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Maqasid Al-Shariah Realisation in Islamic Microfinance: A Conceptual Framework for Sustainable Halal Development

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ABSTRACT

The fast-growing global halal economy has resulted in the need for Islamic financial tools that can support inclusive, ethical, and sustainable economic growth. While the literature on Islamic microfinance has garnered significant scholarly attention in the context of financial exclusion, poverty reduction, and Shariah-compliant finance, most studies focus on assessing its success in terms of institutional conformity, operational effectiveness, and financial outreach. Understanding how Islamic microfinance can fulfil the higher purposes of Maqasid al-Shariah while contributing to sustainable halal development has received only limited attention. This conceptual paper aims to fill this theoretical gap with the help of an integrated framework that positions Islamic microfinance as an effective tool of achieving Maqasid al-Shariah in the contexts of halal economy. The study relies on the existing literature on Islamic microfinance, as well as Maqasid al-Shariah, Islamic social finance, Shariah compliance, and halal ecosystem development to create a comprehensive framework linking ethical financing, social justice, entrepreneurial empowerment, institutional governance, environmental responsibility, and halal value chain development. The proposed framework maintains that Islamic microfinance should not be assessed in terms of procedural Shariah compliance only, but also in terms of its contribution to equitable wealth distribution, human wellbeing, responsible entrepreneurship, and long-term sustainability. By providing a shift from compliance-centred financing to value creation centred around the idea of Maqasid, the paper contributes to the theoretical understanding of Islamic microfinance as well as practice recommendations for officers of Islamic financial institutions, halal industry representatives, and researchers.

Keywords: Islamic microfinance; Maqasid al-Shariah; halal economy; sustainable halal development; Islamic social finance.

INTRODUCTION

The halal economy has transitioned from a specialized religious market into one of the most rapidly developing sectors globally, including halal food, pharmaceuticals, cosmetics, tourism, logistics, fashion, digital services, and Islamic financial products. With increasing recognition as an element of economic diversification, sustainable entrepreneurship, and inclusive development, the halal economy needs funding mechanisms for the ethical business development and sustainability of ecosystems (Azam & Abdullah, 2020). Given the rapid growth of halal markets, the availability of proper Islamic finance instruments became a crucial factor for the halal entrepreneurs' support, especially within the area of micro, small, and medium-sized enterprises (MSMEs).

Islamic microfinance has become one of the essential parts of the Islamic financial system thanks to its provision of Shariah-compliant financial services to poor communities, ensuring financial inclusion and social empowerment. The core value-based principles of Islamic microfinance make this type of finance an effective tool for halal entrepreneurship, as well as equitable economic participation and sustainable development (Muhammad et al., 2025; Hassan et al., 2021). At the same time, the strategic connection between Islamic finance and the halal economy has been increasingly recognized by contemporary scholarship. Yet, current research has mainly focused on this relationship in terms of institutional performance, funding methods, regulatory systems, or procedural compliance with Shariah policy, while the role that Islamic microfinance plays in sustainable halal development via the realization of Maqasid al-Shariah has received considerably less scrutiny (Karbhari et al., 2020; Hassan et al., 2021).

Maqasid al-Shariah forms the basis for the ethics and the development of Islamic finance through the idea of ensuring that people are well off and promoting justice, maslahah, and sustainable prosperity not only legally. Contemporary literature pays less attention to the development contribution of Islamic microfinance, while the research overwhelmingly concentrates on such areas as institutional performance, operational efficiency, financial outreach, and Shariah procedure compliance instead (Auda, 2008; Ibn Ashur, 2006; Ishak & Nasir, 2021). As a consequence, meeting contractual obligations alone does not guarantee equal wealth distribution, entrepreneurship, social justice, or sustainable halal development, as all these aims belong to the higher goals of Islamic jurisdiction (Mubarok & Kurnia, 2025; Hai et al., 2022).

Despite the wide progress in the area of Islamic microfinance and halal economy studies, there still exists a considerable gap in theory since the current literature considers Islamic microfinance, Maqasid al-Shariah, governance, sustainability, and halal development to be either unrelated or loosely linked domains, which leads to a lack of coherent understanding of the way that Islamic microfinance can participate in achieving sustainable halal development. Most importantly, there is no overall conceptual framework that connects Maqasid al-Shariah, Islamic micro-financing, and sustainable halal development in a single theoretical framework for understanding the wider developmental role of Islamic micro-financing and this necessitates the reinterpretation of Islamic micro-financing from compliance-based model to one that reflects the ideas of purpose-driven development and considers value creation and sustainable development.

To fill the existing gap, this research project will create a new Maqasid al-Shariah realization model that combines Islamic micro-financing, Maqasid al-Shariah, and sustainable halal development in a consistent framework. Instead of focusing exclusively on the legality of the Islamic finance contracts and compliance mechanisms, the model will analyze the ability of Islamic micro-financing to create ethical value through responsible financing, inclusive entrepreneurship, equal wealth distribution, governance based on Maqasid al-Shariah, environmental protection, and halal value chains.

The current study contributes more theoretically and practically to the existing research on Islamic micro-financing and sustainable halal development. Specifically, it provides a theoretical framework that employs Maqasid al-Shariah as a basic analytic approach to the study of Islamic micro-financing and sustainable halal development. Additionally, it produces a new model that connects Islamic micro-financing with the ideas of sustainable halal development through links between ethical, economic, social, institutional, and environmental factors.

Thus, the next section provides a description of the conduction of the conceptual research before analyzing the main principles of Maqasid al-Shariah, Islamic micro-financing, and sustainable halal development. The paper then discusses the gaps in the existing theories and offers the suggested model of the research project along with its implications for theory and practice and possible future research directions.

Conceptual Research Design

The research design adopted in this study is known as conceptual research that develops a theoretical framework elucidating how Islamic microfinance helps realise Maqasid al-Shariah for sustainable halal development. Conceptual research is aimed at enhancing knowledge by combining existing theories, synthesizing previous research and creating new theoretical insights instead of verifying any empirical hypotheses (Jaakkola, 2020;

MacInnis, 2011). Therefore, this study aims to create an integrated conceptual framework that connects Islamic microfinance, Maqasid al-Shariah and sustainable halal development from a clear theoretical perspective.

The framework is developed using narrative literature review and theory synthesis from previous research theories on Islamic microfinance, Maqasid al-Shariah, Islamic social finance, Shariah governance, sustainability and halal ecosystem development. Unlike systematic reviews entailing set search strategies and statistical synthesis, narrative reviews make it possible for researchers to transform different theories into new concepts (Jaakkola, 2020). Therefore, the literature provides a theoretical base for spotting relationships among the key concepts underlying the proposed framework.

In order to increase theoretical robustness, conceptual framework development was carried out by the algorithm developed from existing theories on conceptual research (MacInnis, 2011; Jaakkola, 2020). The first step was literature review of both classical and modern sources with the purpose to find key concepts in Islamic microfinance and Maqasid al-Shariah. The second step included comparison of different theoretical areas to determine their relation to sustainable halal development. The third step was focused on merging these mutual concepts into a bigger framework of ethical financing, social justice, business empowerment, institutional governance, ecology and halal value chains.

The fourth step was carried out by means of checking the resulting framework against the four characteristics of significant theory outlined by Corley and Gioia (2011), namely originality, coherence, explanatory power, and practical relevance. Instead of providing new empirical data, this study has made contribution into the development of Islamic microfinance theory, as it has relocated the focus of Islamic microfinance from compliance-driven point of view to the more value-driven one based on Maqasid al-Shariah.

The framework was developed from literature identified through targeted searches of major scholarly databases and authoritative publications relevant to Islamic microfinance, Maqasid al-Shariah, Islamic social finance, and sustainable halal development. Sources were selected based on their conceptual relevance, theoretical contribution, and scholarly credibility before being synthesised using the theory-synthesis approach recommended for conceptual article development (MacInnis, 2011; Jaakkola, 2020).

Theoretical Foundations

The theoretical foundation of this research relies on the convergence of the Maqasid al-Shariah and Islamic microfinance as complementary instruments of sustainable socioeconomic development. If the Islamic microfinance gives the organizational and financial resources to foster inclusive entrepreneurship and ensure financial reachability, the Maqasid al-Shariah creates a framework of ethical and developmental objectives guiding the Islamic economic activities beyond the legal compliance norm. Together, the two prisms create a unique theoretical approach allowing for understanding the role of Islamic microfinance in sustainable halal development.

Maqasid al-Shariah that is commonly interpreted as the higher goals of Islamic law evolved from a jurisprudential context to a multidimensional paradigm of socioeconomic development. Classical scholars like Al-Ghazali and Al-Shatibi indicated that the vital goals of Islamic law include preservation of religion (hifz al-din), life (hifz al-nafs), intellect (hifz al-'aql), offspring (hifz al-nasl), and property (hifz al-mal). Modern scholars extend those ethical goals to the higher ideas of human wellbeing, justice, institutional accountability, sustainable development, etc. (Auda, 2008; Ibn Ashur, 2006).

In the context of Islamic finance, the Maqasid al-Shariah is seen as a useful measure of institutional performance thus going beyond the criteria of legality and profitability. Rather than focusing on the Shariah compliance per se, the Maqasid perspective helps to estimate the real contribution that Islamic finance institutions make into equitable distribution of wealth, poverty eliminating, responsible entrepreneurship, and general wellbeing of the society. Mergaliyev et al. (2021) state that many Islamic finance institutions succeeded in adhering to the legal criteria, but there has been little concern for achieving the higher goals of Islamic law. This idea is supported by Ishak and Nasir (2021) claiming that putting theoretical ideas into practice is one of the key challenges encountered by Islamic finance today.

Islamic microfinance is naturally fitted for achieving those goals as it was designed to deliver ethical financial services to poor communities and ensure their economic participation and social inclusion. Compared to the traditional microfinance, Islamic microfinancing relies on the principles of profit sharing, usage of tangible assets, prohibition of riba and gharar, and ethical investment that altogether enable fair economic relationships (Muhammad et al., 2025; Saad et al., 2025). With this in mind, Islamic microfinance cannot be classified just as an alternative financing tool but must be seen as a project designed to fulfil higher Maqasid al-Shariah purposes through empowering people economically. Thus, this research utilizes the Maqasid approach as the main theoretical perspective while treating Islamic microfinance as a tool for achieving ethical value creation, inclusive development, and sustainable growth of halal ecosystem.

Islamic Microfinance And Sustainable Halal Development

The halal economy has developed as a key driver for economic progress, growing from halal food to sectors such as pharmaceuticals, cosmetics, logistics, tourism, finance and digital services. While the halal industries continue to develop on a global scale, the sustainability of this ecosystem increasingly relies on funding methods that can support ethical entrepreneurship, innovation and inclusive business development, whereby Islamic microfinancing fits the role perfectly due to the principle of Islamic microfinancing being naturally aligned with the Sharia and sustainable development (Azam & Abdullah, 2020).

Micro, small and medium-sized enterprises (MSMEs) are crucial elements of halal production and services industries in a number of Muslim dominated nations. Despite their economic importance, these businesses often struggle to secure the right financing opportunities, especially when starting or growing. Islamic microfinance addresses this issue by supplying Sharia compliant source of funding for MSMEs that does not involve borrowing at interest rates and promotes entrepreneurship (Akbar et al., 2025). In addition to providing easier access to financing, Islamic microfinance promotes responsible business practices, uses of resources and inclusiveness within the halal value chain.

The merger of Islamic finance and halal industry development gets more popular as a topic of discussion in academic and political circles. Malaysia and Indonesia, for example, have made many attempts to set up institutional cooperation between Islamic finance institutions and halal certification systems for the purpose of improving the competitiveness of halal markets (Amalia & Rini, 2019). It is shown that financial inclusion is not sufficient for sustainable halal development as it is essential to implement coordination, managerial and financing principles to assure that ethical production and consumption of goods and services within halal value chain.

A recent development in Islamic social finance makes this conclusion even stronger, showing how further progress towards the sustainability goals can be made with the help of the integrated application of zakat, waqf and sukuk along with Islamic microfinance. By using these financial tools within the wider framework of Maqasid al-Shariah, it is possible to get the best results in poverty alleviation, entrepreneurship promotion, fairer wealth distribution and sustainability of communities (Hai et al., 2022). Thus, Islamic microfinance should be considered as a part of the integrated halal ecosystem instead of a separate financial service. Nonetheless, the great number of published articles still assess Islamic microfinance as a separate service only. Thus, there are not so many publications that focus on the issues of the impact of Islamic microfinance on sustainability goals through Maqasid al-Shariah. Hence, providing an adequate response to the existing problem requires the development of a new conceptual model that would bring together the ethical principles, governance principles and sustainable development.

Research Gap And Framework Development

Current scholarship has greatly improved the comprehension of Islamic microfinance in terms of financial inclusion, poverty alleviation, institutional governance, Shariah compliance, and halal industry financing. These studies have provided valuable information about the mentioned aspects, but these theories were created in isolation from each other. As a result, the theoretical understanding of how Islamic microfinance is instrumental in sustainable halal development is incomplete. It is vital to mention that up-to-date research has seldom included Maqasid al-Shariah, ethics of financing, governance, empowerment of entrepreneurs and sustainability into one

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single theoretical model that can be useful to explain how Islamic microfinance contributes to development in general.

Moreover, most current evaluation methods are compliance-oriented, being focused on Shariah compliance and institutional performance rather than estimating the degree of Islamic microfinance contribution to realization of other Maqasid al-Shariah by virtue of value generation, wealth distribution, and sustainable halal ecosystem development (Mergaliyev et al., 2021; Ishak & Nasir, 2021). Hence, there is still a considerable gap in terms of explaining how Islamic microfinance can be viewed as a strategic instrument for achieving the goals of Maqasid al-Shariah in modern halal economies.

In order to fill this gap, the present investigation presents a Maqasid al-Shariah Realisation Framework integrating ethical, social, economic, institutional and environmental dimensions into a single model. The framework presents Islamic microfinance as the mechanism for value-based development going beyond mere compliance. The proposed framework, which will be detailed in the next section, will become the basis for empirical research and provide practical recommendations to policy makers, Islamic financial institutions, and actors of the halal market.

Maqasid Al-Shariah Realisation Framework

The Maqasid al-Shariah Realisation Framework

Based on the theoretical foundations and research gap identified in the previous sections, the current research establishes the Maqasid al-Shariah Realisation Framework, which redefines Islamic microfinance into a valuable tool of sustainable halal development. Past studies have focused mainly on the evaluation of Islamic microfinance in terms of institutional performance, outreach, financial sustainability, or Shariah compliance. Although these aspects are still relevant, they do not provide a comprehensive understanding of the contribution of Islamic microfinance to the overall development objectives determined by Maqasid al-Shariah. Hence the new framework changes the focus of the analysis from procedural compliance to the understanding of how Islamic microfinance realizes ethical, social, financial, institutional, and environmental results that contribute to sustainable halal development.

Contrary to conventional paradigms which view Islamic microfinance mainly as a supplier of Sharia-compliant financial products, a new paradigm sees Islamic microfinance as an institution that has value creation through converting Islamic law principles into real financing, entrepreneurship, and development practices. This perspective is compatible with modern Maqasid-related investigations and shows that an analysis of Islamic financial institutions cannot be limited to the assessment of their legal compliance with the requirements of Sharia but should also study their effects on the improvement of peoples’ welfare, justice, social inclusion, and sustainability.

Figure 1 shows the proposed theoretical pathway which starts from five basic principles of Maqasid al-Shariah—the preservation of religion (hifz al-din), life (hifz al-nafs), mind (hifz al-'aql), descent (hifz al-nasl), and property (hifz al-mal)—that serve as the normative guidelines for Islamic economic actions. Those principles represent the theoretical foundation upon which Islamic microfinance builds its ethical mission and operational vision. The Islamic microfinance then acts as an institutional facilitator that applies these normative principles to the provision of Shariah-compliant financial products, organizational practices, and development initiatives in support of halal businesses. Finally, through ethical financing methods and governance grounded in Maqasid, the framework creates sustainable halal development results that are expressed through spiritual integrity, economic viability, social justice, environmental protection, and institutional trust in the system. It is worth noting that the model incorporates a mechanism of continuous feedback, which implies that the development outcomes should also feed new insights for the organization.

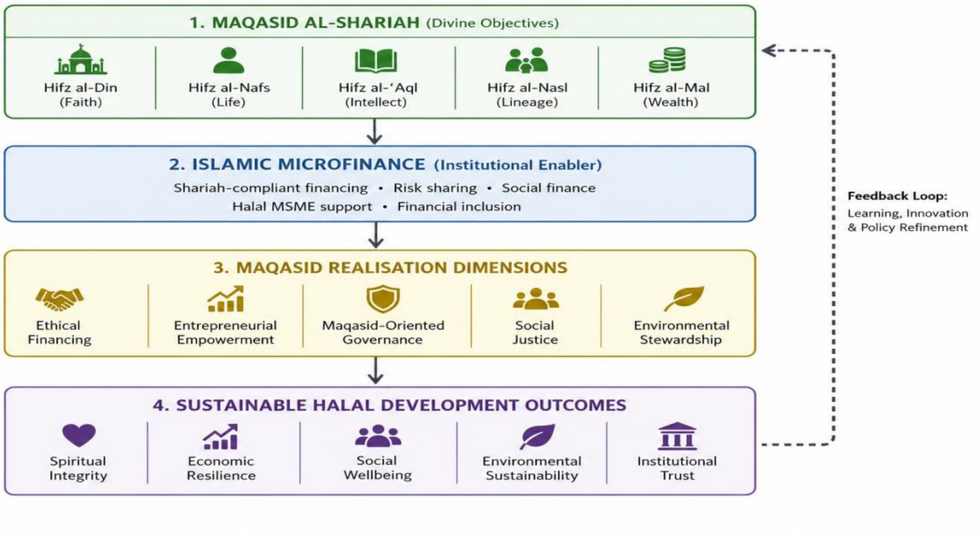

Figure 1. The Maqasid al-Shariah Realisation Pathway: From Divine Intent to Sustainable Halal Development

Components of the Framework

Maqasid al-Shariah as the Normative Foundation

This proposed framework is based on the key principles of Maqasid al-Shariah, which acts as the basis for the normative and ethical principles for Islamic economic activities. Unlike conventional banks, which assess the performance of such institutions based on financial metrics, the Maqasid approach examines whether economic activity helps in promoting human welfare in accordance with the higher goals of Islamic law. These goals include the protection of religion (hifz al-din), protection of life (hifz al-nafs), protection of mind (hifz al-'aql), protection of family (hifz al-nasl), and protection of wealth (hifz al-mal), and together they represent the moral basis for socio-economic development (Auda, 2008; Ibn Ashur, 2006).

For this framework, these five goals serve as the norm of the framework that guides Islamic microfinance beyond the formal notion of legality. Rather than treating Shariah compliance as an end in itself (as seen in a majority of cases), it shifts Shariah compliance to the position of a means for achieving higher developmental objectives.

Islamic Microfinance as the Institutional Enabler

Islamic microfinance has an important role within the proposed framework because it applies the ethical principles in Maqasid al-Shariah. Islamic microfinance applies these normative values into practical measures that impact the financing, empowerment of entrepreneurs, and the development of halal enterprises. Contrary to conventional microfinance, it introduces risk-sharing contracts, policy of asset-based financing, prohibition of paying interest and uncertainty, and social financing methods that together enable equal wealth creation and endurance of the community (Mubarok, 2025).

The proposed framework sees Islamic microfinance as not simply a financial institution but as a mediator between ethical goals and economic achievements. Islamic microfinance creates the conditions that allow halal small and medium sized enterprises to flourish, making use of the Shariah-compliant institutions, community-based capital formation, and instruments of Islamic social finance in practice.

Ethical Financing Mechanisms

Ethical financing is the practical implementation through which Islamic microfinance applies the Maqasid principles into practice. The model describes a range of different complementary instruments of financing which include mudarabah, musharakah, qard al-hasan, waqf-based financing, zakat redistribution and micro-takaful. All of them together make a contribution into business development while ensuring fairness, transparency and social justice.

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Unlike the conventional debt-oriented instruments, these tools are based on the principles of partnership, mutual liability and long-term values creation. The use of risk-sharing contracts leads to productive investments while the Islamic social finance tools act to reinforce financial resilience among those who are in need. In addition, by combining waqf and zakat with microfinance activities it makes it possible to increase the access of entrepreneurs to capital. This means that ethical financing is viewed as not only a financing instrument but also a tool for maqasid-centred socio-economic transformation.

Maqasid-Oriented Governance

The success of Islamic microfinance is determined not only by financial resources but also by governance structures that provide that decisions made by institutions comply with core principles of Islamic law. Traditional governance models focus primarily on monitoring compliance through audits and legal supervision. The model presented here outlines a system of governance that aims to monitor the gains obtained through non-stop monitoring of development impact.

Governance focused on maqasid provides additional benefits that traditional Shariah supervisory boards do not provide. It allows overseeing Islamic financial institutions as well as regulating halal certification authorities, regulators, and other organizations involved in the industry. As a result, Islamic microfinance is associated with unified standards, digital tracing, monitoring of impacts, ethical auditing, and organizational learning. The use of digital technologies and artificial intelligence improves the accountability and transparency of halal chains.

Sustainable Halal Development Outcomes

According to the framework, the ultimate purpose is obtaining sustainable halal development through the implementation of the Maqasid al-Shariah. Sustainable halal development according to the framework is a multi-dimensional outcome involving spiritual integrity, economic resilience, social equity, environmental sustainability, and institutional trust. The listed aspects demonstrate the broader purpose of Islamic finance, which is providing people, societies, and communities with good benefits.

From the economic standpoint, Islamic microfinance helps halal SMEs overcome challenges of ethical capital availability, develop entrepreneurial potential, and ensure sustainability of business. From the social perspective, it guarantees financial inclusion, fair distribution of wealth, and poverty reduction through responsible financing. From the environmental perspective, the framework encourages sustainable production practices and responsible resource usage as per to the principles of halalan tayyiban (Ab Talib et al., 2015). Finally, in terms of governance, good governance and collaboration in policymaking facilitate building trust in Islamic financial institutions.

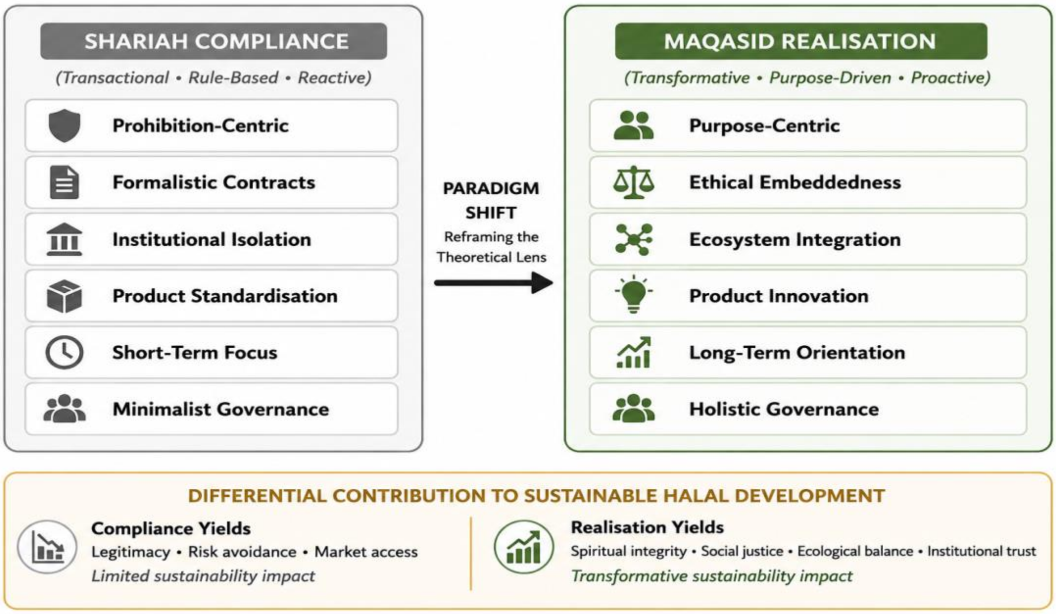

Figure 2. Paradigm Shift: From Shariah Compliance to Maqasid Realisation in Halal SME Financing.

The transition from a compliance-based view of Islamic microfinance to one based on Maqasid realization in Islamic finance is presented in Figure 2. The standard practice of Islamic microfinance is primarily based on compliance with Sharia law through avoidance of riba, gharar, and maysir. Compliance is important, but it represents the basic procedural understanding of Islamic finance. Thus, the efficiency of financial institutions is checked in terms of legal compliance, not in terms of the outcomes of their work.

The current study suggests to expand this understanding and include the objectives of maqasid into Islamic microfinance practice. According to the Maqasid realization view of Islamic microfinance, financial institutions become the facilitators of sustainable development that create value, integrate into ecosystems, innovate, and build resilience. Governance changes from the control of compliance to impact evaluation; products change from contracts to socially responsible and value-oriented solutions; and performance evaluation changes from the assessment of compliance to evaluating contributions to public welfare, social justice, environmental protection, and community resilience. Thus, the proposed approach is likely to make Islamic microfinance more than a compliance-based financial intermediary.

Table 1. Comparative Synthesis of Shariah Compliance and Maqasid Realisation in Islamic Microfinance for Sustainable Halal Development

Dimension	**Shariah Compliance Paradigm**	**Maqasid Realisation Paradigm**
Theoretical orientation	Rule-based compliance with Shariah principles	Purpose-driven realisation of Maqasid al-Shariah
Strategic objective	Legal conformity and contractual validity	Holistic human wellbeing (*maslahah*) and sustainable value creation
Governance approach	Compliance monitoring and Shariah supervision	Impact-oriented governance guided by Maqasid outcomes
Financing philosophy	Shariah-compliant financial products	Ethical financing for socioeconomic empowerment
Role in sustainable halal development	Improving access to Shariah-compliant finance	Strengthening enterprise capability, resilience, and inclusive growth
Development outcome	Halal-compliant financial services	Sustainable halal development through integrated economic, social, ethical, and environmental outcomes

Table 1 illustrates a comparison between the traditional Shariah compliance model and the Maqasid implementation model which has been introduced in this study. In this sense, while the compliance model is concerned with compliance with legal issues, the Maqasid realization model takes the matter further by portraying Islamic microfinance as a purpose-driven system for facilitating the process of creating ethical values, stimulating entrepreneurship, governance aimed at achieving the required impacts, and halal sustainable development. This comparison demonstrates that by taking a Maqasid-oriented perspective, Islamic microfinance moves beyond compliance and instead achieves greater Shariah goals.

In this case, the compliance model is mainly dealing with compliance with Shariah requirements by making Islamic financial products legitimate, which helps improve the credibility of institutions and increase market confidence. On the other hand, the Maqasid realization model views Islamic microfinance as a unified development model that can achieve goals related to ethical finance, entrepreneurship, social justice, environmental management, and governance. In this context, halal development is considered as a goal that Islamic microfinance reaches rather than a side impact of compliance.

The information presented in Table 1 indicates that this research plays an important role in the theoretical development of the issue as the author discovers the change from the compliance paradigm to the Maqasid paradigm with regard to Islamic microfinance. The researcher goes beyond proposing a new model as he considers Islamic microfinance to be value-based, thus allowing the integration of all concepts associated with ethical finance, governance, and sustainable development into one unified approach. This way of conducting research has a potential for a stronger foundation for empirical research and practical assistance for people managing Islamic financial institutions or halal sector who would like to create an ethical and sustainable halal environment.

Taken together, Table 1 confirms the paper's central argument: by shifting from the compliance paradigm to the Maqasid paradigm, Islamic microfinance becomes a value-based, unified development model that integrates ethical finance, governance, and sustainable development, thereby providing a stronger foundation for future empirical research and practical guidance for Islamic financial institutions and halal-sector practitioners.

Implications And Future Directions

The Maqasid al-Shariah Realisation Framework boosts Islamic microfinance from a mere compliance approach to promoting Sharia goals within sustainable halal development. The framework does not consider Islamic microfinance as a tool for poverty alleviation or achieving financial inclusion, but rather as a moral financial institution that combines value-based financing, governance, entrepreneurship development, and sustainability in one system. This combination provides a strong theoretical input since several ideas are used to develop one strong theory (Corley & Gioia, 2011; Jaakkola, 2020).

In terms of theoretical significance, the framework helps to understand Islamic microfinance that compliance with Sharia terms should be considered as an institutional basis instead of goals of Islamic finance. The recent Maqasid studies indicate that Islamic financial institutions should be evaluated by means of their input into human welfare, justice in society, fair distribution of wealth, and sustainable development in contrast to contract compliance (Auda, 2008; Sheikh and Hussain, 2025). Thus, the framework allows to reinterpret Islamic microfinance as an effective tool for generating multi-faceted value in the halal ecosystem. The framework also offers a clear direction for practical application, providing actionable guidance for Islamic financial institutions, regulators, and halal-industry stakeholders seeking to operationalise Maqasid-oriented financing and governance in their respective contexts.

Also, the framework has the practical implications for government and authorities, Islamic finance institutions, and stakeholders of halal ecosystem. At a policy level, the framework contributes to the development of balanced halal-finance policy aimed at establishing better contacts between Islamic microfinance institutions, halal certification bodies, small and medium business supporting organizations, and halal state agencies. Furthermore, the noted framework contributes to the Value based Intermediation (VBI) started by Bank Negara Malaysia as it encourages Islamic finance institutions to perform good deeds for society, economy and environment (Bank Negara Malaysia, 2018).

From the management perspective, the framework encourages Islamic microfinance institutions to apply Maqasid-oriented indicators in addition to the standard financial criteria. Besides improving access to finance, Islamic microfinance organizations should also provide clients with opportunities for entrepreneurs' development, governance, digital traceability and the raising of financial literacy of halal SMEs. All the noted aspects will allow stabilizing the business, improving halal value chain integration, and supporting its sustainable development in the long run. The summary of multiple importance of the framework is represented in Table 2 illustrating that it allows people to contribute to theoretical knowledge, policy-making, institutional governance, management practices and SMEs development.

Table 2. Theoretical, Practical, and Future Research Implications of the Proposed Framework

Dimension	Key Implications
Theoretical Contribution	Reconceptualises Islamic microfinance from procedural Shariah compliance to Maqasid realisation by integrating Islamic finance, governance, ethical financing, and sustainable halal development within a unified conceptual framework.

Policy Implications	Supports integrated halal-finance strategies, harmonised governance, Value-based Intermediation, Maqasid-based regulatory indicators, and stronger institutional coordination.
Managerial Implications	Encourages Islamic financial institutions to adopt impact-oriented financing, Maqasid-based governance, digital traceability, performance measurement, and long-term SME capability development.
Implications for Halal SMEs	Enhances access to ethical financing, strengthens halal value-chain integration, improves entrepreneurial resilience, and supports sustainable halal business growth.
Future Research	Validate the framework empirically, develop Maqasid performance indicators, conduct comparative cross-country studies, and investigate Islamic fintech, AI-enabled governance, digital halal ecosystems, and integrated Islamic social finance.

Future research should aim to move beyond conceptual refinement and empirically validate the proposed framework in a variety of different institutional, regulatory, and socioeconomic contexts. Cross-country studies in Malaysia, Indonesia, and other developing halal economies could look at how the differences in governance frameworks, Islamic finance ecosystems, and policy frameworks have impacted the realization of Maqasid al-Shariah principles. Quantitative research may involve constructing different indicators that capture Maqasid-oriented Islamic microfinance performance and this is where qualitative research would come in handy as it would gather evidence from stakeholders regarding their experiences in any matters related to governance, ethical financing, and the development of halal ecosystem. Thus, future studies are encouraged to empirically validate the proposed framework using quantitative methods such as Structural Equation Modelling (SEM) or Partial Least Squares Structural Equation Modelling (PLS-SEM) to test and further refine its conceptual propositions in practice. Moreover, new trending developments such as Islamic fintech, artificial intelligence, digital halal traceability, and sustainable development present new avenues for extending the above-mentioned framework according to the rapid evolution of halal economy. Figure 3 offers a future research path that will be used to test and refine the proposed Maqasid al-Shariah Realisation Framework. This path starts with qualitative research to study the realization of Maqasid, then quantitative research to test the established relationships and concepts, and to finish with comparative research to analyze the framework in different contexts. The combination of findings from these methods will contribute to the enrichment of the framework.

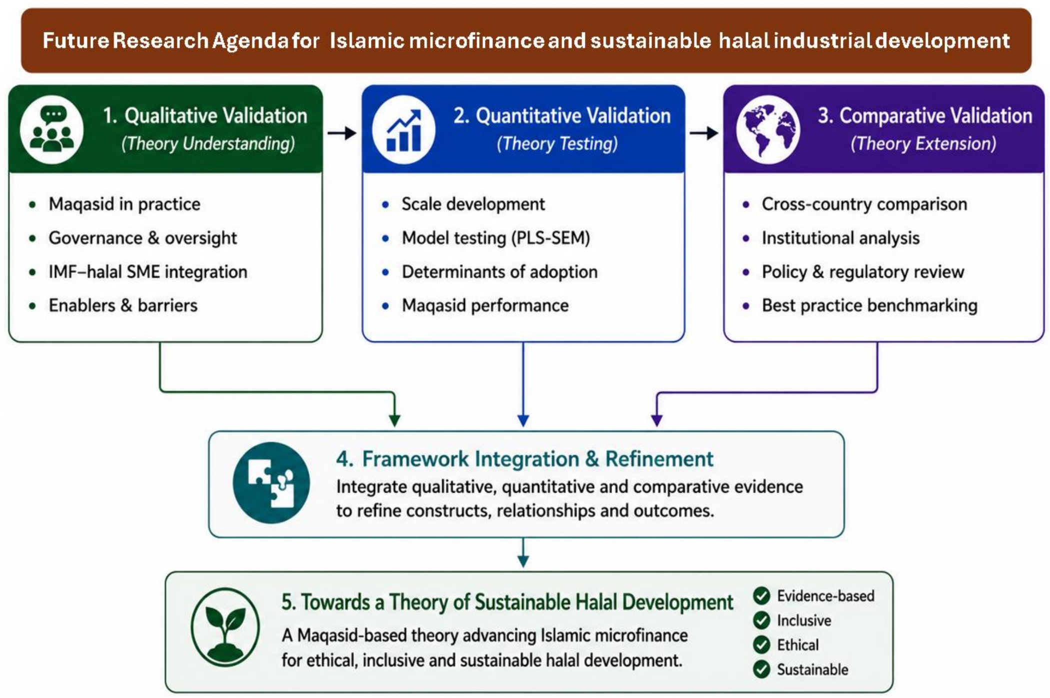

Figure 3. Future Research Agenda for Maqasid-Oriented Islamic Microfinance.

CONCLUSION

This study developed a Maqasid al-Shariah Realisation Framework to reconceptualise the role of Islamic microfinance in advancing sustainable halal development. Responding to the fragmented nature of existing scholarship, the proposed framework integrates *Maqasid al-Shariah*, Islamic microfinance, ethical financing mechanisms, Maqasid-oriented governance, and sustainable halal development into a unified conceptual model. By positioning Islamic microfinance as an institutional enabler rather than merely a provider of Shariah-compliant financial products, the framework demonstrates how Islamic finance can contribute to broader developmental objectives encompassing spiritual integrity, social justice, economic resilience, environmental stewardship, and institutional trust.

The most important contribution of this study is in changing the analytical approach from procedural Shariah compliance to achieving the higher objectives of Islamic law. Although compliance is a crucial basis of Islamic finance, it can be fully enjoyed only when financial institutions actively work on generating value, promoting public interest (maslahah), and achieving sustainable socio-economic development. Thus, the developed framework provides a solid theoretical foundation for understanding the strategic role of Islamic microfinance in modern halal ecosystems and contributes to the field of Maqasid-oriented Islamic finance.

The developed framework is not only of theoretical significance but also provides practical recommendations for the authorities, regulators, Islamic financial institutions, and halal industry stakeholders who want to raise the level of cooperation between Islamic finance and the halal economy.

Although this study is conceptual in nature, it establishes a foundation for future empirical research. Subsequent studies may validate the proposed framework across different institutional contexts, develop multidimensional indicators for measuring Maqasid realisation, and examine the effectiveness of Maqasid-oriented Islamic microfinance in promoting sustainable halal development. Such research will further strengthen the evidence base for aligning Islamic finance with the higher objectives of Islamic law and the broader aspirations of sustainable development.

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