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REINTERPRETATION OF MAQASHID SHARIA BASED ON MAṢLAḤAT IN THE DEVELOPMENT OF CONTEMPORARY ISLAMIC ECONOMICS

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Abstract

Digital transformation has become inevitable for micro, small, and medium enterprises (MSMEs) in Indonesia. However, MSMEs' preparedness and resilience to digital disruption still vary. According to data from the Ministry of Cooperatives and SMEs, more than 64 million MSMEs contribute 60% of the national Gross Domestic Product (GDP), yet only a small portion are truly digitalized. This study aims to analyze the differences in resilience between Sharia-compliant MSMEs and conventional MSMEs in Medan City in facing digital disruption, by examining aspects of adaptation strategies and the values of Maqasid Sharia. This research method uses a qualitative-descriptive approach through literature analysis, semi-structured interviews, and secondary data from official government reports and scientific publications. The research results show that conventional MSMEs are quicker to adopt digital technology, while Sharia MSMEs have more stable social resilience and customer loyalty due to their ethical and trust-based foundation based on Islamic principles. The implications of this research demonstrate the importance of integrating Maqasid Sharia values into MSME digitalization strategies to achieve sustainable economic resilience.

Keywords: ***Sharia Economics, Digital Adaptation, Economic Resilience, Maqashid Sharia, Conventional MSMEs, Sharia MSMEs***

INTRODUCTION

The development of the digital economy in Indonesia has brought about significant changes in the business ecosystem, including for micro, small, and medium enterprises (MSMEs). According to data from the Ministry of Cooperatives and Small and Medium Enterprises (KemenkopUKM), there are more than 64 million MSMEs, contributing 60 percent of the national Gross Domestic Product (GDP) and employing approximately 97 percent of the Indonesian workforce (Kemenkop UKM, 2024). Despite their significant contribution, the level of digitalization among MSMEs remains relatively low. Only a small percentage have fully adopted digital technology in their business activities, such as having online stores, using social media for marketing, and maintaining digital financial records (Lubis et al., n.d.). The low level of digitalization among MSMEs is caused by several key obstacles, including limited digital literacy, unequal access to internet infrastructure, and high initial investment costs for training and digital devices (Handayani & Darmawan, 2024). Many MSMEs already have marketplace accounts but are unable to properly manage their product catalogs, are inactive in responding to customers, and lack a grasp of digital platform algorithm-based promotional strategies. This situation creates a gap between the potential of the digital economy and MSMEs' ability to adapt to increasingly rapid technological disruption. In this context, Sharia-compliant MSMEs and conventional MSMEs face relatively similar challenges, but have different characteristics and approaches in responding to digital disruption(Azmi Fadhilah & Pratiwi, 2021). Sharia-compliant MSMEs operate within the framework of Islamic business ethics, with the principles of fairness, honesty, and social responsibility, thus creating higher customer loyalty and trust-based business relationships (Suhartini et al., 2023). Meanwhile, conventional MSMEs are quicker to adopt digital innovations such as e-commerce, fintech, and online promotions, but their resilience to market pressures is volatile due to their dependence on trends and rapid changes in consumer behavior (Handayani & Darmawan, 2024). Previous research has shown that the values of Maqasid Sharia including

hifz al-din (protecting religion), hifz al-nafs (protecting the soul), hifz al-'aql (protecting the intellect), hifz al-nasl (protecting descendants), and hifz al-mal (protecting wealth) can strengthen the ethical foundation and economic stability of Sharia MSMEs amidst digital change (Akhmad & Nurhayati, 2022). These values not only shape welfare-oriented business behavior but also foster more sustainable social and economic resilience. However, studies comparing the resilience of Sharia MSMEs and conventional MSMEs in the context of digital disruption in Indonesia, particularly in Medan, are still limited. Most previous research has focused on aspects of technology adoption and digital literacy in general, without integrating an Islamic values approach into business resilience analysis. Therefore, this research is crucial in filling the literature gap by providing a comprehensive analysis of the digital adaptation strategies of both types of MSMEs based on the principles of Maqasid Sharia and local market dynamics. Medan, as one of the largest economic centers outside Java, is a relevant example due to its diverse MSME ecosystem both Sharia-based and conventional and its accelerated digitalization post-COVID-19 pandemic. Therefore, this research is expected to provide empirical and theoretical contributions to the development of inclusive, ethical, and sustainable MSME digital strategies, in accordance with Islamic economic principles and the direction of digital-based national economic development.

METHOD

This research uses a qualitative-comparative approach with descriptive analytical methods to understand how Sharia and conventional MSMEs in Medan build resilience in the face of digital disruption and integrate Maqasid Sharia values into their business strategies. The qualitative approach allows researchers to explore the social, ethical, and spiritual contexts underlying MSME decision-making, while the comparative method is used to differentiate adaptation patterns, resources, and value orientations between the two business groups. The research was conducted in Medan, with the research subjects consisting of Sharia MSMEs, which operate according to Sharia principles, and Conventional MSMEs, which focus on efficiency, product innovation, and market competition.

Primary data was obtained through in-depth interviews with 20 MSMEs, while secondary data came from government documents, microfinance institution reports, scientific publications, and statistical data from the Ministry of Cooperatives and SMEs. Data collection was conducted through semi-structured interviews, field observations, and documentation. Data were then analyzed using the Miles & Huberman model (reduction, presentation, and conclusion drawing) and thematic analysis to highlight social resilience, digital technology adoption, and the implementation of Maqashid Syariah values. The validity of the findings was maintained through triangulation of sources and methods as well as robustness testing between informants. The research conceptual framework integrates Resilience Theory and the Maqashid Syariah Framework to explain the differences in resilience strategies of Sharia and Conventional MSMEs in the era of digital disruption. In addition, a thematic analysis was conducted to map key concepts such as social resilience, digital technology adoption, and the implementation of Maqasid Sharia values (hifz al-mal, hifz al-din, hifz al-nafs, hifz al-'aql, and hifz al-nasl) in business practices (Hendratmoko et al., 2024)

RESULTS AND DISCUSSION

Data from the Ministry of Cooperatives and SMEs (2024) shows that there are more than 64 million small and medium enterprises (SMEs) in Indonesia, contributing 60 percent to GDP and absorbing 97 percent of the workforce. In Medan City, the MSME sector is dominated by trade, culinary, and service businesses. Despite increasing digital penetration, many MSMEs have not yet fully adopted digital technology, whether in marketing, operations, or financial recording. Field survey results indicate that approximately 57% of conventional MSMEs have active online stores on marketplaces such as Shopee and Tokopedia, while only 38% of Sharia MSMEs have optimally utilized digital platforms. This gap indicates differences in digital literacy, access to financing, and institutional support (Sarfiah et al., 2019).

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Table 1. Contribution of MSMEs to the National Economy and the Condition of MSMEs in Medan City in 2024

Indicators	Indonesia (National)	Medan (Local)
Number of MSME Units	± 64 Million Units	± 500,000 units (estimate from the Medan Cooperatives Office)
Contribution to Gross Domestic Product (GDP)	60%	± 55% of Medan City's GRDP
Labor Absorption	97% of the total national workforce	± 92% of the total regional workforce
Dominant Sectors	Trade, culinary, services	Trade (38%), culinary (34%), services (28%)
Digital Adoption Rate	± 35% of MSMEs already use digital platforms.	± 28% have adopted full digitalization (operations, marketing, finance).
Key Obstacles	Digital literacy, technology adoption costs, infrastructure.	Low digital literacy, lack of training.

Source: Ministry of Cooperatives and SMEs (2024); Medan City Cooperatives & SMEs Office (2024)

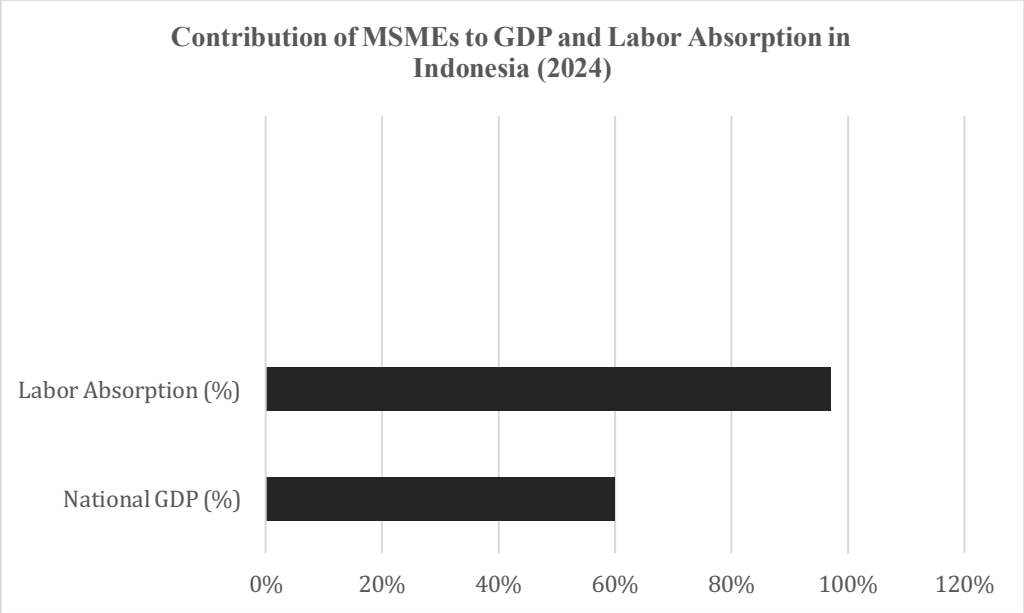


Table 2. Distribution of the MSME Sector in Medan (2024)

Sector	Percentage (%)
trade	38%
culinary	34%
services	28%

Data shows that MSMEs are the backbone of the national economy, contributing approximately 60% of Indonesia's GDP and employing almost the entire workforce (97%). However, the level of digitalization remains low, especially in areas like Medan, where only around 28% of MSMEs have fully utilized digital technology. This digital divide poses a serious challenge to MSME economic resilience in the era of digital disruption, particularly in facing online market competition and maintaining operational efficiency.

Social and Economic Resilience of Sharia and Conventional MSMEs

Research has found that Sharia MSMEs have higher social resilience than conventional MSMEs. This is influenced by strong community ties based on values of trust, brotherhood, and Islamic business ethics, as explained by (Sarfiah et al., 2019). Sharia MSME communities are often connected to religious institutions, such as mosques and sharia cooperatives, which serve as centers of economic and spiritual support. Conversely, conventional MSMEs

demonstrate greater resilience in terms of short-term adaptation. They are quicker to adopt digital innovations, use social media for promotions, and adjust prices dynamically according to market trends. However, their long-term resilience tends to be more volatile, especially when there are changes in digital platform algorithms or declines in consumer demand (Anggun Mutiara Utami & Wahyudi, 2024)**.** Key findings:

a. The social resilience of Sharia-compliant MSMEs is high due to their foundation in values of trust, community, and Islamic ethics.
b. Conventional MSMEs have high adaptive resilience in terms of innovation speed and digital efficiency, but are more susceptible to disruption during external crises.

Financing Sources and the Role of the Ecosystem

In terms of financing sources, Sharia-compliant MSMEs tend to rely on Sharia-compliant microfinance institutions, Baitul Maal wat Tamwil (BMT), and mosque community financing. This approach emphasizes the principles of justice, profit-sharing, and blessings (barakah). Spiritual-value-based financing has been shown to foster financial stability and resilience, as it is free from fixed interest rates (riba), which can be burdensome during a decline in revenue (Qurniawati & Nurohman, 2021) Meanwhile, conventional MSMEs rely more heavily on commercial banks, fintech lending, and personal capital. Although more flexible in terms of access and speed, their reliance on credit interest rates and digital platform fees increases their financial risk during market uncertainty(Wulandari & Ibrahim, 2023). Policy Implications: The Sharia-compliant financing ecosystem needs to be strengthened through collaboration between the government, Islamic banks, and zakat institutions to support the sustainable digitalization of Sharia-compliant MSMEs.

Technology Adoption and Digital Transformation

Significant differences are also evident in technology adoption patterns.Conventional MSMEs are relatively quicker and more aggressive in utilizing e-commerce, social media, and digital payment applications. However, the speed of adoption is not always matched by the quality of digital management. Many businesses have marketplace accounts but do not actively update their product catalogs or respond to customer messages responsively (Cutter et al., 2008). Sharia MSMEs, although slower to adopt technology, demonstrate consistent and stable digital growth. This aligns with the prudential principles of Islamic business, which emphasize maslahah (benefit) and amanah (honesty). In the context of Maqasid Sharia, technology adoption is viewed not merely as a matter of economic efficiency, but also as a tool to safeguard wealth (hifz al-mal) and improve community welfare (Dusuki & Abdullah, 2007)**.**

Integration of Maqasid Sharia Values in MSME Resilience

The results of the thematic analysis indicate that Maqasid Sharia values (including hifz al-din, hifz al-nafs, hifz al-'aql, hifz al-mal, and hifz al-nasl) play a crucial role in strengthening the resilience of Sharia MSMEs. Sharia MSMEs in Medan interpret business activities not only for economic profit, but also for maintaining moral and social balance. For example, the decision not to raise prices excessively when demand is high is considered an implementation of hifz al-nafs (preserving the well-being of others). Meanwhile, conventional MSMEs tend to emphasize rational and market strategies, such as dynamic pricing adjustments, paid digital promotions, and product diversification. These strategies are economically effective but pay less attention to the ethical dimension oriented towards social sustainability (Zarin Zakkiatul Fauziah et al., 2025). Thus, the integration of Maqashid Syariah values is a key differentiator that provides stability and customer loyalty for Sharia MSMEs, as well as creating strong trust capital amidst digital disruption (Suhartini et al., 2023).

Reliability Test and Comparison with Previous Studies

The results of this study are consistent with several previous studies. The finding that Sharia-compliant MSMEs are more socially resilient, while conventional MSMEs are more adaptive, aligns with research by (Anggun Mutiara Utami & Wahyudi, 2024) and Handayani & Darmawan (2024). Furthermore, qualitative robustness testing through source triangulation indicates that the social and financial resilience of Sharia-compliant MSMEs remains strong even during digital market fluctuations.

Theoretical and Practical Implications

Theoretical Implications:

This research expands the Resilience Theory framework (Nugroho Himawan et al., 2024)by adding an

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Islamic ethical dimension through the Maqasid Syariah Framework (Dusuki & Abdullah, 2007). This demonstrates that economic resilience is determined not only by adaptive capacity, but also by a foundation of moral and spiritual values.

Practical Implications:

The government and Islamic financial institutions need to design digital literacy programs based on Islamic ethics and encourage the integration of Islamic fintech as a digital financing and marketing solution for Islamic MSMEs. Furthermore, conventional MSMEs can learn from the social and ethical systems of Islamic MSMEs to strengthen customer loyalty and brand reputation in the digital era. This research shows that MSME resilience to digital disruption is influenced not only by technological factors, but also by aspects of values, ethics, and socioeconomic structures. Sharia-compliant MSMEs have the advantage of social resilience based on Islamic ethics and a community network of trust (trust-based microeconomy), while conventional MSMEs excel in their speed of technological adaptation but are less stable during crises. Both contribute significantly to microeconomic stability in Medan City, which supports 60% of national GDP and 97% of overall workforce absorption (Ministry of Cooperatives and SMEs, 2024).

Table 2. The Relationship between the Research on "The Resilience of Sharia and Conventional MSMEs in Digital Disruption" and Microeconomic Aspects

Microeconomic Aspects	Condition of MSMEs in Indonesia and Medan (2024 Data)	Implications for MSME Resilience and Strategy	Theoretical Relevance/Economic Concepts
Market Structure	Dominated by small businesses in the trade, culinary, and service sectors. Competition is high, especially in the online market.	The market structure tends to be monopolistic competitive, where product differentiation and ethical reputation (especially for Sharia-compliant MSMEs) are key to competitiveness.	Market structure and product differentiation theory (Chamberlin, 1933).
Producer Behavior	Conventional MSMEs are quick to adopt e-commerce, while Sharia MSMEs are slow but steady and value-based.	Conventional MSMEs focus on efficiency and technological adaptation; Sharia MSMEs focus on trust and business success.	Producer utility theory and value-based behavior (behavioral microeconomics)
Consumer Behavior	Customer loyalty of Islamic MSMEs is more stable due to trust and ethical values.	The value of a trust-based economy strengthens social resilience and long-term demand.	Consumer behavior and trust economy theory (Akerlof & Shiller, 2015).
289 / 5.000 Efficiency and Productivity	Digitalization remains low (28–35%), hampering operational efficiency and business scale.	Technology adoption is a key variable in increasing efficiency and reducing transaction costs.	The theory of production efficiency and transaction costs (Coase, 1937).
Capital Access	Sharia-compliant MSMEs: mosque-based microfinance and Islamic financial	Sharia-compliant financing enhances moral and social sustainability; fintech	Social capital theory and microfinance intermediation (Stiglitz & Weiss, 1981)

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	institutions. Conventional MSMEs: banks and fintech.	increases speed but is vulnerable to interest rate risks and default.	
Economic Resilience	Sharia-compliant MSMEs are more resilient to long-term crises; Conventional MSMEs are more adaptable but volatile.	The Maqasid Sharia values (hifz al-mal, hifz al-nafs, hifz al-din) strengthen the ethical and welfare-based resilience dimensions.	Microeconomic resilience theory & maqasid-based entrepreneurship (Hastuti et al., n.d.).

CONCLUSION

Digital disruption brings both opportunities and challenges for the sustainability of MSMEs in Medan. While digitalization has opened up broader market access, gaps in literacy, infrastructure, and financing still differentiate Sharia-compliant MSMEs from conventional ones. Findings indicate that Sharia-compliant MSMEs have stronger social and moral resilience because they are grounded in Maqasid Sharia values, such as trustworthiness (amanah), maslahah (maslahah), and justice ('adl), which strengthen customer loyalty and community ties. Conversely, conventional MSMEs tend to be more adaptive in the short term through rapid innovation and technology utilization, but their reliance on interest-bearing financing, high platform fees, and short-term profit orientation make their resilience more volatile when faced with external crises. This analysis confirms that digital resilience is determined not only by the speed of technology adoption but also by the strength of underlying business values and ethics. The integration of Maqasid Sharia values acts as a moral compass that strengthens the economic, social, and spiritual resilience of Sharia-compliant MSMEs, thus potentially becoming a model for sustainable MSME development in Indonesia. Theoretically, this research enriches resilience theory by incorporating ethical and spiritual dimensions, emphasizing that resilience is not only the result of adaptation but also consistency of values. Empirically, this research contributes to the study of the dualism between Sharia and conventional MSMEs in the context of the urban digital economy. The research's strategic recommendations include strengthening digital literacy based on Maqashid Syariah, integrating Islamic financial services with digital platforms, increasing the adaptive capacity of conventional MSMEs through innovation and risk management training, strengthening collaboration between Islamic and conventional MSMEs through cooperatives and digital communities, and accelerating the development of inclusive digital infrastructure. Academically, this research emphasizes the importance of Maqashid Syariah in explaining the economic resilience of MSMEs and opens up opportunities for further studies, including quantitative analysis such as SEM-PLS to examine the relationship between Islamic values, social resilience, and MSME digital performance.

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