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SHORT COMMUNICATION

SUSTAINABLE ENTREPRENEURSHIP: AN ISLAMIC PERSPECTIVE ON BALANCING PROFIT AND ETHICS

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ABSTRACT

This summarizes presentations at International Halal Conferences, which examine the evolving landscape of Halal supply chain management, tracing its development from a product-centric approach to a comprehensive supply chain perspective. It analyzes the multifaceted challenges in maintaining Halal integrity throughout the supply chain, including contamination risks, compliance with diverse regional standards, and consumer perception management. The study explores innovative strategies for effective Halal supply chain implementation, emphasizing the importance of vertical and horizontal collaboration among industry stakeholders. A case study of the Halal Valley in Indonesia is presented as an exemplar of integrated Halal ecosystem development. The research highlights the critical role of technological integration, particularly blockchain and IoT, in enhancing traceability and transparency. Furthermore, it addresses the pressing need for standardization in global Halal certification processes and the development of specialized educational programs in Halal supply chain management. This comprehensive analysis provides valuable insights for practitioners, policymakers, and researchers, contributing to the ongoing evolution of Halal supply chain management in an increasingly globalized and complex market environment.

Keywords: Sustainable entrepreneurship, Islamic business ethics, P5 framework, Halal certification, Experiential learning

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Introduction

In the contemporary business landscape, the concept of sustainable entrepreneurship has gained significant traction. This paper aims to examine sustainable entrepreneurship through the lens of Islamic principles, highlighting the importance of balancing profit-driven motives with ethical and environmental considerations. By exploring the intersection of Islamic teachings and modern sustainability concepts, we seek to provide a comprehensive understanding of how entrepreneurs can create businesses that are not only financially viable but also socially responsible and environmentally sustainable.

Islamic Principles and Sustainable Entrepreneurship

The Quran emphasizes humanity's role as caretakers of the Earth, a principle that aligns closely with the modern concept of sustainability. This stewardship encourages entrepreneurs to consider their impact on the environment and society, moving beyond mere profit-making to a more holistic approach to business. The current state of resource exploitation, where scientific data indicates we are operating at 1.7 Earth's capacity, underscores the urgency of adopting sustainable business practices. This situation calls for a reevaluation of business models to ensure they align with the Islamic principle of environmental stewardship.

Islamic teachings also stress the importance of social justice and proper governance in all aspects of life, including business. This aligns with the sustainable entrepreneurship model, which advocates for equitable business practices that benefit not just the entrepreneur but also the wider community and environment. By integrating these principles into their operations, entrepreneurs can create businesses that contribute positively to society while also achieving financial success.

The P5 Framework: A Sharia-Compliant Model

The P5 framework, which encompasses Product, Process, People, Planet, and Prosperity, offers a comprehensive approach to sustainable entrepreneurship that aligns well with Islamic principles. This model expands on the traditional "product, process, profit" approach by incorporating considerations for people and the planet, reflecting the holistic view of business encouraged in Islamic teachings. By adopting this framework, entrepreneurs can ensure that their businesses not only generate profits but also contribute to social well-being and environmental preservation, thus fulfilling their role as stewards of the Earth.



Halal Certification and Sustainable Development

Halal certification, traditionally associated with food products, can be viewed as a mechanism for promoting sustainable development across various industries. By ensuring compliance with ethical and quality standards, Halal certification contributes to the achievement of multiple Sustainable Development Goals (SDGs). This certification process goes beyond mere compliance with religious dietary laws; it encompasses a broader set of ethical and quality standards that align with sustainable business practices. As such, Halal certification can be seen as a tool for promoting sustainability across various sectors of the economy.

Experiential Learning in Entrepreneurship

The development of successful and sustainable entrepreneurs relies heavily on experiential learning. This paper identifies three levels of entrepreneurial learning that contribute to the formation of sustainable business practices. The first level involves structured learning for beginners, providing a foundation of knowledge and skills. The second level combines formal education with practical experience, creating a hybrid learning approach that bridges theory and practice. The third level involves real-life learning from experienced entrepreneurs who embody sustainable and ethical business practices. This multi-tiered approach to entrepreneurial education ensures that aspiring business owners are equipped with both theoretical knowledge and practical insights into sustainable business operations.

The RAFIDA School of Entrepreneurship

The concept of the RAFIDA School of Entrepreneurship is introduced as an innovative approach to nurturing sustainable entrepreneurs. RAFIDA, standing for Responsible, Altruistic, Faithful, Innovative, Dedicated, and Accountable, encapsulates the key attributes of sustainable entrepreneurs from an Islamic perspective. This model emphasizes the importance of integrating Islamic values and sustainability principles into entrepreneurial education and practice. By fostering these qualities in aspiring entrepreneurs, the RAFIDA approach aims to create a new generation of business leaders who are committed to both financial success and social responsibility.

Key Takeaways for Sustainable Entrepreneurship

Successful sustainable entrepreneurship requires a multifaceted approach that combines various elements. A strong foundation in relevant knowledge forms the basis, providing entrepreneurs with the theoretical understanding necessary to navigate the complex world of business. This is complemented by personal experiential learning, which allows entrepreneurs to apply their knowledge in real-world situations and learn from both successes and failures. Risk management and value creation skills are crucial for navigating the uncertainties of the business world while ensuring that the enterprise generates value for all stakeholders. Performance measurement and



budgeting expertise enable entrepreneurs to track their progress and make informed decisions. The integration of social, environmental, economic, and governance considerations ensures that the business operates in a holistic and responsible manner. Finally, alignment with the 17 Sustainable Development Goals provides a framework for businesses to contribute to global sustainability efforts.

Conclusion

Sustainable entrepreneurship from an Islamic perspective offers a comprehensive approach to business that balances profit-making with ethical, social, and environmental responsibilities. By integrating Islamic principles with modern sustainability frameworks, entrepreneurs can create businesses that not only succeed financially but also contribute positively to society and the environment. This approach recognizes the interconnectedness of business, society, and the natural world, and seeks to create value in all these areas simultaneously. As the global business landscape continues to evolve, the principles of sustainable entrepreneurship guided by Islamic ethics offer a promising path forward for creating businesses that are both profitable and beneficial to the world at large.

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