



Exploring Islamic Work Ethics among Sharia-Compliant MSME Entrepreneurs during Economic Crisis Crisis

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ABSTRACT

Islamic business ethics is a critical area within Islamic economics, emphasizing moral integrity, spiritual accountability, and socially responsible behavior in entrepreneurship. While prior studies have addressed these principles theoretically, limited research has explored how Sharia-compliant MSME entrepreneurs experience and interpret these values during economic crises. What remains unclear is how Islamic work ethics are embodied and sustained under financial pressure in uncertain business environments. This study adopts an interpretative phenomenological approach to examine the lived experiences of Muslim entrepreneurs in applying ethical principles. Data were collected through in-depth semi-structured interviews with ten Sharia-compliant MSME owners and analyzed using IPA. The findings reveal that sincerity (ikhlas), trust in divine sustenance (tawakkul), honesty (shidq), and social responsibility (amanah) are not only ideals but deeply internalized values that shape conduct, foster resilience, and offer spiritual grounding during adversity. These values constitute a coherent ethical framework that enables entrepreneurs to navigate crises without compromising religious identity or moral standards. The study highlights the value of phenomenology in uncovering the meaning-making processes behind ethical behavior. Implications include the potential for integrating Islamic ethical values into entrepreneurship education and policy-making, particularly in crisis-prone contexts. These insights enrich the discourse on Islamic work ethics and open avenues for future research on value-driven entrepreneurship.



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INTRODUCTION

Islamic economics and finance have emerged as pivotal disciplines in promoting ethical, value-based economic behavior, particularly in Muslim-majority societies. At their core lies the integration of spiritual values, moral obligations, and economic activity under Sharia principles. Business, within this worldview, is not solely a profit-oriented pursuit but a moral and social duty grounded in values such as amanah (trust), ikhlas (sincerity), and shidq (truthfulness).

Islamic micro, small, and medium-sized enterprises (MSMEs) play a vital role in supporting community welfare, especially during times of financial uncertainty. Operating at the intersection of economic vulnerability and ethical responsibility, these enterprises are guided not only by market logic but also by religious commitments. Economic crises—whether driven by global downturns or domestic disruptions—test the resilience of MSMEs and the endurance of their ethical foundations.

Despite growing interest in Islamic work ethics, limited empirical research explores how Sharia-compliant MSME entrepreneurs internalize and apply these values during economic turbulence. This study seeks to answer a key question: How do Muslim MSME entrepreneurs interpret and embody Islamic work ethics when facing economic crisis? Addressing this gap is essential for understanding the intersection between faith-based ethics and entrepreneurial resilience.

Despite these challenges, many Sharia-compliant entrepreneurs continue to uphold Islamic work ethics as a foundation for their business decisions. This persistent adherence invites reflection on how such values are experienced and understood in real-world settings of economic adversity. Existing studies have examined Islamic business ethics primarily from normative or conceptual perspectives,

often overlooking the lived realities and inner motivations of entrepreneurs who practice these values under difficult conditions (Farooq, 2021; Hasan, 2023).

Understanding the subjective experience of these entrepreneurs is critical not only for capturing the richness of Islamic ethical practice but also for appreciating how these values inform resilience, decision-making, and identity formation in times of crisis. A phenomenological approach offers a unique opportunity to explore the meanings behind ethical behavior, as lived and narrated by those who experience it firsthand, in contexts where religious conviction and economic hardship intersect.

Such inquiry aligns with the broader need in qualitative research to privilege participant voices and contextual interpretations, especially when investigating deeply personal and culturally embedded phenomena. Exploring the meaning of Islamic work ethics during economic downturns therefore represents a timely and relevant endeavor, contributing to both scholarly discourse and practical understanding of ethics in Islamic entrepreneurship.

Research focusing on individual experiences within the context of Islamic business ethics has gained increasing attention, particularly as scholars seek to understand how values are embodied and enacted in complex socio-economic settings. While normative frameworks have extensively defined Islamic work ethics conceptually, far less is known about how these values are interpreted and lived by practitioners—especially under extreme conditions such as economic crises. The emphasis on measurable variables in prior studies, often through quantitative instruments, has inadvertently obscured the nuanced and dynamic ways individuals internalize and operationalize ethical principles in their daily business lives.

Such methodological limitations are particularly evident in studies addressing the moral dimensions of Sharia-based entrepreneurship. Existing research tends to rely heavily on structured surveys and statistical correlations to capture phenomena such as religiosity, ethical orientation, and performance indicators [Abduh & Omar, 2020; Othman et al., 2021]. While these approaches offer valuable generalizations, they fall short in uncovering the essence of subjective meaning-making processes that underpin ethical decision-making among Muslim business owners. Specifically, they do not adequately address the lived tensions, aspirations, and spiritual negotiations entrepreneurs undergo when their ethical convictions are tested by economic adversity.

This gap highlights the inadequacy of conventional methodological paradigms to fully grasp the internalized experience of Islamic work ethics in crisis settings. Quantitative methods, while useful for breadth, lack the interpretive depth required to engage with the existential and spiritual layers of experience that are central to Islamic ethical practice. As a result, many studies overlook the very core of the phenomenon they aim to explore—the meaning as experienced by the individuals themselves.

In light of these limitations, there is a compelling need to adopt research approaches that privilege depth over breadth, and interpretation over measurement. Phenomenology, particularly in its interpretative form, offers a methodological avenue to examine how Muslim entrepreneurs experience, reflect upon, and give meaning to Islamic work ethics amid economic challenges. By foregrounding the participants' voices and exploring the subjective contours of their experiences, this approach provides a richer and more authentic understanding of ethical commitment within the Sharia MSME sector.

In response to ethical challenges faced by Sharia-based MSMEs during economic crises, common solutions have typically involved the implementation of practical strategies such as financial literacy programs, digital marketing adaptations, or resilience training. These interventions, while beneficial in enhancing technical and operational capacities, are often grounded in behaviorist or managerial frameworks that prioritize performance outcomes over the underlying motivations and lived ethical commitments of entrepreneurs.

Such pragmatic approaches, although widely applied, tend to treat Islamic work ethics as static checklists or externally imposed doctrines, rather than as evolving, experiential constructs shaped by personal belief systems and situational adversity. Consequently, the subjective meanings that entrepreneurs assign to concepts such as *ikhlas* (sincerity), *amanah* (trust), and *tawakkul* (trust in divine will) remain underexplored. The use of quantitative or standardized instruments in previous studies has limited the ability to capture the complex emotional, spiritual, and moral dimensions of ethical decision-making within Islamic business contexts [Farooq, 2021; Othman et al., 2021].

This gap reveals a pressing need for alternative approaches that can illuminate the richness and diversity of ethical experiences in Sharia-based entrepreneurship. Phenomenology offers such a lens—

one that is capable of revealing not only what individuals do, but how they make sense of what they do, especially when ethical commitments are tested by crisis. Through deep engagement with personal narratives and interpretive understanding, phenomenology can uncover the essential meanings and existential layers of Islamic work ethics as lived by entrepreneurs. This study adopts such an approach to move beyond normative generalizations and into the realm of human experience, where ethical values are not merely stated but embodied and practiced in context.

Several studies have explored the role of Islamic ethics in business, focusing on values such as honesty, justice, and responsibility in entrepreneurial settings. Research by Farooq (2021) and Hasan (2023) emphasized the ethical dimensions of Islamic finance and banking clients, yet offered limited insight into the lived experiences of entrepreneurs themselves. Most previous works have addressed Islamic work ethics through surveys and theoretical discussions, often overlooking how these ethics are enacted in real, everyday business situations, especially under stress. As a result, our understanding remains fragmented, especially in crisis contexts where ethical commitments are most challenged. This study seeks to address this gap by examining how Sharia-based MSME entrepreneurs experience and make sense of their ethical values in times of economic difficulty.

To explore these experiences, this study adopts an interpretative phenomenological approach. This method is used to uncover the meaning of Islamic work ethics as perceived and practiced by entrepreneurs during crisis periods. Interpretative Phenomenological Analysis (IPA) enables a deep exploration of how individuals interpret their experiences and translate religious values into business decisions. By centering on lived experiences, the method provides a holistic understanding of the relationship between faith, ethics, and entrepreneurship. The study aims to show that these experiences contain rich personal meaning that cannot be accessed through quantitative or descriptive methods alone.

This article is structured as follows. The introduction outlines the background, research gap, and rationale for using a phenomenological approach. The next section presents the context of the phenomenon and describes the design of the study. It is followed by detailed accounts of the data collection and analysis processes, focusing on the use of IPA to identify thematic meanings. The results section presents the lived experiences of participants, organized into emergent themes. Finally, the discussion reflects on these findings and concludes with the implications for research and practice in Islamic business ethics.

RESEARCH METHODS

Study Design

This study employed an interpretative phenomenological approach to explore the lived experiences and perceived meanings of Islamic work ethics among Sharia-compliant micro, small, and medium-sized enterprise (MSME) entrepreneurs during periods of economic crisis. IPA was selected due to its emphasis on understanding how individuals make sense of significant experiences in specific contexts. Unlike grounded theory, which seeks to build theory from data, or narrative inquiry, which focuses on the structure and content of individual life stories, IPA is uniquely suited to explore how participants interpret ethical and spiritual values within high-pressure environments. Given the study's aim to understand the meaning-making process behind ethical decisions rooted in Islamic principles, IPA provided the most appropriate lens.

Interpretative Phenomenological Analysis (IPA)

Rooted in Heideggerian hermeneutics, IPA acknowledges the double hermeneutic process: participants interpret their lived experiences, and researchers, in turn, interpret those interpretations. This dual perspective allowed for a deeper exploration of the ethical consciousness and spiritual reasoning employed by Muslim entrepreneurs amid financial adversity.

Participants

Participants included Muslim entrepreneurs who actively operated Sharia-compliant MSMEs during a national economic downturn. Purposive sampling was employed to select individuals who adhered to Islamic business values and had direct experience with crisis-related business adversity. Inclusion criteria required: (1) at least three years of business operation, (2) self-identification as a practicing Muslim, and (3) evidence of engagement in ethical business conduct under economic pressure. A total of ten participants (six men and four women), aged 32–57, with an average of 7.8 years

of business experience, were selected. Business sectors included food production, Islamic fashion, and halal cosmetics. Data saturation was reached after the tenth interview when no new themes emerged.

Data Collection

Data were gathered through in-depth, semi-structured interviews at participants' business locations or homes, based on preference. Each session lasted 60–90 minutes and was audio-recorded with consent. Open-ended questions facilitated narrative elaboration on ethical principles, business practices, and spiritual reflections. Interview guides were informed by prior qualitative research on Islamic ethics and adjusted for phenomenological depth.

To enhance rigor, multiple strategies were used:

- Member checking was conducted by sharing key interpretations with participants for validation.
- Reflexive journaling was maintained by the researcher to document personal assumptions and minimize bias.
- Peer debriefing was also applied to discuss preliminary codes and enhance analytical transparency.

Data Analysis

Transcripts were analyzed using a structured IPA process. Initial noting focused on descriptive, linguistic, and conceptual elements. Emergent themes were then developed within each case before identifying patterns across participants. Themes were clustered into superordinate categories while retaining individual nuances. NVivo software supported data organization but interpretative depth was achieved through iterative reading and reflective analysis.

The final themes captured how Islamic ethical values shaped entrepreneurial conduct under crisis conditions.

Ethical Considerations

Ethical approval was secured from the university's research ethics board. Written informed consent was obtained after clearly communicating the study's aims and procedures. Participants were informed of their rights to withdraw at any time without consequence. Pseudonyms replaced real names, and identifying details were removed from transcripts. The study followed internationally accepted ethical protocols, including respect for autonomy, voluntary participation, and data confidentiality.

RESULTS AND DISCUSSION

Sincerity as a Foundation of Resilience

For many participants, sincerity (ikhlas) emerged as a central tenet in navigating the economic crisis. This sincerity was not merely a passive acceptance of hardship, but a proactive commitment to continue business practices in alignment with Islamic ethical principles, despite external pressures.

"I run my business not just to earn money, but to serve people in a way that pleases Allah. Even during the crisis, I never thought of cheating or increasing prices unfairly. That's not Islamic." (P1)

Sincerity was often coupled with the belief that business is a form of worship (ibadah), which reoriented participants' motivations beyond material gain. Several participants emphasized that this sincerity helped them persevere when others gave up, reinforcing resilience grounded in faith.

"Many closed their shops, but I stayed. I told myself, as long as I'm honest and sincere, Allah will show the way." (P3)

Trust in Divine Sustenance (Tawakkul) as a Business Strategy

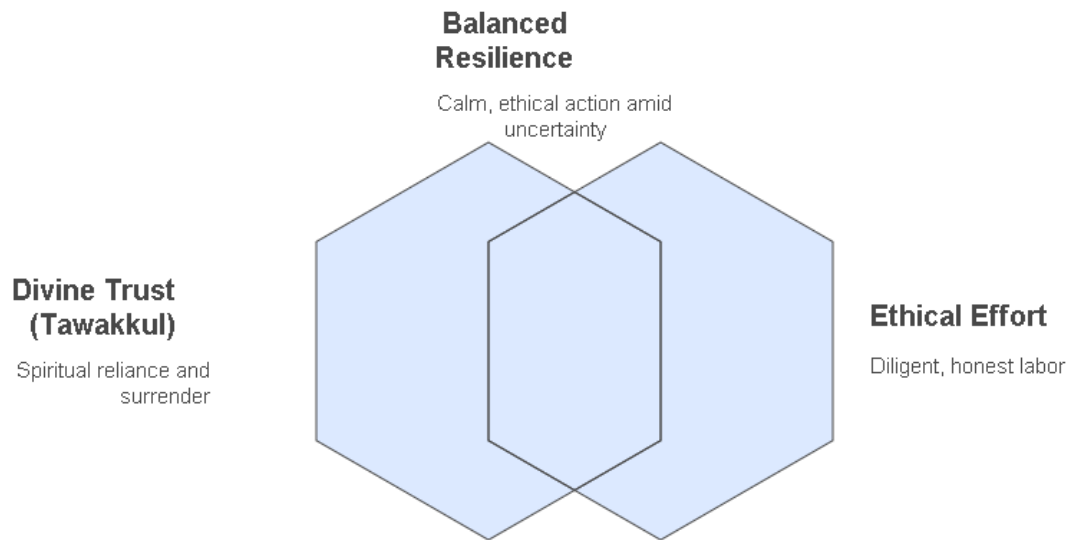
Participants described placing full trust in God (tawakkul) as a practical and spiritual response to uncertainty. Unlike fatalism, their trust was coupled with persistent effort and ethical labor. For them, relying on divine sustenance did not mean passivity, but rather surrendering outcomes after sincere effort.

"I planned, I worked, but at the end of the day, I told myself: the rizq (sustenance) is not in my hands. It's in Allah's." (P4)

This attitude also contributed to mental stability and emotional strength. Participants perceived tawakkul as an internal anchor that kept them from succumbing to panic or unethical shortcuts.

"While others panicked, I felt calm. I did everything I could, and the rest I left to Allah." (P7)

The Power of Active Trust in Business



Honesty and Transparency as Immutable Values

Honesty (shidq) was consistently mentioned as a non-negotiable value in their business dealings, especially when resources were scarce. Participants believed that even in a crisis, deviation from truthfulness would diminish blessings and long-term sustainability.

"Even when I didn't have enough stock, I would tell my customers the truth. I couldn't lie just to make a sale. That's not barakah." (P6)

Many participants noted that maintaining transparency, even when competitors resorted to manipulation, preserved their business reputation and increased customer trust over time.

"Some others raised prices quietly, but I didn't. I told my buyers why things were expensive. They appreciated that." (P2)

Social Responsibility Rooted in Faith

Another emerging theme was the participants' sense of amanah (trust or responsibility) toward the community. They viewed their business not only as a personal enterprise but as a social duty, especially during crisis.

"I saw my customers as part of my responsibility. If they were struggling, I tried to help even with discounts or flexible payments." (P8)

Participants linked this sense of duty to Islamic principles of justice and compassion. They believed that caring for others during hardship would bring long-term blessings and divine reward.

"This business is not mine alone. It's a trust. If I don't help my people now, then when?" (P5)

The essential meaning derived from the lived experiences of Sharia MSME entrepreneurs during economic crisis lies in their deep-rooted commitment to Islamic work ethics. These ethics — including sincerity, trust in divine sustenance, honesty, and social responsibility — are not merely moral ideals but are actively embodied as strategies for survival, resilience, and spiritual fulfillment. Their narratives reveal that Islamic work ethics offer a coherent and resilient worldview that sustains ethical behavior even amidst financial turbulence.

This study revealed that Islamic work ethics—particularly sincerity (ikhlas), trust in divine sustenance (tawakkul), honesty (shidq), and social responsibility (amanah)—are not only moral ideals

but also lived experiences that shape entrepreneurial behavior during economic crises. These values emerged as essential elements through which Sharia-based MSME entrepreneurs made sense of their struggles, aligning with the central research question on how Islamic ethical principles are experienced in practice under adverse conditions.

The findings offer a nuanced understanding of how Sharia-based entrepreneurs embody Islamic ethical principles in the midst of crisis, revealing that their decisions are grounded in deeply personal religious commitments rather than mere economic pragmatism. Rather than viewing ethical behavior as optional or strategic, participants consistently described their adherence to Islamic ethics as spiritually mandated and internally motivating. This study thus contributes a unique phenomenological insight: ethical resilience in Sharia-based entrepreneurship is driven by meaning-making processes rooted in faith, not merely external guidance or formal doctrine. Such insight provides a deeper, experience-based answer to the research question and highlights a form of ethical engagement that transcends compliance, suggesting that work in this context is both an economic and spiritual act.

These findings are consistent with Farooq's (2021) assertion that Islamic ethics in finance extend beyond regulatory frameworks into personal moral consciousness. However, unlike prior studies that emphasize macro-structural dimensions of Islamic ethics or rely on generalized survey data [Abduh & Omar, 2020], the present study offers micro-level, experience-based evidence of how such values are internalized and activated in decision-making. For instance, the participants' reliance on *tawakkul* is not a passive fatalism, but an active trust that complements business effort, echoing Hasan's (2023) findings on the spiritual dimension of Islamic banking clients. The emphasis on *ikhlas* and *amanah* also extends the conversation beyond professionalism into areas of intentionality and moral accountability, providing empirical grounding for theoretical claims in Islamic moral philosophy. Thus, this study affirms and expands existing theories by illustrating how ethical values are lived, interpreted, and practiced by Muslim entrepreneurs in real-world crisis scenarios.

Implications of the Findings

The findings of this study offer both theoretical and practical implications for the understanding of ethical resilience in Islamic entrepreneurship. From a scholarly perspective, they enrich existing literature by positioning Islamic work ethics not merely as abstract concepts, but as deeply internalized values that shape daily business conduct, especially in crisis contexts. Socially and culturally, the study illustrates how ethical behavior among Muslim entrepreneurs is sustained by spiritual narratives and communal responsibility, challenging prevailing assumptions that economic adversity inevitably leads to moral compromise. For practitioners and policymakers, these insights highlight the importance of fostering ethical business environments that respect and support faith-based motivations, especially within MSME sectors in Muslim-majority economies. Moreover, the lived experiences documented here may serve as models of ethical perseverance for broader entrepreneurial communities facing similar challenges.

Limitations of the Study

As with all qualitative research, this study is limited in its scope and transferability. The sample was drawn from a specific group of Muslim entrepreneurs within a particular regional and cultural setting, which may not fully capture the diversity of experiences in other contexts or among larger enterprises. The reliance on self-reported narratives also introduces the possibility of selective memory or social desirability bias, although efforts were made to ensure authenticity through triangulation and member checking. The interpretative nature of the phenomenological approach, while rich in depth, is not designed for generalization in the statistical sense. Instead, the findings are intended to illuminate the meanings and patterns within a particular lived experience, offering contextualized insights rather than universal conclusions.

Prospective Directions for Future Research

Future studies may build upon these findings by exploring how Islamic work ethics are transmitted across generations within family-owned Sharia businesses or how such values evolve over time in response to prolonged economic instability. Comparative research between entrepreneurs in different cultural or religious settings could further deepen our understanding of ethical universals

versus context-specific practices. Additionally, interdisciplinary approaches that integrate Islamic theology, entrepreneurship, and psychology may provide more comprehensive frameworks for analyzing value-driven business behavior. Expanding the phenomenological lens to include perspectives from employees, consumers, or religious leaders could also enrich the discourse on Islamic ethical ecosystems in business. Such research would continue to bridge the gap between normative ethics and lived experience in the growing field of Islamic economic studies.

CONCLUSION

This study explored how Sharia-compliant MSME entrepreneurs experience and practice Islamic work ethics during economic crises, with particular focus on values such as sincerity, trust in divine sustenance, honesty, and social responsibility. The findings revealed that these ethics are not abstract ideals but lived experiences that guide decision-making, foster resilience, and reinforce spiritual purpose amid adversity. Unlike previous studies that employed normative or quantitative approaches, this research offers a theoretical contribution by demonstrating how Islamic ethical constructs are internalized and operationalized through daily entrepreneurial behavior. The study advances the interpretative phenomenological literature by contextualizing Islamic work ethics within a dynamic crisis setting, thereby bridging the gap between faith-based values and empirical lived experiences.

Practically, these insights can inform the development of entrepreneurship training programs, policy frameworks, and ethical guidelines tailored to the needs of Muslim entrepreneurs. Educational institutions and business development agencies may integrate these findings into curriculum and outreach initiatives to enhance value-based entrepreneurship, particularly in volatile economic environments. While the study is contextually grounded in a specific group of MSME actors, its transferability can be expanded through future research. More targeted studies could explore gendered interpretations of Islamic work ethics, longitudinal shifts in ethical behavior over repeated crises, or comparative analysis between faith-based and secular ethical models in entrepreneurial decision-making. Such directions would deepen the understanding of how Islamic values are negotiated, adapted, and preserved across diverse business landscapes.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest..

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