



Integrating Maqāṣid al-Sharīah and Governance Principles: A Framework for SME Shariah Financial Compliance

دمج مقاصد الشريعة ومبادئ الحوكمة: إطار للتوافق المالي الشرعي للمشاريع الصغيرة والمتوسطة

Mohd. Fuad Md. Sawari⁽ⁱ⁾, Mustafa Mat Jubri @ Shamsuddin⁽ⁱⁱ⁾, Ahmad Akram Mahmud Robbi⁽ⁱⁱⁱ⁾

Abstract

This study develops an integrated framework harmonising Ibn Ashur's maqāṣid al-Shariah with governance principles to address Shariah-compliance challenges faced by Small and Medium Enterprises (SMEs). Despite constituting between 80-99% of businesses in Muslim-majority countries, SMEs struggle with inconsistent Shariah interpretations, operational complexity, and limited access to Shariah-compliant financing. Using qualitative methodology, the study conducts systematic textual and comparative analysis of maqasid literature and governance frameworks to identify key alignments and practical applications. The research aligns five key objectives (maqāṣid) in financial transactions (safeguarding wealth, transparency, circulation of wealth, economic stability, and justice) with contemporary governance principles to propose a practical, tiered implementation framework tailored to different SME categories—micro, small, and medium enterprises. Findings demonstrate that this integration enhances Shariah-compliance while offering SMEs pragmatic tools to navigate ethical and operational demands. The study highlights the role of digital technologies in streamlining implementation, particularly for resource-constrained businesses. It addresses a critical gap between theoretical Islamic finance principles and their practical SME implementation, advocating for standardised frameworks and collaborative stakeholder efforts to support Shariah-compliant SME growth. The research contributes to existing literature by providing actionable governance guidelines for enterprises with limited resources and demonstrating that Shariah compliance and good governance can mutually reinforce business performance and ethical integrity.

Keywords: Ibn Ashur, Maqāṣid al-Sharīah, Shariah-compliance, Islamic finance, governance, SMEs.

ملخص البحث

تطور هذه الدراسة إطارًا متكاملًا يجمع بين مقاصد الشريعة لابن عاشور ومبادئ الحوكمة لمعالجة تحديات التوافق مع الشريعة التي تواجه المشاريع الصغيرة والمتوسطة. على الرغم من تشكيلها ما بين 80-99% من الشركات في الدول ذات الأغلبية المسلمة، تواجه المشاريع الصغيرة والمتوسطة صعوبات في التفسيرات غير المتسقة للمبادئ الشرعية، والتعقيد التشغيلي، ومحدودية الوصول إلى التمويل المتوافق مع الشريعة. باستخدام منهجية نوعية، تجري الدراسة تحليلًا نصيًا ومقارنة منهجية لأدبيات المقاصد وأطر الحوكمة لتحديد التوافق الرئيسية والتطبيقات العملية. توائم الدراسة خمسة أهداف رئيسية لمقاصد المعاملات المالية (حفظ المال، الوضوح، تداول المال، ثبات الاقتصاد، والعدل) مع مبادئ الحوكمة المعاصرة لتقترح إطارًا عمليًا متدرجًا للتنفيذ مصممًا خصيصًا لفئات مختلفة من المشاريع - المشاريع متناهية الصغر والصغيرة والمتوسطة. تُظهر النتائج أن دمج هذه المبادئ يعزز التوافق مع الشريعة مع تقديم أدوات عملية للمشاريع الصغيرة والمتوسطة للتقليل بين المتطلبات الأخلاقية والاحتياجات التشغيلية. تسلط الدراسة الضوء على دور التقنيات الرقمية في تبسيط التنفيذ، خاصة للشركات ذات الموارد المحدودة. تعالج الدراسة فجوة حرجة بين مبادئ التمويل الإسلامي النظرية وتطبيقها العملي في سياقات المشاريع الصغيرة والمتوسطة، مع الدعوة إلى أطر موحدة وجهود تعاونية من أصحاب المصلحة لدعم نمو المشاريع الصغيرة والمتوسطة المتوافقة مع الشريعة. تساهم الدراسة في الأدبيات الحالية من خلال تقديم إرشادات حوكمة عملية للمؤسسات ذات الموارد المحدودة وإثبات أن الالتزام بالشريعة والحوكمة الرشيدة يمكن أن يعززا أداء الأعمال والنزاهة الأخلاقية بشكل متبادل.

الكلمات المفتاحية: ابن عاشور، مقاصد الشريعة، التوافق مع الشريعة، التمويل الإسلامي، الحوكمة، المشاريع الصغيرة والمتوسطة.

⁽ⁱ⁾ Assoc. Prof., Dept. of Fiqh and Usul al-Fiqh, AHAS KIRKHS, International Islamic University Malaysia; sawari@iium.edu.my

⁽ⁱⁱ⁾ Assist. Prof., Dept. of Fiqh and Usul al-Fiqh, AHAS KIRKHS, International Islamic University Malaysia; mussam@iium.edu.my

⁽ⁱⁱⁱ⁾ Assist. Prof., Dept. of Fundamental and Inter-Disciplinary Studies, AHAS KIRKHS, International Islamic University Malaysia; akramrobbi@iium.edu.my

Contents

1. Introduction	98
2. Methodology	100
3. Literature Review	101
3.1 Conceptual Framework: Maqāṣid al-Sharī'ah and Good Governance	101
3.2 Good Governance Principles and Their Relevance to SMEs	103
3.3 Shariah Screening and Compliance for SMEs	104
3.4 Challenges in Integrating Maqāṣid and Governance for SMEs	105
3.5 Current Approaches and Research Gap	106
4. Findings and Discussion: A Maqāṣid-Governance Framework for SMEs	107
4.1 Aligning Maqāṣid with Governance Principles in the SME Context	107
4.2 The Proposed Integrated Framework for SMEs	109
4.3 Implementation Guidelines for Different SME Categories	110
4.4 Digital Tools and Resources	111
5. Conclusion	112
References	113

1. Introduction

The increasing complexity of modern financial systems, driven by globalization and technological advancements, has heightened the need for robust ethical frameworks within Islamic finance. Small and Medium Enterprises (SMEs) constitute a significant portion of registered businesses in many Islamic economies (Qoyum & Fauziyyah, 2019). These SMEs face unique challenges in navigating *Shariah*-compliance requirements while remaining competitive.

Muhammad al-Tahir bin Ashur (d. 1973), a prominent Tunisian Islamic scholar, made significant contributions to Islamic jurisprudence through his development of *maqāṣid al-Sharī'ah* framework. His approach, which emphasizes the higher objectives of Islamic law, offers promising pathways for SMEs seeking to balance ethical compliance with operational viability. These principles, which will be examined in depth in the literature review, provide a foundation for

developing integrated governance frameworks tailored to SME contexts.

Despite the growing adoption of Islamic finance worldwide, empirical studies indicate that SMEs face significant challenges in implementing *Shariah*-compliant practices. According to a survey conducted by the Islamic Financial Services Board (2021), 78% of SMEs in Muslim-majority countries express interest in adopting Islamic finance principles but cite inconsistent interpretations, operational complexity, and limited access to *Shariah*-compliant financing as primary barriers.

The complexity of this challenge is further amplified by digital transformation, with fintech solutions and online markets disrupting traditional business models for SMEs. This digital revolution has introduced new questions concerning *Shariah* compliance in areas such as smart contracts, digital currencies, and algorithm-based financing decisions (Alsaghir, 2021).

This study addresses the critical need for an integrated framework that harmonises Ibn Ashur's *maqāṣid al-Sharī'ah* with modern governance principles, specifically tailored to the operational realities of SMEs. By providing practical implementation guidelines that account for resource limitations while maintaining ethical standards, this research aims to bridge the gap between theoretical Islamic finance principles and their practical application in SME contexts.

Problem Statement:

Despite the increasing adoption of Islamic finance globally, a significant gap exists between traditional Islamic ethics and the operational demands of modern SME financial systems. Studies indicate that challenges such as inconsistent interpretations of

Shariah principles and ambiguities in practical implementation hinder the effective integration of *maqāṣid al-Sharī'ah* with governance practices in SME contexts (Dusuki & Abdullah, 2007).

Research by the Islamic Corporation for the Development of the Private Sector (2022) highlights that SMEs in particular face substantial obstacles in operationalising *Shariah* compliance due to resource constraints, knowledge gaps, and the lack of standardised frameworks tailored to their scale. Previous research has highlighted the challenges faced by small and medium-sized enterprises (SMEs) in adopting *Shariah*-compliant business practices, despite expressed interest in doing so. For instance, studies have found that while many SME owners voice a strong desire to conduct business according to *Shariah* principles, they often lack the confidence or capacity to implement comprehensive *Shariah* governance systems (Maulina et al., 2023).

These challenges become even more pronounced in the context of digital finance and globalization, where SMEs must navigate complex regulatory environments, balance local ethical norms with international business standards, and address digital infrastructure gaps (OECD, 2021; World Bank, 2023). The absence of an integrated framework that addresses both the operational and ethical dimensions of SME financial management remains a critical research gap, as SMEs face significant barriers in adopting digital financial services, including issues related to digital literacy, data privacy, and regulatory compliance (World Bank, 2023; OECD, 2021).

Research Gap:

Despite the extensive body of literature examining *maqāṣid al-Sharī'ah* and governance principles

individually (Dusuki & Abdullah, 2007), there remains a significant gap concerning the practical integration of these concepts within contemporary SME financial systems. Most existing studies either focus on theoretical aspects or discuss governance models in isolation from Islamic ethics (Dusuki & Abdullah, 2007). Furthermore, limited attention has been given to how *maqāṣid* principles can directly influence governance practices for SMEs in the context of digital finance and globalization (Purwidiyanti et al., 2023).

Ahmad and Hassan (2021) highlighted this gap in their systematic review of Islamic finance literature, observing that while theoretical discussions of *maqāṣid al-Sharī'ah* abound, SME-specific frameworks that translate these principles into actionable governance structures remain underdeveloped. Similarly, Abd Rasid et al. (2022) identified a need for research addressing the unique constraints faced by SMEs in implementing *Shariah*-compliant governance systems, emphasizing the importance of tailoring *Shariah* governance models to the size, nature, and capabilities of SMEs.

This study addresses this gap by proposing a comprehensive framework that harmonises Islamic ethical principles with modern governance practices specifically for SMEs, providing practical implementation guidelines that account for resource limitations and operational realities.

Research Questions:

This study seeks to answer the following questions:

1. How can Ibn Ashur's *maqāṣid al-Sharī'ah* be effectively integrated with modern governance principles to achieve *Shariah*-compliance in SME financial practices?

2. What practical challenges hinder the operationalisation of this integration in contemporary SME financial operations?
3. What solutions can address these challenges while ensuring alignment with Islamic ethical and legal principles within the resource constraints of SMEs?

Research Objectives:

The primary objectives of this study are:

1. To analyse Ibn Ashur's *maqāṣid al-Sharī'ah* and their relevance to SME financial practices and systems.
2. To investigate the alignment between *maqāṣid* (objectives) and modern governance principles in the SME context.
3. To develop a *Shariah*-compliant framework for addressing contemporary financial challenges faced by SMEs through the integration of these principles.

Research Significance:

1. Economic Empowerment - Addresses needs of 80-99% of businesses in Muslim-majority countries by making Islamic finance principles accessible to SMEs with limited resources.
2. Practical Implementation - Bridges the gap between theoretical Islamic finance and real-world application with actionable frameworks tailored to SME operational realities.
3. Financial Inclusion - Enhances SMEs' access to Islamic financing by providing tools to demonstrate *Shariah* compliance, opening doors to previously inaccessible capital sources.
4. Ethical Business Practices - Promotes fair pricing, transparent dealings, and equitable

contracts that benefit communities and build stronger stakeholder relationships.

5. Business Resilience - Research indicates SMEs implementing these principles show greater survival rates during economic downturns and more sustainable growth patterns.
6. Digital Transformation - Offers solutions for maintaining *Shariah* compliance while adopting modern technologies, ensuring ethical frameworks remain relevant in a digital economy.
7. Social Justice - Encourages wealth circulation through fair compensation and inclusive supply chains, addressing wealth concentration issues in many economies.
8. Standardization - Reduces complexity and cost of compliance through standardized tools and templates, addressing the challenge of inconsistent interpretations.

2. Methodology

This study adopts a qualitative methodology, utilising both primary and secondary sources, including textual analysis of classical Islamic jurisprudence and contemporary governance frameworks. Primary sources include Ibn Ashur's *Maqāṣid al-Sharī'ah al-Islāmiyyah* and other foundational texts, while secondary sources comprise academic articles, industry reports, and regulatory guidelines pertaining to Islamic finance and governance.

Comparative analysis is employed to identify alignments between *maqāṣid* (objectives) and contemporary governance frameworks specific to SME contexts. The study employs a systematic approach to textual analysis, using thematic coding

to identify key concepts in both *maqāṣid* literature and governance documents.

The methodology prioritises practical applicability, ensuring that the framework developed addresses the resource constraints and operational realities of SMEs while maintaining alignment with *Shariah* principles.

3. Literature Review

This literature review examines the key concepts and existing research relevant to developing an integrated framework for *Shariah*-compliant governance in SMEs. The review is structured to explore the foundational elements of *maqāṣid al-Sharī'ah*, particularly Ibn Ashur's contributions, and their intersection with modern governance principles. It also investigates current approaches to *Shariah* compliance in SME contexts, highlighting gaps in existing frameworks and practices.

3.1 Conceptual Framework: *Maqāṣid al-Sharī'ah* and Good Governance

3.1.1 Defining *Maqāṣid al-Sharī'ah* in Finance:

Maqāṣid al-Sharī'ah refers to the higher objectives or intents of Islamic law, encompassing the wisdom (*ḥikmah*) and comprehensive benefits (*maṣlaḥah*) these laws aim to achieve. In the context of Islamic finance, *maqāṣid al-Sharī'ah* provides an ethical framework that guides financial practices to ensure compliance with Islamic law while fulfilling broader aims of human welfare and development.

Classical scholars categorised these objectives into the preservation of five essentials: religion (*dīn*), life (*naḥs*), intellect (*‘aql*), lineage (*nasl*), and wealth (*māl*). Ibn Ashur expanded this framework to include broader social and economic objectives,

making his approach particularly relevant to modern financial systems (Ibn Ashur, 2006).

Contemporary scholars have further developed these concepts for application in Islamic finance. Ahmad and Hassan (2021) argue that *maqāṣid* provides the moral foundation for Islamic financial activities, while Lahsasna and Hassan (2020) demonstrate how these principles can be operationalised in financial decision-making. According to Securities Commission Malaysia (2021), *maqāṣid al-Sharī'ah* in finance encompasses not only compliance with specific prohibitions (such as *ribā* and *gharar*) but also the pursuit of social justice, human dignity, and community welfare through financial activities.

For SMEs specifically, *maqāṣid al-Sharī'ah* offers guiding principles that balance ethical considerations with business viability. Faizal et al. (2013) note that SMEs face unique challenges in implementing these principles due to resource constraints, while Abdullah and Azam (2024) argue that a *Maqāṣid*-based approach can enhance SME sustainability by aligning business goals with ethical imperatives.

3.1.2 Ibn Ashur's Contributions to *Maqāṣid* Studies:

Muhammad al-Tahir bin Ashur (1879-1973) made significant advancements in the study of *maqāṣid al-Sharī'ah* through his comprehensive work "*Maqāṣid al-Sharī'ah al-Islāmiyyah*". Ibn Ashur's framework is distinguished by its broader scope, extending beyond individual legal rulings to address social, economic, and ethical dimensions of *Shariah* (El-Mesawi, 2014).

Ibn Ashur systematically identified objectives across various domains of human activity, including financial transactions. According to El-Mesawi

(2006), Ibn Ashur's methodology was revolutionary in shifting *maqāṣid* discourse from theoretical abstractions to practical applications in economic and social contexts. This practical orientation is especially valuable for SMEs seeking to implement *Shariah*-compliant practices within resource constraints.

Ibn Ashur's approach distinguishes between unchangeable principles and adaptable applications, providing SMEs with guidance on where flexibility is permissible and where core values must be preserved (Ibn Ashur, 2006). This balance between principle and pragmatism is essential for SMEs navigating the complexities of modern markets while maintaining *Shariah* compliance.

3.1.3 Core Objectives in Financial Transactions:

Ibn Ashur identified five key objectives that ensure *Shariah*-compliance in financial dealings, each with particular relevance to SME operations:

1. **Safeguarding Wealth (*Hifẓ al-Māl*)** is a principle that emphasizes the protection and responsible management of assets. For SMEs, this translates to risk management, ethical investment practices, and prudent financial planning. Faizal et al. (2013) demonstrated that SMEs implementing this principle show greater financial resilience during economic downturns. The Qur'anic basis for this principle can be found in Surat al-Nisā' (4:5), which advises against entrusting wealth to those incapable of managing it responsibly.
2. **Transparency in Transactions (*Wuḍūh*)**: The principle of transparency in transactions emphasizes clarity and openness in financial dealings to prevent ambiguity (*gharar*) and

foster trust. For SMEs, this principle manifests in rigorous documentation practices, honest marketing, and transparent pricing structures (INCEIF, 2022). The foundational Qur'anic directive for this principle is articulated in Surat al-Baqarah (2:282), which mandates written contracts and witnesses for financial agreements to ensure accountability.

3. **Circulation of Wealth (*Tadāwul al-Māl*)**: The principle of circulation of wealth ensures that resources don't remain concentrated among the elite but circulate throughout the economy. This principle derives from Surat al-Ḥaṣhr (59:7), which states: "...so that it will not be a perpetual distribution among the rich from among you." Kamali (2008) argues that this principle promotes economic justice and social cohesion by encouraging wealth redistribution and preventing monopolistic practices. In practice, Islamic financial institutions have implemented this principle through profit-sharing investment accounts and microfinance initiatives, which facilitate broader economic participation (Asutay & Harningtyas, 2015).
4. **Economic Stability (*Thabāt al-Iqtisād*)**: The principle of economic stability emphasises the importance of consistent and reliable financial practices that foster trust and enable sustainable growth. This principle aligns with the Qur'anic emphasis on fulfilling contracts found in Surat al-Mā'idah (5:1). This verse underscores the importance of honouring obligations and agreements, which is fundamental to maintaining economic stability.
5. **Justice in Financial Dealings (*ʿAdl*)**: The principle of Justice in Financial Dealings (*ʿAdl*) ensures fairness and equity in all transactions. For SMEs, this includes fair pricing, ethical

supply chain management, and equitable profit-sharing arrangements. The Quranic basis for this principle is found in Surat al-Nisā' (4:29). This verse emphasizes the importance of mutual consent and fairness in financial transactions, prohibiting exploitation and unjust enrichment. Islam requires that all business dealings be based on transparency, accuracy, and disclosure of all material information to prevent any party from taking unfair advantage of others. This principle aligns with the broader Islamic objective of establishing social and economic justice, ensuring that wealth circulates fairly within society and that all parties in a transaction are treated equitably.

The principles of Islamic ethics provide a comprehensive framework for SMEs seeking to align their financial practices with ethical values. Research highlights that implementing such principles fosters stronger stakeholder relationships and enhances brand reputation, suggesting that ethical compliance creates tangible business advantages (Sarif & Ismail, 2024). This aligns with the Qur'anic emphasis on justice, transparency, and fairness in transactions, which serve as guiding values for sustainable business practices.

3.2 Good Governance Principles and Their Relevance to SMEs

Good governance refers to the processes, structures, and practices which ensure that decisions and actions are conducted transparently, fairly, and responsibly. The World Bank (2022) identifies six key dimensions of good governance that have particular relevance for SMEs:

1. Participation: This involves stakeholders in decision-making processes, fostering inclusivity

and representation. For SMEs, this manifests in employee involvement, customer feedback mechanisms, and community engagement (Sarif & Ismail, 2024). Effective participation can enhance customer insights, as direct interaction with the community provides invaluable feedback, allowing SMEs to better understand customer pain points and preferences. Community engagement has emerged as a powerful and authentic way for SMEs to build brand awareness, foster loyalty, and drive growth.

2. Effectiveness and Efficiency: This dimension focuses on optimal resource utilization and quality service delivery. These principles are crucial for SMEs, as they enable streamlined operations, cost management, and value creation. For example, strategic cost management, including process automation and detailed cost analysis, has been shown to significantly improve operational efficiency and competitiveness (OECD, 2021).
3. Regulatory Quality: This establishes fair, transparent regulations that support growth. For SMEs, this involves compliance management, standard operating procedures, and ethical codes of conduct (World Bank, 2023). Effective regulatory frameworks can reduce barriers to entry, promote competition, and foster innovation among SMEs. The World Bank's Doing Business indicators show that countries with higher regulatory quality tend to have more vibrant SME sectors, with easier business registration processes and better access to credit for small firms.
4. The principle of Rule of Law: This principle ensures the consistent application of legal frameworks, which is vital for maintaining

fairness and predictability in business environments. SMEs apply this principle through robust contract management, intellectual property protection, and effective dispute resolution mechanisms (United Nations, 2019). These practices help SMEs navigate legal complexities, safeguard their innovations, and resolve conflicts efficiently, fostering trust and stability in their business operations.

5. **Control of Corruption:** This principle aims to prevent the misuse of power and resources. SMEs implement this through internal controls, transparent procurement processes, and ethical business practices (Basel Institute on Governance, 2025). Effective anti-corruption measures can enhance an SME's reputation, improve access to financing, and create long-term benefits. For instance, SMEs adopting transparent practices have reported significantly higher customer satisfaction levels and improved access to financing compared to less transparent peers.
6. **Strategic Vision:** Strategic vision emphasizes long-term planning and sustainability. For SMEs, this involves succession planning, sustainable business models, and adaptive strategies (OECD, 2024). This principle is crucial for SMEs to ensure their continued growth and resilience, enabling them to navigate challenges and capitalize on opportunities in a changing global landscape.

According to Alawaqleh (2021), SMEs with strong governance frameworks typically outperform peers in accessing finance, managing growth, and achieving sustainability. However, many SMEs struggle to implement comprehensive governance

systems due to resource constraints, knowledge gaps, and operational pressures (Melo, 2023).

These challenges are particularly pronounced for SMEs seeking to implement *Shariah*-compliant governance. Islamic SMEs often face the additional burden of reconciling conventional governance standards with *Shariah* requirements, creating potential tensions and compliance complexities (Pahlevi, 2022).

3.3 *Shariah* Screening and Compliance for SMEs

Shariah screening and compliance mechanisms are indeed essential for ensuring that financial activities adhere to Islamic principles, particularly for SMEs. The Securities Commission Malaysia (SC) has established comprehensive guidelines for identifying *Shariah*-compliant activities, focusing on both quantitative benchmarks and qualitative assessments.

The SC introduced the *Shariah* Screening Assessment Toolkit for Unlisted Micro, Small and Medium Enterprises (MSMEs) to provide guidance in screening the *Shariah* status of MSMEs in the unlisted market. This toolkit includes a series of assessment questions based on the *Shariah* screening methodology endorsed by the *Shariah* Advisory Council (SAC) of SC (Securities Commission Malaysia, 2021).

The *Shariah* screening methodology consists of two main components:

1. **Business Activity Benchmarks:** A five-percent benchmark is applied to various non-compliant activities, including conventional banking, gambling, liquor-related activities, and non-*halal* food and beverages.

2. **Financial Ratio Benchmarks:** These are used to measure *riba* and *riba*-based elements within a company's financial statements.

For MSMEs with both *Shariah*-compliant and non-compliant activities, the assessment is based on the contribution of non-compliant activities to the revenue or profit before taxation. This approach allows for a pragmatic evaluation of compliance while maintaining ethical standards.

The implementation of these guidelines provides SMEs with objective criteria to evaluate their compliance status, enabling them to participate in *Shariah*-compliant fundraising activities through equity crowdfunding (ECF) and peer-to-peer financing (P2P) platforms. This not only enhances the ecosystem for *Shariah*-compliant fundraising but also provides investors with more options for diversifying their portfolios in the unlisted market.

3.4 Challenges in Integrating *Maqāṣid* and Governance for SMEs

The integration of *maqāṣid al-Sharī'ah* with governance principles presents several challenges specific to the SME context:

3.4.1 Resource Limitations:

SMEs typically operate with constrained financial and human resources, limiting their ability to implement comprehensive *Shariah* governance frameworks. Research by Elasrag (2016) highlights that resource constraints remain a critical barrier for SMEs seeking *Shariah* compliance, particularly in developing robust internal governance structures. Similarly, Rasid et al. (2022) found that smaller businesses often lack dedicated personnel for *Shariah* oversight, leading to fragmented

implementation of ethical guidelines. These limitations frequently result in superficial compliance, where SMEs prioritize visible measures (e.g., basic documentation) over systemic governance reforms. Kurniawati et al. (2020) observed that such partial adoption undermines the holistic integration of *maqāṣid al-Sharī'ah*, reducing compliance to a transactional exercise rather than embedding it as a core organizational value.

3.4.2 Knowledge and Expertise Gaps:

Many SME owners and managers lack specialized knowledge in Islamic finance and governance principles. Studies indicate that only 34% of SMEs utilize Islamic microfinance products, reflecting a critical understanding gap in applying *maqāṣid al-Sharī'ah* to business operations (Haron & Ibrahim, 2016; Edaich, 2019). This deficit often leads to misinterpretations of *Shariah* compliance requirements, such as conflating basic documentation with holistic ethical integration (Rasid et al., 2022).

The scarcity of professionals with dual expertise in *Shariah* and governance exacerbates these challenges. For instance, only 5.9% of auditors possess qualifications in both *Shariah* and accounting, and even fewer (69%) actively practice *Shariah* auditing (IBFIM, 2020; Mohamad Puad et al., 2020). This shortage forces SMEs to rely on general religious guidance rather than specialized financial expertise, resulting in inconsistent implementation of governance frameworks (Surkery & Yaacob, 2019). The lack of accessible *Shariah* training programs further widens this gap, as most institutions lack internal mechanisms to address compliance complexities (Mariawati Omar, 2019).

3.4.3 Operational Complexities:

Modern business environments present challenges in applying *maqāsid al-Sharī'ah* holistically, particularly for SMEs engaged in global value chains. Supply chains, financial instruments, and market dynamics often span multiple jurisdictions with conflicting compliance standards, complicating end-to-end adherence to *Shariah* principles (Rasid et al., 2022). For instance, SMEs sourcing raw materials from non-Islamic countries face difficulties verifying ethical practices across suppliers, risking unintentional involvement in non-compliant activities.

Digital innovations further exacerbate these challenges. E-commerce platforms, blockchain applications, and algorithmic trading introduce ambiguities in applying traditional *Shariah* frameworks (Azmi & Nawawi, 2024). SMEs' adopting such technologies often lack guidance on reconciling Islamic prohibitions (e.g., *gharar* and *riba*) with automated systems, leading to governance gaps in areas like smart contracts and decentralized finance (Securities Commission Malaysia, 2021).

3.4.4 Standardization Challenges:

The lack of standardized frameworks tailored to SME contexts creates significant implementation barriers. Existing *Shariah* governance standards, such as those outlined by the Islamic Financial Services Board (IFSB, 2021), are primarily designed for large institutions, imposing disproportionate compliance burdens on SMEs with limited resources (Rasid et al., 2022). This mismatch often forces SMEs to adopt fragmented or superficial governance practices, as they lack the capacity to meet complex regulatory requirements (Abdullah & Azam, 2024).

Divergent interpretations of *Shariah* principles across regions exacerbate these challenges. For example, SMEs operating in multiple jurisdictions face conflicting compliance expectations, such as varying thresholds for *gharar* (uncertainty) in contracts or differing views on digital financial instruments (COMCEC, 2022). These inconsistencies increase operational costs and create uncertainty, with studies showing that 63% of SMEs incur higher expenses to reconcile regional *Shariah* rulings (Nadeem & Khalid, 2021). Without harmonized guidelines, SMEs struggle to balance *Shariah* compliance with pragmatic business needs.

3.5 Current Approaches and Research Gap

Current approaches to integrating *maqāsid al-Sharī'ah* with governance for SMEs reveal critical limitations and opportunities for improvement:

Existing frameworks by regulatory bodies like the Islamic Financial Services Board (IFSB, 2021) and Securities Commission Malaysia (2021) provide comprehensive guidelines but lack SME-specific adaptations. These frameworks often assume institutional capabilities aligned with larger organizations, creating implementation barriers for smaller enterprises (Rasid et al., 2022). For instance, the *Shariah Screening Assessment Toolkit for MSMEs* (Securities Commission Malaysia, 2021) offers foundational principles but does not account for SMEs' resource constraints or operational realities.

Academic research has begun addressing these gaps. Scholars propose technology-enabled solutions, such as digital platforms to streamline *Shariah* compliance for SMEs (Crealogix, 2025) and blockchain applications for transparent supply chains (Azmi & Nawawi, 2024). However, studies

like Kurniawati et al. (2020) highlight persistent disconnects between theoretical *maqāṣid* frameworks and practical governance mechanisms, particularly in digitized SME business models. For example, while Islamic FinTech promises enhanced accessibility (Civilization Research Journal, 2025), uneven adoption in rural areas and poor financial literacy hinder its effectiveness.

Significant gaps remain in integrating *maqāṣid* principles with SME governance. Research often isolates ethical objectives (e.g., justice, wealth circulation) from operational realities like limited Shariah expertise and financial management challenges (Rasid et al., 2022; Abu Basar et al., 2024). Additionally, existing approaches rarely address the digital transformation of SMEs, creating mismatches between traditional compliance frameworks and modern practices like algorithmic trading or decentralized finance (INCEIF, 2022).

This study addresses these gaps by proposing an integrated governance framework tailored to SME constraints. It combines *maqāṣid* principles with adaptive compliance mechanisms, leveraging digital tools to reduce administrative burdens while aligning with core Islamic objectives.

4. Findings and Discussion: A Maqāṣid-Governance Framework for SMEs

4.1 Aligning Maqāṣid with Governance Principles in the SME Context

The alignment between Ibn Ashur's *maqāṣid al-Sharī'ah* and modern governance principles creates a foundation for a cohesive framework specifically designed for SMEs. This alignment offers practical pathways for implementation even within resource constraints.

Table 1 illustrates the key alignments between Ibn Ashur's five core *maqāṣid* principles for financial transactions and corresponding modern governance principles, along with practical SME applications.

Table 1: Alignment Between Maqāṣid Principles and Modern Governance Principles

Maqāṣid Principle	Modern Governance Principle	Key SME Applications	Implementation Benefits
Safeguarding Wealth (<i>Hifẓ al-Māl</i>)	Accountability & Risk Management	<ul style="list-style-type: none"> Asset protection controls Ethical investment screening <i>Takaful</i> (Islamic insurance) 	<ul style="list-style-type: none"> Reduced financial loss Enhanced stakeholder trust Improved business continuity
Transparency (<i>Wuḍūh</i>)	Disclosure & Information Accessibility	<ul style="list-style-type: none"> Simplified financial reporting Stakeholder communications Clear product/service information 	<ul style="list-style-type: none"> Increased customer trust Better access to Islamic financing Reduced dispute incidence
Circulation of Wealth (<i>Tadāwul al-Māl</i>)	Inclusiveness & Stakeholder Engagement	<ul style="list-style-type: none"> Fair compensation practices Community investment Inclusive supply chain management 	<ul style="list-style-type: none"> Stronger community relationships Enhanced brand loyalty Expanded market access
Economic Stability (<i>Thabāt al-Iqtisād</i>)	Strategic Vision & Sustainability	<ul style="list-style-type: none"> Sustainable business planning Ethical growth strategies Business continuity planning 	<ul style="list-style-type: none"> Higher business survival rates Improved resilience during downturns Long-term stakeholder relationships
Justice in Dealings (<i>ʿAdl</i>)	Fairness & Equity	<ul style="list-style-type: none"> Fair pricing mechanisms Equitable contract terms Ethical marketing practices 	<ul style="list-style-type: none"> Lower dispute rates Stronger supplier relationships Enhanced reputation

4.1.1 Safeguarding Wealth and Accountability

The *maqāṣid* principle of safeguarding wealth (*hifẓ al-māl*) aligns with governance principles of accountability and risk management. For SMEs, this manifests in:

- a. Asset Protection Measures: Implementing basic controls for physical and financial assets, such as segregation of duties and regular inventory checks.
- b. Ethical Investment Criteria: Developing simple investment screening tools focusing on clear prohibitions while providing flexibility in areas of interpretative diversity.
- c. Insurance Alternatives: Utilising takaful products designed for SME needs, covering business interruption, liability, and property.

Wahyuni-TD (2023) found that Indonesian SMEs implementing basic *Shariah*-compliant controls demonstrate enhanced resilience against fraud and mismanagement. Studies indicate that adherence to Islamic governance principles correlates with reduced financial irregularities. For instance, SMEs with formalized *Shariah* governance frameworks reported fewer losses from asset mismanagement compared to non-compliant peers.

4.1.2 Transparency and Disclosure

The *maqāsid* principle of transparency (*wudūh*) aligns with governance principles of disclosure and information accessibility. SME applications include:

- a. Simplified Financial Reporting: Adopting standardised but simplified financial reporting templates.
- b. Stakeholder Communication: Implementing regular, clear communication with key stakeholders.
- c. Product and Service Disclosure: Ensuring complete information about products, services, and their *Shariah*-compliance status.

Malaysian SMEs adopting transparent practices reported significantly higher customer satisfaction levels and improved access to financing

compared to less transparent peers. A 2022 survey revealed that 71% of SME customers expressed positive sentiment towards insurance and takaful operators that demonstrated transparency, particularly in claims processes (PIAM, 2023).

4.1.3 Circulation of Wealth and Inclusiveness

The *maqāsid* principle of wealth circulation (*tadāwul al-māl*) aligns with governance principles of inclusiveness and stakeholder engagement. SMEs can implement this through:

- a. Fair Compensation Practices: Developing equitable compensation structures.
- b. Community Investment Programs: Allocating profits to community development initiatives.
- c. Supply Chain Inclusion: Prioritising local and other SME suppliers.

SMEs implementing wealth circulation principles typically demonstrate stronger community relationships and enhanced brand loyalty (Islamic Development Bank, 2022). This outcome aligns with the broader objectives (*maqāsid al-Sharī'ah*), which emphasize equitable wealth distribution and social cohesion.

4.1.4 Economic Stability and Strategic Vision

The *maqāsid* principle of economic stability (*thabāt al-iqtisād*) aligns with governance principles of strategic vision and sustainability. SME applications include:

- a. Sustainable Business Planning: Developing plans balancing short-term profitability with long-term sustainability.
- b. Ethical Growth Strategies: Pursuing growth models maintaining commitment to *Shariah* principles.

c. Succession Planning: Implementing appropriate succession mechanisms.

The OECD (2021) found that SMEs implementing strategic vision principles demonstrated higher survival rates during the COVID-19 pandemic compared to those focused exclusively on short-term profitability. This aligns with the OECD's emphasis on the importance of long-term planning and adaptability for SME resilience. The report highlights that SMEs which adopted strategic approaches, such as digitalisation and innovation, were better positioned to navigate the crisis and emerge stronger.

4.1.5 Justice and Fairness

The *maqāṣid* principle of justice (*ʿadl*) aligns with governance principles of fairness and equity. SME applications include:

- a. Fair Pricing Mechanisms: Establishing pricing models ensuring affordability and fairness.
- b. Equitable Contract Terms: Developing standardised contract templates protecting business interests while ensuring fairness.
- c. Ethical Marketing Practices: Implementing marketing approaches that accurately represent products and services.

SMEs that implement justice principles in their governance frameworks tend to experience lower dispute rates and stronger stakeholder relations. Effective governance practices reduce risks, enhance transparency, and build trust among stakeholders (IFC, 2019).

4.2 The Proposed Integrated Framework for SMEs

Based on the alignment of *maqāṣid al-Sharīʿah* and governance principles, this study proposes a

comprehensive yet practical framework for SMEs seeking to implement Shariah-compliant governance. The framework is designed to accommodate resource limitations while maintaining core ethical standards.

4.2.1 Shariah-Compliant Governance Structure

The foundation of the framework is a governance structure tailored to SME operational capacities and resources. This tiered approach recognizes that effective governance must be proportionate to enterprise size while maintaining essential compliance elements (Islamic Financial Services Board, 2023).

The Islamic Financial Services Board (IFSB) emphasizes the importance of a governance structure that is adaptable to the unique needs of SMEs while ensuring *Shariah* compliance. The IFSB's Islamic Financial Services Industry Stability Report 2023 highlights the need for proportionate governance frameworks that consider the size, complexity, and nature of Islamic financial institutions, including SMEs.

4.2.2 Financial Safeguarding Measures

The framework includes practical financial safeguarding measures aligned with both *maqāṣid* principles and governance standards. These measures encompass simplified risk assessment templates, basic control mechanisms for high-risk areas, and regular monitoring of critical risk indicators. The framework also provides guidelines for ethical investment and financing, including practical screening checklists and decision frameworks for evaluating partnerships. Additionally, it offers templates for *Shariah*-compliant contracts, guidelines for implementing

takaful coverage, and procedures for asset verification. These measures provide SMEs with practical tools to protect wealth while adhering to Islamic principles, even with limited resources (INCEIF, 2022).

4.2.3 Transparency and Reporting Mechanisms

The framework includes transparency mechanisms adapted to SME operational realities, encompassing simplified *Shariah*-compliant financial reporting templates, guidelines for determining materiality and disclosure requirements, and technology solutions for efficient reporting. Standardized communication protocols are established for different stakeholder groups, along with templates for regular business updates and compliance reporting, as well as channels for stakeholder feedback. Essential documentation requirements are outlined for key business processes, supported by digital templates for commonly used documents and record retention policies that balance compliance needs with administrative efficiency. These mechanisms ensure that SMEs can maintain open and honest communication without excessive administrative burdens (INCEIF, 2022).

4.2.4 Fair Wealth Distribution Strategies

The framework provides practical approaches to implementing the *maqāsid* principle of wealth circulation by focusing on employee compensation, community engagement, and supply chain management. SMEs can adopt *Shariah*-compliant compensation structures, profit-sharing models, and performance evaluation systems that incorporate ethical dimensions. Community engagement strategies include calculating and distributing *Zakāh* on business assets, implementing community

investment initiatives, and measuring social impact aligned with *maqāsid* (objectives). Additionally, supply chain management emphasizes evaluating supplier's *Shariah* compliance, fostering ethical supplier relationships, and promoting inclusivity in procurement. These strategies enable SMEs to contribute to equitable wealth distribution while maintaining business viability (Khattak, 2021).

4.2.5 Sustainable Financial Practices

The framework incorporates sustainable financial practices that promote long-term stability and adherence to Islamic principles for SMEs. It provides templates for developing *Shariah*-compliant business strategies, guidelines for balancing profit objectives with ethical considerations, and tools for measuring alignment with *maqāsid* principles. The framework also includes ethical frameworks for evaluating growth opportunities, guidelines for maintaining *Shariah* compliance during expansion, and succession planning templates for family-owned enterprises. Additionally, it offers practical approaches to environmental stewardship, resource efficiency, and impact evaluation appropriate to SME scale. These practices ensure SMEs can pursue sustainable growth while upholding Islamic principles of stewardship (Hazlin Fardila Abdul Hasim et al., 2019).

4.3 Implementation Guidelines for Different SME Categories

The framework includes specific implementation guidelines for different categories of SMEs, recognising diversity in size, sector, and capability.

4.3.1 Implementation for Startups and Micro-Enterprises:

For nascent businesses with minimal resources, the implementation focuses on fundamental requirements. The Securities Commission Malaysia's *Shariah* Screening Assessment Toolkit for Unlisted Micro, Small and Medium Enterprises offers guidance for startups and micro-enterprises to implement basic *Shariah* governance. This includes a simplified *Shariah* screening methodology with clear benchmarks for assessing *Shariah* compliance of business activities and revenue sources (Securities Commission Malaysia, 2021).

Key elements for startups and micro-enterprises include developing a basic *Shariah* policy document outlining prohibited activities and core ethical principles, implementing simplified controls for high-risk areas like interest-based transactions, and utilizing templates for engaging occasional *Shariah* advisory services. The Islamic Financial Services Board emphasizes that governance frameworks should be proportionate to the size and nature of the institution (Islamic Financial Services Board, 2021).

Research suggests that even minimal *Shariah* governance implementation, when focused on high-impact areas, can significantly enhance compliance for small enterprises (Rasid et al., 2022). The Securities Commission Malaysia notes that this approach enables more diversified *Shariah*-compliant investment portfolios across asset classes and economic sectors.

4.3.2 Implementation for Established Small Enterprises:

For established small enterprises with moderate resources, implementation balances

comprehensiveness with efficiency. The Securities Commission Malaysia's *Shariah* Screening Assessment Toolkit provides guidance on incorporating *Shariah* compliance into existing management structures and utilizing digital tools to streamline processes (Securities Commission Malaysia, 2021). Key strategies include staff training on essential *Shariah* principles and frameworks for regular self-assessment and compliance verification. Implementing *Shariah* governance frameworks can enhance an SME's credibility and improve stakeholder relations (Rasid et al., 2022).

4.3.3 Implementation for Growing Medium Enterprises

For larger SMEs with more substantial resources, implementation focuses on scalability and comprehensiveness. This involves embedding *Shariah* compliance within different business functions, measuring and reporting compliance performance, and communicating commitments to diverse stakeholders (Islamic Financial Services Board, 2024). Implementing comprehensive *Shariah* governance frameworks can enhance an SME's credibility and improve stakeholder relations (Rasid et al., 2022).

4.4 Digital Tools and Resources

The framework includes recommendations for digital tools and resources specifically designed for SME *Shariah* governance.

4.4.1 Technology Solutions

The framework emphasizes specifications for basic digital compliance tracking systems tailored to different SME sizes, enabling businesses to monitor *Shariah* compliance efficiently. It also provides

guidelines for utilizing automated *Shariah* screening tools for investments and partnerships, ensuring alignment with Islamic principles. Additionally, recommendations are offered for digital document management systems that streamline compliance processes and enhance administrative efficiency, reducing operational burdens (Islamic Financial Services Board, 2024).

4.4.2 Knowledge Resources

Curated knowledge resources are integral to the framework, including staff training materials on *Shariah* compliance topics and digital collections of essential *Shariah* standards and interpretations relevant to SMEs. Platforms for accessing shared *Shariah* expertise and peer learning are also highlighted, fostering collaboration and knowledge exchange among SMEs operating within Islamic framework (Islamic Financial Services Board, 2024).

4.4.3 Reporting Templates

The framework provides digital templates for communicating compliance information to various audiences, ensuring transparency and accountability. Interactive checklists are included to help SMEs evaluate their compliance status effectively, along with systems designed for documenting and addressing compliance issues as they arise.

These digital tools and resources enable SMEs to implement *Shariah* governance more efficiently, reducing administrative burdens while enhancing compliance effectiveness (Islamic Financial Services Board, 2024).

5. Conclusion

This study has demonstrated that integrating Ibn Ashur's *maqāṣid al-Sharī'ah* with modern governance principles offers a robust framework for SMEs seeking to implement *Shariah*-compliant financial practices. By aligning core *maqāṣid* (objectives) with governance principles such as accountability, inclusiveness, and transparency, the proposed framework addresses both ethical imperatives and operational realities facing SMEs.

Key contributions of this study include:

1. Addressing the critical gap between theoretical Islamic finance principles and their practical implementation in SME contexts, providing actionable guidance for resource-constrained enterprises.
2. Demonstrating that *Shariah* compliance and good governance are mutually reinforcing objectives that can enhance both ethical alignment and business performance.
3. Proposing a tiered implementation approach that recognises diversity within the SME sector, providing pathways appropriate to different enterprise sizes and capabilities.

Key findings indicate that successful implementation requires balancing core ethical principles with operational realities of smaller enterprises. Digital technologies offer promising opportunities to enhance implementation efficiency, particularly for resource-constrained businesses.

Significant challenges remain, including:

- a. Resource constraints, even with simplified approaches.
- b. Interpretative diversity creating standardisation challenges.

c. Competitive pressures creating tensions between compliance and commercial objectives.

Addressing these challenges requires coordinated action from multiple stakeholders, including SMEs, policymakers, financial institutions, and educational institutions.

Future research directions should include:

- a. Longitudinal studies tracking implementation impacts over extended periods.
- b. Comparative research across jurisdictions to identify effective regulatory approaches.
- c. Exploration of emerging technologies like blockchain and AI for innovative compliance solutions.

In conclusion, while implementing *Shariah*-compliant governance in SME contexts presents significant challenges, the integrated framework proposed in this study offers a practical pathway that accommodates resource limitations while maintaining ethical standards. By adopting this approach and implementing recommended support mechanisms, stakeholders can contribute to creating an ecosystem that enables SMEs to thrive while adhering to Islamic ethical principles, contributing to more just, transparent, and sustainable economies.

References

- Abd Rasid, A. H., Yaacob, S. E., & Mat Zain, M. N. (2022). *The need of Shariah governance for small and medium enterprises (SME): A literature review. International Journal of Academic Research in Economics and Management Sciences*, 11(3), 82–86.
- Abdullah, M. A., & Azam, M. S. E. (2024). *SMEs, Employment Generation, and Islamic Finance. International Journal of Islamic Economics and Finance (IJIEF)*, 7(1), 73-94.

- Abu Basar, M. H., et al. (2024). *i-FinTech adoption and SME sustainability. Journal of Islamic Economics*, 12(3), 45–60.
- Ahmad, A., & Hassan, H. (2021). *Islamic finance practices in micro, small, and medium enterprises: A systematic literature review. Millah: Journal of Islamic Economics and Business*, 22(2), 437–450.
- Ahmad, K., & Hassan, R. (2021). *A systematic review of Maqasid al-Shariah implementation in Islamic financial institutions. International Journal of Islamic Economics and Finance*, 4(1), 1-28.
- Alawaqleh, Q. A. (2021). *The effect of internal control on employee performance of small and medium-sized enterprises in Jordan: The role of accounting information system. Journal of Asian Finance, Economics and Business*, 8(3), 855-863. <https://doi.org/10.13106/jafeb.2021.vol8.no3.0855>
- Al-Qurradaghi, A. (2019). *Ibn Ashur's approach to socioeconomic issues: Relevance to contemporary challenges. Journal of Islamic Economic Studies*, 27(1), 63-85. <https://doi.org/10.12816/0051234>
- Alsaghir, M. (2021). *Digital risks and Islamic FinTech: a road map to social justice and financial inclusion. Journal of Islamic Accounting and Business Research*, 12(5), 677-693. <https://doi.org/10.1108/JIABR-09-2020-0255>
- Asutay, M., & Harningtyas, A. F. (2015). *Developing Maqasid al-Shari'ah Index to Evaluate Social Performance of Islamic Banks: A Conceptual and Empirical Attempt. International Journal of Islamic Economics and Finance Studies*, 1(1), 5-64.
- Azmi, A. C., & Nawawi, A. (2024). *Islamic fintech compliance: Challenges and solutions. Journal of Islamic Finance*, 13(1), 1–15.
- Basel Institute on Governance. (2025). *Prevention guidance for SMEs regarding bribery and corruption. Retrieved from https://baselgovernance.org/sites/default/files/2020-09/smes_prevention_0.pdf*
- COMCEC. (2022). *Standardisation efforts in Islamic finance: Proceedings of the 17th meeting. Retrieved from <https://www.comcec.org>*
- Crealogix. (2025). *Sharia-compliant finance in the digital age. Retrieved from <https://crealogix.com/en/blog/sharia-compliant-finance-digital-age>*
- Dusuki, A. W., & Abdullah, N. I. (2007). *Maqasid al-Shari'ah, masalah, and corporate social responsibility. The American Journal of Islamic Social Sciences*, 24(1), 25–45.

- Edaich, S. (2019). *Islamic Financing in Mitigating Access to Financing Problems of SMEs in Malaysia: A Survey Analysis*. *International Journal of Islamic Economics and Finance*.
- Elasrag, H. (2016). *Islamic finance for SMEs* [SSRN Scholarly Paper]. *Social Science Research Network*. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2842160
- El-Mesawi, M. E. (2006). *Ibn Ashur's methodology for the renewal of Islamic legal theory*. *Islamic Quarterly*, 50(3), 163-192.
- El-Mesawi, M. E. (2014). *From the Particulars to the General and Vice-Versa: The Inductive Method in Ibn Ashur's Exegesis*. *International Journal of Islamic Thoughts*, 3(1), 73-94.
- Faizal, P. R. M., Ridhwan, A. A. M., & Kalsom, A. W. (2013). *The entrepreneurs characteristic from al-Quran and al-Hadis*. *International Journal of Trade, Economics and Finance*, 4(4), 191-196.
- Haron, R., & Ibrahim, K. (2016). *Islamic financing in mitigating access to financing problems of SMEs in Malaysia*. *International Discourse*, 5(2), 389-406.
- Hazlin Fardila Abdul Hasim, NorHapiza Mohd Ariffin, Mohd Zaki Zakaria. (2019). *Strategic Management System Framework in Shariah Compliant Hotel in Malaysia*. *International Journal of Advanced Trends in Computer Science and Engineering*, 8(1.6), 416-421.
- IBFIM. (2020). *Shariah Audit Conference 2020 Report*. *Islamic Banking and Finance Institute Malaysia*.
- Ibn Ashur, M. T. (2006). *Ibn Ashur: Treatise on Maqasid al-Shariah* (M. E. El-Mesawi, Trans.). *International Institute of Islamic Thought*.
- IFSB. (2021). *Guiding principles on Shariah governance systems*. *Islamic Financial Services Board*.
- INCEIF. (2022). *Maqasid and Islamic finance* [PDF report]. Retrieved from <https://ifhub.inceif.edu.my>
- International Finance Corporation (IFC). (2019). *Corporate governance and SMEs: Fact sheet*. Retrieved from <https://www.ifc.org/content/dam/ifc/doc/mgrt-pub/cg-smes-fact-sheet-may2019.pdf>.
- International Finance Corporation. (2019). *SME Governance Guidebook*. IFC. Retrieved from <https://www.ifc.org/content/dam/ifc/doc/mgrt/ifc-sme-guide-2020-web.pdf>
- Islamic Corporation for the Development of the Private Sector. (2022). *Islamic finance for SMEs: Challenges and opportunities*. *Islamic Development Bank Group*.
- Islamic Development Bank. (2022). *Annual Report 2022: Building Resilience*. *Islamic Development Bank*. Retrieved from https://2022.ar.isdb.org/wp-content/uploads/2023/05/Digest-2022_EN.pdf
- Islamic Financial Services Board. (2021). *Guiding Principles on Shariah Governance Systems*. *Islamic Financial Services Board*.
- Islamic Financial Services Board. (2021). *Islamic financial services industry stability report 2021*. *Islamic Financial Services Board*.
- Kamali, M. H. (2008). *Maqasid al-Shariah made simple* (Vol. 13). *International Institute of Islamic Thought (IIIT)*.
- Khattak, M. A. (2021). *Protection and distribution of wealth: A Maqāsid al-Sharī'ah perspective*. *European Journal of Islamic Finance*, (17), 1-10. Retrieved from <https://ojs.unito.it/index.php/EJIF/article/download/2570/pdf/9725>
- Kurniawati, S. L., Lestari, W., Sari, L. P., & Kartika, T. P. D. (2020). *Shariah governance, Maqāsid al-Sharī'ah, SMEs performance: The role of gender and age*. *Journal of Economics, Business, and Accountancy Ventura*, 23(2), 279-292. <https://doi.org/10.14414/jebav.v23i2.2374>
- Lahsasna, A., & Hassan, R. (2020). *Maqasid al-Shariah in Islamic finance: Principles and applications*. *Kuala Lumpur: IBFIM*.
- Maulina, R., Dhewanto, W., Faturohman, T. (2023). *The integration of Islamic social and commercial finance (IISCF): Systematic literature review, bibliometric analysis, conceptual framework, and future research opportunities*. *Heliyon*, 9(11), e21612. <https://doi.org/10.1016/j.heliyon.2023.e21612>
- Melo, I. C., Queiroz, G. A., Alves Junior, P. N., Sousa, T. B., Yushimito, W. F., & Pereira, J. (2023). *Sustainable digital transformation in small and medium enterprises (SMEs): A review on performance*. *Heliyon*, 9(3), Article e13908. <https://doi.org/10.1016/j.heliyon.2023.e13908>
- Mohamad Puad, N. A. (2020). *Shariah governance and audit practices in Islamic co-operatives*. *Corporate Law and Governance Review*, 6(3), 67-77.
- Mohd Daud Bakar. (2021). *Islamic finance fundamentals: Theory and practice*. *Amanie Media*.
- Mohd Fuad Md Sawari, Sitiris, M., & Zaim, M. A. (2024). *A Comparative Analysis of Shariah Stock Screening Methodology for Securities Commission Malaysia*

- and Major International Shariah Index Providers. *Journal of Islam in Asia*, 21(1), 230-276. <https://doi.org/10.31436/jia.v21i1>
- Nadeem, M. A., & Khalid, S. (2021). Regulatory harmonization in Islamic fintech: A cross-jurisdictional analysis. *Journal of Islamic Economics and Finance Research*, 4(2), 45-63.
- OECD. (2021). *SMEs and entrepreneurship policy in the MENA region*. Organisation for Economic Co-operation and Development.
- OECD. (2021). *Trade finance for SMEs in the digital era*. Retrieved from <https://www.oecd.org>
- OECD. (2021). *Enhancing SME productivity: Policy highlights on the role of internal determinants*. Organisation for Economic Co-operation and Development. Retrieved from <https://www.oecd.org>
- OECD. (2024). *SMEs and entrepreneurship*. Organisation for Economic Co-operation and Development. Retrieved from <https://www.oecd.org>
- Oseni, U. A., & Ali, S. N. (2019). *Fintech in Islamic finance: Theory and practice*. Routledge.
- Pahlevi, R. W. (2022). Implementation of Islamic corporate governance and competitive advantage in SMEs: A systematic literature review approach. *Asian Management and Business Review*, 2(1), Article 2. <https://doi.org/10.20885/AMBR.vol2.iss1.art2>
- PIAM. (2023, December 14). *Customer Satisfaction Survey 2022 Reveals Positive Growth in the Customer Satisfaction Index of Malaysia's General Insurance Industry*. Persatuan Insurans Am Malaysia. Retrieved from <https://piam.org.my/blog/2023/12/14/customer-satisfaction-survey-2022-reveals-positive-growth-in-the-customer-satisfaction-index-of-malysias-general-insurance-industry/>
- Purwidiyanti, W., Pramuka, B. A., Laksana, R. D., & Adawiyah, W. R. (2023). Maqāsid entrepreneurial finance: An Islamic approach to small business capital structure theory. *ISRA International Journal of Islamic Finance*, 15(3), 25-45.
- Qoyum, A., & Fauziyyah, N. E. (2019). The halal aspect and Islamic financing among micro, small, and medium enterprises (MSMEs) in Yogyakarta: Does berkah matter? *Journal of Islamic Monetary Economics and Finance*, 5(1), 215-236. <https://doi.org/10.21098/jimf.v5i1.1055>
- Rasid, A. H. A., Zain, M. N. M., & Yaacob, S. E. (2022). The need of Shariah governance for small and medium enterprise (SME): A literature review. *International Journal of Academic Research in Business and Social Sciences*, 12(8), 1603-1612.
- Saiti, B., & Abdullah, A. (2016). The legal maxims of Islamic law (excluding five leading legal maxims) and their applications in Islamic finance. *Journal of King Abdulaziz University: Islamic Economics*, 29(2), 139-151
- Sarif, S. M., & Ismail, Y. (2024). The impact of taqwa on ethics and competitive advantage in Malaysian SMEs. *Online Journal of Islamic Management and Finance*, 4(1), 1-19.
- Securities Commission Malaysia. (2011). *Resolutions of the securities commission Shariah advisory council (2nd ed.)*. Securities Commission Malaysia.
- Securities Commission Malaysia. (2021). *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework*. Securities Commission Malaysia. Retrieved from <https://www.sc.com.my/api/documentms/download.ashx?id=1f3aa1fo-5df9-4e2c-8531-8c1b1b9ef14>
- Securities Commission Malaysia. (2021). *Shariah Screening Assessment Toolkit for Unlisted MSMEs*. Retrieved from <https://www.sc.com.my/development/icm/shariah-compliant-screening-toolkit>
- Securities Commission Malaysia. (2021). *Maqasid al-Shariah guidance in Islamic finance*. Retrieved from <https://www.sc.com.my>
- Surkery, A., & Yaacob, S. E. (2019). Issues and challenges in developing Shariah governance and audit practices. *Muwafaqat Journal of Shariah Compliance*, 2(1), 45-60.
- Transparency International. (2021). *Business integrity toolkit for small and medium enterprises*. Transparency International.
- United Nations. (2019). *Governance framework for small and medium-sized enterprises*. United Nations Conference on Trade and Development.
- United Nations. (2019). *Principles of Good Governance and the Rule of Law*. United Nations Department of Economic and Social Affairs.
- World Bank. (2022). *Doing Business 2022: Measuring Business Regulations*. World Bank Group.
- World Bank. (2022). *Worldwide governance indicators*. World Bank Group.
- World Bank. (2023). *The role of digital financial services in bridging the SME financing gap*. Retrieved from <https://blogs.worldbank.org>

- World Bank.* (2023). *Worldwide Governance Indicators*. Retrieved from <https://info.worldbank.org/governance/wgi/>
- Zulhibri, M.* (2021). *Islamic fintech and its challenges: A systematic review*. *Journal of Islamic Monetary Economics and Finance*, 7(1), 65-92.
- Zulkifli, A. M., & Saripudin, K. N.* (2023). *Shariah governance for Islamic financial technology: Challenges and opportunities*. *International Journal of Management and Applied Research*, 10(1), 45-62.