence to *halal* business ethics, Islamic green entrepreneurs contribute to global sustainability goals while maintaining religious integrity and social equity. As Tekala et al. (2024) and Weis and Nikolić (2024) suggest, such synergy can enhance competitive advantage, create green employment opportunities, and drive the transition toward an inclusive, sustainable economy.

Integration of Islamic Values and Sustainability

The integration of Islamic ethical values into sustainable business practices has gained significant academic and practical attention in recent years. Central to this integration is the framework of *Maqasid al-Shariah*-the objectives of Islamic law-which provides a comprehensive ethical foundation for human welfare and environmental stewardship. *Maqasid al-Shariah* seeks to promote the preservation of religion (*din*), life (*nafs*), intellect ('*aql*), progeny (*nasl*), and wealth (*mal*). These objectives align closely with the principles of the United Nations' Sustainable Development Goals (SDGs), which emphasize social inclusion, economic equity, and environmental protection. Scholars argue that embedding *Maqasid al-Shariah* into business operations and public policy can guide Muslim entrepreneurs and institutions toward sustainable and ethical decision-making frameworks (Fathonih et al., 2019).

Maqasid al-Shariah and Sustainable Business Practices

Several conceptual models have been developed to translate *Maqasid al-Shariah* into measurable frameworks for sustainable development. For instance, the creation of the Maqasid Shariah-based Empowerment Index (MSEI) for elderly care institutions demonstrates how Islamic ethical principles can be operationalized into quantitative indicators aligned with sustainability goals. The MSEI evaluates factors such as social well-being, financial independence, and environmental care, providing a holistic measure of institutional sustainability. Similarly, the Tahfiz Empowerment Index (TEI) applies *Maqasid al-Shariah* principles to assess the performance of Tahfiz institutions, emphasizing intellectual development, economic resilience, and community empowerment. These frameworks reflect a growing recognition of Islamic ethical imperatives in achieving sustainability objectives beyond conventional economic indicators.

In the context of natural resource governance, the integration of *Maqasid al-Shariah* in Indonesia has been proposed as an ethical and ecological corrective to legal and institutional weaknesses. This approach leverages Islamic jurisprudential tools such as *ijtihad maqasidi* (independent reasoning based on Sharia objectives) and *tahqiq al-manat* (contextual reasoning) to address environmental degradation and social inequity. It provides a normative basis for policies that prioritize ecological conservation, resource justice, and community welfare. Furthermore, in the mining industry, the application of green investment principles informed by *Maqasid al-Shariah* reinforces the importance of life preservation (*hifz al-nafs*), environmental protection, and wealth safeguarding (*hifz al-mal*). This demonstrates how Islamic ethical standards can be harmonized with modern sustainability practices to ensure responsible investment and environmental protection.

Empirical Studies on Muslim Entrepreneurs

Empirical research has explored how Muslim entrepreneurs operationalize Islamic values within sustainable business contexts. Qualitative studies reveal that Muslim entrepreneurs face multiple challenges in adopting environmentally friendly innovations, particularly in accessing *Shariah*-compliant financing. Limited financial literacy and a lack of awareness about Islamic venture capital options hinder entrepreneurs' ability to integrate sustainability into their business models (Fathonih et al., 2019). These studies underscore the importance of enhancing *Shariah*-compliant financing mechanisms-such as Islamic venture capital-to support environmentally conscious entrepreneurship. Increased education and awareness about ethical financing can empower Muslim entrepreneurs to develop sustainable ventures aligned with both religious and environmental values.

In addition, research on financial literacy and Sharia-based FinTech solutions among micro, small, and medium enterprises (MSMEs) in Indonesia and Malaysia highlights the pivotal role of technology in advancing sustainability. The use of *Shariah*-compliant digital financial platforms has been shown to improve financial inclusion, business efficiency, and access to green financing. These findings suggest that combining Islamic ethics with digital innovation can enhance the competitiveness and sustainability of MSMEs in Muslim-majority economies.

Quantitative Evidence and Sustainability Outcomes

Quantitative studies have further validated the connection between Islamic business orientation and sustainability performance. For example, Fikri et al. (2022) examined Muslim fashion MSMEs in Indonesia and found that market orientation positively influences business performance when mediated by service innovation and total quality management (TQM).

This implies that integrating quality-driven and innovative strategies within Islamic business frameworks enhances both competitiveness and sustainability outcomes. The study emphasizes that innovation is not merely a technical process but also a moral obligation rooted in *Shariah* values, as it contributes to societal well-being and resource efficiency.

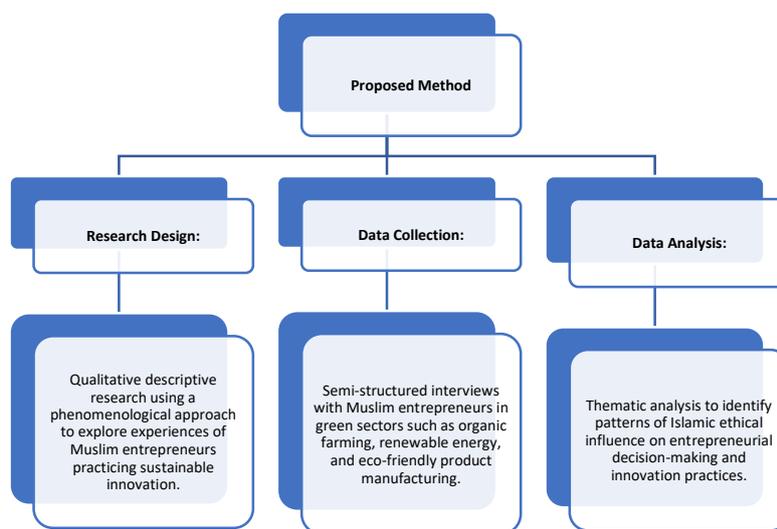
Similarly, studies on social financing and sustainable development in Malaysia and Saudi Arabia have demonstrated the importance of financial institutions and globalization in fostering sustainability among small and medium enterprises (SMEs). By providing access to ethical financing and facilitating open innovation networks, social finance mechanisms help bridge the gap between Islamic ethical objectives and modern sustainability demands. These findings align with the *Maqasid al-Shariah* objective of wealth preservation and equitable distribution, reinforcing the need for collaboration among policymakers, financial institutions, and entrepreneurs to promote long-term sustainability.

Synthesis and Conceptual Implications

The integration of *Maqasid al-Shariah* and sustainability reflects a growing paradigm shift in Islamic economics and entrepreneurship. This synthesis not only provides a moral and ethical foundation for sustainable business practices but also offers practical frameworks for implementation across sectors. The alignment between Islamic ethical imperatives and global sustainability agendas suggests that Islamic finance and entrepreneurship can play a transformative role in promoting inclusive growth, environmental protection, and social justice. Future research should focus on developing empirical models that quantify the impact of *Maqasid al-Shariah*-based sustainability indicators and explore how *Shariah*-compliant innovation ecosystems can accelerate the achievement of SDGs within Muslim societies.

3. Materials and Method

This study employs a qualitative descriptive approach with a phenomenological method to understand the experiences of Muslim entrepreneurs in implementing sustainable innovations based on Islamic values. Data are collected through semi-structured interviews with 10–15 entrepreneurs in green sectors such as organic farming, renewable energy, and eco-friendly product manufacturing, selected purposively until data saturation is reached. The data are analyzed using thematic analysis to identify patterns and meanings related to the influence of Islamic values on decision-making and sustainable innovation practices. Data validity is ensured through member checking and triangulation to confirm that the findings accurately reflect the participants' real experiences.



Figur 1. The structure of the Research Methodology flowchart.

Research Design

This study adopts a qualitative descriptive design using a phenomenological approach to explore the experiences of Muslim entrepreneurs who practice sustainable innovation. The phenomenological method is suitable for understanding how individuals perceive and interpret their lived experiences within specific social, cultural, and spiritual contexts. In this

study, it provides insight into how Islamic ethical principles—such as stewardship, balance, and social welfare—shape entrepreneurial practices in environmentally sustainable ventures. The focus is on capturing the authentic voices of Muslim entrepreneurs and understanding how their faith-based values influence their business decisions and innovation strategies.

The research targets Muslim entrepreneurs operating in green sectors, including organic farming, renewable energy, and eco-friendly product manufacturing. These sectors are chosen because they reflect a natural alignment between environmental responsibility, ethical integrity, and sustainable business development.

Data Collection

Data will be collected through semi-structured interviews to gain in-depth insights into the participants’ experiences while allowing flexibility in the discussion. The interviews will explore three key dimensions: a.) Ethical orientation—how Islamic values influence entrepreneurial decision-making and business ethics. b.) Sustainability practices—how participants apply environmentally responsible initiatives such as waste reduction, energy efficiency, and sustainable production. c.) Innovation and challenges—how entrepreneurs develop new ideas, integrate sustainable technologies, and overcome financial or regulatory obstacles.

Participants will be selected using purposive sampling to ensure representation from diverse industries and business sizes. Approximately 10 to 15 Muslim entrepreneurs will be interviewed until data saturation is reached. Each interview will last between 45 and 60 minutes and will be conducted either in person or online, depending on the participant’s availability. All interviews will be recorded with consent and transcribed verbatim for analysis.

Table 1. Dimensions and Indicators of Interview Data Collection

Dimension	Focus of Exploration	Sample Questions
Ethical Orientation	Understanding how Islamic values influence business ethics and decision-making.	“How do your religious beliefs guide your business practices?”
Sustainability Practices	Identifying environmentally responsible actions and green initiatives.	“What strategies do you use to reduce environmental impact?”
Innovation and Challenges	Exploring how entrepreneurs apply sustainable innovation and face constraints.	“What challenges do you encounter when integrating sustainability into your business?”

Emerging themes are expected to revolve around **faith-based motivation, ethical accountability, environmental stewardship, and social responsibility**. These themes will be interpreted through the lens of Islamic moral philosophy, emphasizing how spiritual and ethical principles drive sustainable innovation.

Conceptual Framework of Data Analysis Process

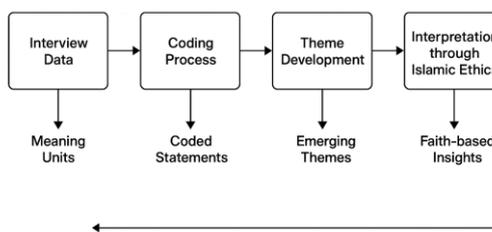


Figure 1 presents the conceptual process of data analysis and theme generation.

Data Analysis

The data will be analyzed using thematic analysis to identify recurring patterns and themes related to Islamic ethics and sustainable innovation. The analysis process involves several stages: familiarization with the data, generation of initial codes, identification of themes, reviewing and refining themes, and producing the final report. This approach allows

for a comprehensive understanding of how faith-based motivations influence entrepreneurial behavior and innovation practices.

Themes are expected to emerge around areas such as faith-driven motivation, ethical accountability, environmental stewardship, and social welfare orientation. Qualitative analysis software may be used to assist with data organization and coding.

To ensure research trustworthiness, the study will apply credibility, transferability, dependability, and confirmability criteria. Techniques such as member checking, peer debriefing, and data triangulation will be used to validate the findings and ensure that the interpretations accurately represent participants' lived experiences.

Table 2. Summary of Research Methodology.

Component	Description
Research Design	Qualitative descriptive, phenomenological approach
Participants	10–15 Muslim entrepreneurs in green sectors
Sampling Technique	Purposive sampling
Data Collection Tool	Semi-structured interviews
Data Analysis Method	Thematic analysis (six-step process)
Software Used	NVivo (for coding and organization)
Trustworthiness Criteria	Credibility, transferability, dependability, confirmability

4. Results and Discussion

The findings from the interviews reveal that Islamic ethical principles significantly influence sustainable innovation among Muslim entrepreneurs. Faith-based motivation, driven by the concept of *khalifah* (stewardship), encourages entrepreneurs to view sustainability as a moral and spiritual obligation, not just a market necessity. Entrepreneurship is seen as an act of *ibadah* (worship), where ethical and sustainable practices align with religious duties to maintain balance (*mizan*) and avoid harm (*darar*). Ethical values such as honesty (*sidq*), trustworthiness (*amanah*), and moderation (*wasatiyyah*) guide decision-making, fostering trust and long-term relationships with stakeholders. These principles not only promote environmentally responsible innovation but also contribute to strategic business resilience by enhancing brand loyalty, market credibility, and community legitimacy. The integration of Islamic ethics and sustainability practices creates a holistic approach that strengthens both the moral foundation and competitive edge of businesses.

Findings

The analysis of interview data reveals several key themes that explain how Islamic ethical principles influence sustainable innovation among Muslim entrepreneurs. The findings are categorized into three major dimensions: faith-based motivation, entrepreneurship as a form of worship (*ibadah*), and ethical value orientation.

Faith-Based Motivation as a Driver of Sustainable Innovation

Faith-based motivation emerged as a core driver of sustainability-oriented business practices. Muslim entrepreneurs described their engagement in sustainable innovation not merely as a market-driven necessity but as a spiritual and moral obligation. Many participants expressed that their entrepreneurial activities were guided by the principle of *khalifah* (stewardship), which emphasizes human responsibility in protecting the environment. This sense of divine accountability motivates them to pursue environmentally responsible innovations that minimize waste, promote resource efficiency, and contribute to community welfare.

Entrepreneurship as a Form of Worship (Ibadah)

A second major finding highlights that entrepreneurship is perceived as an act of *ibadah*—a means of worshipping God through honest and responsible business conduct. Participants explained that conducting business ethically and sustainably aligns with their religious duty to maintain balance (*mizan*) and avoid harm (*darar*). This worldview fosters a holistic

understanding of success that extends beyond profit to encompass social and ecological well-being. Entrepreneurs therefore see sustainability as part of their spiritual journey rather than a secular business trend.

Ethical Values Guiding Decision-Making

The third finding concerns the ethical values that guide managerial and innovation-related decisions. Principles such as honesty (*sidq*), trustworthiness (*amanah*), and moderation (*wasatiyyah*) consistently appeared in participants’ narratives. These values serve as internal moral compasses that influence interactions with stakeholders, investment priorities, and product design. For example, several participants described choosing suppliers or production methods that avoided exploitation or environmental degradation, even when such decisions were less profitable in the short term.

Table. 3 Summary of Thematic Findings from Participant Interviews.

Theme	Core Idea	Implication
Faith-based motivation	Religious belief inspires commitment to sustainability	Drives ethical innovation and long-term vision
Business as ibadah	Entrepreneurship seen as spiritual service to God	Integrates moral responsibility with economic activity
Ethical decision-making	Guided by <i>sidq</i> , <i>amanah</i> , and <i>wasatiyyah</i>	Strengthens trust and stakeholder relationships

Discussion

The findings demonstrate that adherence to Islamic ethics plays a transformative role in shaping sustainable entrepreneurship. Specifically, the internalization of Sharia principles contributes not only to moral behavior but also to strategic business resilience through ethical branding and stakeholder trust.

From a strategic perspective, entrepreneurs who integrate ethical and faith-based motivations tend to cultivate long-term customer loyalty and community legitimacy. This aligns with the notion that *ethical authenticity*-rooted in religious integrity-enhances market credibility and stakeholder relationships. Businesses that embody *amanah* (trustworthiness) and *sidq* (truthfulness) gain reputational capital, which serves as a protective mechanism during market uncertainty.

Furthermore, the integration of sustainability within the framework of *ibadah* reframes innovation as an act of spiritual and social service. Rather than perceiving innovation purely as a tool for competitiveness, Muslim entrepreneurs approach it as a moral responsibility to preserve creation (*hifz al-bi'ah*) and promote social welfare (*maslahah*). This spiritualized motivation fosters consistency between ethical conviction and business practice, ensuring that sustainability initiatives are not performative but deeply value-driven.

The concept of moderation (*wasatiyyah*) also provides balance between economic ambition and ecological restraint. It encourages entrepreneurs to pursue growth responsibly, avoiding excess and ensuring equitable resource use. This balanced worldview supports a sustainable business ecosystem that aligns with both Islamic ethics and global sustainability goals.

Thematic Relationship between Faith, Ethics and Sustainable Innovation



Figure 2. Faith, Ethics, Innovation, and Resilience.

Integrative Analysis

The integration of faith and ethics generates what can be described as spiritual capital, an intangible resource that reinforces sustainable innovation. Spiritual capital nurtures intrinsic motivation, guiding entrepreneurs to act ethically even without external enforcement. This inner discipline translates into tangible benefits such as brand loyalty, stakeholder trust, and long-term viability.

Ultimately, the study illustrates that Islamic ethical adherence is not merely a moral framework but also a strategic asset. It enhances competitiveness by embedding trust, sustainability, and resilience into the entrepreneurial ecosystem.

Table 4. Integrated Model of Islamic Ethics and Sustainable Entrepreneurship.

Component	Islamic Concept	Outcome
Motivation	Faith-based accountability (<i>kehalifah</i>)	Drives innovation aligned with ethical stewardship
Ethical Values	<i>Sidq, Amanah, Wasatiyyah</i>	Strengthens trust and decision-making integrity
Sustainability Practice	<i>Hifz al-bi'ah, Maslahah</i>	Encourages environmental and social responsibility
Business Impact	Ethical branding, stakeholder trust	Builds resilience and long-term business success

5. Comparison

Islamic Entrepreneurs vs. Conventional Entrepreneurs: Islamic entrepreneurs and conventional entrepreneurs exhibit distinct differences in their approach to business practices, particularly when it comes to sustainability and ethical responsibility. a.) **Long-Term Sustainability vs. Short-Term Profit Maximization:** Islamic entrepreneurs prioritize long-term sustainability and community welfare. This approach is rooted in the Islamic ethical principles of justice, stewardship, and social responsibility, which emphasize not just financial gain but also the welfare of society and the environment. In contrast, conventional entrepreneurs often focus more on short-term profit maximization, driven primarily by financial returns. This difference in focus can lead to divergent business strategies, with Islamic entrepreneurs integrating social and environmental goals into their business objectives while conventional entrepreneurs may view sustainability efforts as secondary to immediate financial gains. b.) **Value-Driven vs. Market-Driven Green Initiatives:** Green initiatives within Islamic businesses are more value-driven than market-driven. Islamic entrepreneurs align their green practices with Islamic values, such as resource conservation (*kehalifah*), justice (*adl*), and the moral obligation to protect the environment. These values guide their decisions and actions, ensuring that sustainability is not just a business strategy but a religious and ethical commitment. On the other hand, conventional entrepreneurs typically adopt green practices based on market demand or regulatory pressures, making these initiatives more market-driven. This can result in businesses implementing green practices primarily as a response to consumer expectations or governmental regulations, rather than as an intrinsic part of their value system. c.) **Ethical Motivation vs. Regulatory Compulsion:** In Islamic entrepreneurship, ethical motivation replaces regulatory compulsion as the foundation of environmental responsibility. Islamic entrepreneurs are driven by a sense of duty to adhere to Shariah principles, ensuring that their business operations contribute positively to society and the environment. This ethical motivation is a voluntary commitment to doing what is right, rather than simply fulfilling legal or regulatory requirements. In contrast, conventional entrepreneurs often comply with environmental regulations because of legal obligations, rather than a deep-rooted ethical commitment to sustainability. For these entrepreneurs, environmental responsibility is often seen as a compliance issue, rather than a moral imperative.

6. Conclusion

Conclusions

Islamic entrepreneurship represents a holistic approach that integrates ethical principles, innovation, and sustainability. Rooted in faith-based values, Islamic entrepreneurs are driven by a deep commitment to environmental stewardship, social responsibility, and long-term community welfare. This approach encourages the development of environmentally responsible innovations, where sustainability is not merely a business strategy but a moral and spiritual obligation. By aligning business practices with Islamic values such as justice, stewardship, and accountability, Islamic entrepreneurship offers a unique pathway to achieving both financial success and societal well-being.

Recommendations

To further enhance the impact of Islamic entrepreneurship on sustainability, several recommendations can be made: a.) Encourage policy frameworks that support Sharia-based sustainable businesses. Policymakers should create an enabling environment that recognizes the role of Islamic values in promoting sustainable business practices, providing incentives and resources for businesses that align with these values. b.) Develop Islamic green financing instruments such as Green Sukuk to facilitate funding for environmentally sustainable projects. These financial products would help bridge the gap in financing for green innovation while adhering to Shariah-compliant principles. c.) Promote environmental education within Islamic entrepreneurship programs to strengthen eco-conscious innovation. By integrating environmental sustainability into entrepreneurship curricula, future Muslim entrepreneurs can be better equipped to lead the way in responsible innovation and green business practices.

References

- Abdul Ghani Azmi, I., Mohamed, H. A.-B., & Kassim, Z. (2024). Islamic business in Malaysia: Scenario and challenges. In *Contributions to Management Science* (Part F3298, pp. 201–218). Springer. https://doi.org/10.1007/978-3-031-61778-2_11
- Abdullah, N. A. I. N., & Haron, R. (2024). Ethical investing: How does SRI Sukuk affect the green economy? In *Islamic Green Finance: A Research Companion* (pp. 111–119). Routledge. <https://doi.org/10.4324/9781032672946-16>
- Abitha, V. K., Rane, A. V., Yadav, D., Maria, H. J., & Thomas, S. (2023). *Green micro- and nanocomposite materials*. In *Green Micro- and Nanocomposites* (pp. 1–9). CRC Press. <https://doi.org/10.1201/9781003427568-1>
- Asiedu, B. A., Gyamfi, B. A., & Oteng, E. (2021). How do trade and economic growth impact environmental degradation? New evidence and policy implications from the ARDL approach. *Environmental Science and Pollution Research*, 28(36), 49949–49957. <https://doi.org/10.1007/s11356-021-13739-3>
- Beekun, R. (2022). An Islamic perspective of humanizing business. In *Issues in Business Ethics* (Vol. 53, pp. 195–205). Springer. https://doi.org/10.1007/978-3-030-72204-3_15
- Bhat, I. H. (2024). Legal implications of environmental crimes in Islamic jurisprudence. *Legal Transformation in Muslim Societies*, 1(1), 109–129.
- Bhatti, S. M., Al Mamun, A., Wu, M., Naznen, F., Kanwal, S., & Makhbul, Z. K. M. (2023). Modeling the significance of green orientation and culture on green innovation performance: Moderating effect of firm size and green implementation. *Environmental Science and Pollution Research*, 30(44), 99855–99874. <https://doi.org/10.1007/s11356-023-29353-4>
- Cahyono, B., & Nugroho, M. (2022). Achieving sustainable competitive advantage through green innovation: The moderating effect of Islamic environmental ethics and Islamic business ethics. In *Lecture Notes in Networks and Systems* (Vol. 497 LNNS, pp. 234–248). Springer. https://doi.org/10.1007/978-3-031-08812-4_23
- Elgharbawy, A. A. M., Yuhan, A., Kotachi, M., & Adesta, E. Y. (2023). Designing sustainable business models for Islamic entrepreneurship. In *Contemporary Discourse of Halal and Islamic Entrepreneurship: Trends and Future Opportunities* (pp. 99–114). Springer. https://doi.org/10.1007/978-981-99-6427-7_7
- Fathonih, A., Anggadwita, G., & Ibraimi, S. (2019). Sharia venture capital as financing alternative of Muslim entrepreneurs: Opportunities, challenges and future research directions. *Journal of Enterprising Communities*, 13(3), 333–352. <https://doi.org/10.1108/JEC-11-2018-0090>
- Fikri, A. R., Ratnasari, R. T., Ahmi, A., & Kirana, K. C. (2022). Market orientation and business performance: The mediating role of total quality management and service innovation among Moslem fashion macro, small and medium enterprises in Indonesia. *Journal of Islamic Accounting and Business Research*, 13(8), 1234–1252. <https://doi.org/10.1108/JIABR-12-2021-0321>
- Habip, E., & Mouloudj, K. (2024). Digitalization and innovation in the transformation of green entrepreneurship: A bibliometric analysis. In *Digitizing Green Entrepreneurship* (pp. 37–70). IGI Global. <https://doi.org/10.4018/979-8-3693-7442-9.ch002>
- Hassan, A. (2016). Islamic ethical responsibilities for business and sustainable development. *Humanomics*, 32(1), 80–94. <https://doi.org/10.1108/H-07-2015-0047>

- Hussain, Z., Mari, A., & Arif, M. (2023). Entrepreneurial intentions from an Islamic perspective: A case study of Muslim entrepreneurs in Pakistan. In *Strategies and Applications of Islamic Entrepreneurship* (pp. 168–183). IGI Global. <https://doi.org/10.4018/978-1-6684-7519-5.ch011>
- Hussein, J. M., Abdullah, S. K., Zuhair, M., Dahash, Z. M., & Maksutalievna, A. M. (2024). Islamic legal perspectives on climate change and global policy frameworks. *Al-Istinbath: Jurnal Hukum Islam*, 9(2), 723–742. <https://doi.org/10.29240/jhi.v9i2.11185>
- Kismawadi, E. R., & Irfan, M. (2024). Artificial intelligence as a catalyst for innovation in Islamic entrepreneurship: Balancing ethics and efficiency. In *Improving Entrepreneurial Processes through Advanced AI* (pp. 165–180). IGI Global. <https://doi.org/10.4018/979-8-3693-1495-1.ch008>
- Kurbiyanto, A., Yusmaliana, D., Fitriana, F., Altiairika, E., & Sabri, F. (2024). Environmental ethics in Islamic teachings: Discussing ethical principles in Islamic teachings that emphasize environmental protection and preservation. In *World Sustainability Series* (Part F3673, pp. 15–34). Springer. https://doi.org/10.1007/978-981-97-8772-2_2
- Liphadzi, S., Mpandeli, S., Svinurai, W., Marumure, J., & Nhamo, L. (2024). Pathways to enhance the adaptive capacity and resilience to climate change in Southern Africa. In *Sustainable Development Goals Series* (Part F3958, pp. 49–64). Springer. https://doi.org/10.1007/978-3-031-73600-1_4
- Meliza, J., Erwanyah, E., Harianto, H., & Ariffin, K. H. K. (2023). Islamic entrepreneurship nurturing new ventures through Islamic principles. In *Strategies and Applications of Islamic Entrepreneurship* (pp. 56–66). IGI Global. <https://doi.org/10.4018/978-1-6684-7519-5.ch004>
- Moneim, Y. A. (2023). The green Islamic approach on environmental sustainability: A contemporary perspective. *Manchester Journal of Transnational Islamic Law and Practice*, 19(2), 43–68.
- Morales-Rios, F., Alvarez-Risco, A., Esquerre-Botton, S., Castillo-Benancio, S., de las Mercedes Anderson-Seminario, M., Del-Aguila-Arcentales, S., & Julca-Zamalloa, F. (2023). Redefining entrepreneurship: The incorporation of CSR and positive corporate image as business strategies in green entrepreneurialism. In *Environmental Footprints and Eco-Design of Products and Processes* (pp. 147–161). Springer. https://doi.org/10.1007/978-981-19-8895-0_6
- Raimi, L., Adekunle, S. M., & Shabbir, M. S. (2023). *Contemporary discourse of halal and Islamic entrepreneurship: Trends and future opportunities*. Springer. <https://doi.org/10.1007/978-981-99-6427-7>
- Ramadani, V., Dana, L.-P., Gërguri-Rashiti, S., & Ratten, V. (2016). *Entrepreneurship and management in an Islamic context*. Springer. <https://doi.org/10.1007/978-3-319-39679-8>
- Ramadani, V., Dana, L.-P., Ratten, V., & Tahiri, S. (2015). The context of Islamic entrepreneurship and business: Concept, principles and perspectives. *International Journal of Business and Globalisation*, 15(3), 244–261. <https://doi.org/10.1504/IJBG.2015.071906>
- Rizk, R. R. (2014). Islamic environmental ethics. *Journal of Islamic Accounting and Business Research*, 5(2), 194–204. <https://doi.org/10.1108/JIABR-09-2012-0060>
- Rosman, R., & Marzuki, M. M. (2024). Corporate social responsibility in the Islamic green economy. In *Islamic Green Finance: A Research Companion* (pp. 101–110). Routledge. <https://doi.org/10.4324/9781032672946-15>
- Tekala, K., Baradarani, S., Alzubi, A., & Berberoğlu, A. (2024). Green entrepreneurship for business sustainability: Do environmental dynamism and green structural capital matter? *Sustainability*, 16(13), 5291. <https://doi.org/10.3390/su16135291>
- Weis, L., & Nikolić, G. (2024). Discussing the role of innovation in green entrepreneurship and development. In *Entrepreneurship and Development for a Green Resilient Economy* (pp. 1–21). Emerald Publishing. <https://doi.org/10.1108/978-1-83797-088-920241001>
- Xiaoman, W., Majeed, A., Vasbieva, D. G., Yameogo, C. E. W., & Hussain, N. (2021). Natural resources abundance, economic globalization, and carbon emissions: Advancing sustainable development agenda. *Sustainable Development*, 29(5), 1037–1048. <https://doi.org/10.1002/sd.2192>