

Non-Riba Microfinance Model Based on Mudharabah: Analysis of Sharia Maqashid and Findings From Expert Interviews

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Abstract. *This research problem stems from the dependence of micro-businesses on interest-based debt financing, which poses the risk of usury and hinders business sustainability. The research gap arises because studies on Islamic microfinance are still dominated by murabahah contracts, while the potential of mudharabah as a non-usury financing model in line with maqashid sharia has not been comprehensively discussed. This study aims to analyze mudharabah as an alternative form of microfinance that eliminates usury and strengthens masalah through the principles of profit sharing, justice, and asset protection in accordance with hifzh al-mâl. The method used is descriptive qualitative with thematic analysis of classical and contemporary literature as well as focused interviews with experts on maqashid sharia. The results of the study show that mudharabah is highly compatible with the values of maqashid syariah in supporting the sustainability of micro businesses, particularly through risk sharing, transparency, and ethical partnerships. These findings confirm that mudharabah has the potential to be a more equitable, inclusive, and riba-free microfinance scheme compared to debt-based models.*

Keywords: *Mudharabah; Microfinance; Non-Riba Financing; Maqashid Syariah; Hifzh al-Mal; Risk Sharing; Islamic Micro-Business.*

Abstrak. *Permasalahan penelitian ini bermula dari ketergantungan usaha mikro pada pembiayaan utang berbasis bunga, yang menimbulkan risiko riba dan menghambat keberlanjutan usaha. Kesenjangan penelitian muncul karena studi tentang pembiayaan mikro*

Islami masih didominasi oleh kontrak murabahah, sementara potensi mudharabah sebagai model pembiayaan non-riba yang sejalan dengan maqashid syariah belum dibahas secara komprehensif. Studi ini bertujuan untuk menganalisis mudharabah sebagai bentuk alternatif pembiayaan mikro yang menghilangkan riba dan memperkuat masalah melalui prinsip-prinsip pembagian keuntungan, keadilan, dan perlindungan aset sesuai dengan hifz al-māl. Metode yang digunakan adalah kualitatif deskriptif dengan analisis tematik literatur klasik dan kontemporer serta wawancara terfokus dengan para ahli maqashid syariah. Hasil penelitian menunjukkan bahwa mudharabah sangat sesuai dengan nilai-nilai maqashid syariah dalam mendukung keberlanjutan usaha mikro, khususnya melalui pembagian risiko, transparansi, dan kemitraan yang etis. Temuan ini menegaskan bahwa mudharabah berpotensi menjadi skema pembiayaan mikro yang lebih adil, inklusif, dan bebas riba dibandingkan dengan model berbasis utang.

Kata Kunci: Mudharabah; keuangan mikro; Pembiayaan Non-Riba; Maqashid Syariah; Hifz al-Mal; Pembagian Risiko; Bisnis Mikro Islam.

Introduction

Wealth is a gift from Allah subḥānahu wa ta'ālā that is naturally loved by humans. Linguistically, the word *al-māl* (المال) comes from the root word *māla-yamīlu* (مال – يميل), which means tendency, describing the human nature that always leans towards wealth. Scholars define wealth as anything that is valuable, useful, and must be replaced if damaged, whether material or non-material (Babakir & Qager, 2021). Thus, wealth has an important position in human life, both as a means of fulfilling basic needs and as a means of developing welfare through economic activities.

Within the framework of *maqāṣid al-sharī'ah*, the protection of property (*hifz al-māl*) falls under the category of *al-ḍarūriyyāt al-khams*, which are the basic necessities that sustain human life. The protection of property can be achieved through two approaches:

1. *min janib al-wujūd*, which are positive efforts such as managing, investing, or donating wealth; and

2. *min janib al-'adam*, which is avoiding factors that destroy wealth such as theft, gambling, gharar, and especially usury transactions (Muktiono et.al., 2022).

Therefore, business activities and wealth development are not only aimed at fulfilling life's needs, but must also be within the corridor that maintains the blessings and sustainability of wealth (Zaroni, Akhmad Nur, 2007; Suraji & Sastrodiharjo, 2022).

In Indonesia, the micro business sector has a strategic position in the national economy. Based on the 2016 Economic Census and data from the Ministry of Cooperatives and SMEs (2019) there are more than 64.6 million micro business units that employ 109.8 million workers and contribute 37.35% to GDP. However, despite its significant role, investment and capital flowing into the micro sector is very small, only around 6.75%. This limited access to capital encourages micro business actors to take out loans, both from formal and informal financial institutions. OJK (2021) data shows that micro business financing reached 42.6 trillion in July 2022, with debt-based loans dominating.

However, various studies show that inappropriate use of debt can damage the economic, environmental, and psychological health of business actors (Gonzalez-Redin et.al., 2018; Komunitas Masyarakat Tanpa Ribâ, 2020). Debt often grows faster than business income, causing financial pressure, default risk, and mental stress for micro-entrepreneurs, especially when installments are due. Even from a religious perspective, the habit of borrowing is categorized as an activity that can bring harm, such as lying, breaking promises, and causing social disgrace (Zuhirsyan & Tambunan, 2024; Pangindra et.al., 2024)

On the other hand, some businesses try to access sharia financing through syirkah agreements or sharia banks/cooperatives. However, in practice, micro businesses often find it difficult to meet collateral requirements or administrative conditions. Some instruments, such as KUR (People's Business Credit) or online loans, do not require collateral, but they still contain

additional value in the repayment that potentially includes usury. This condition causes some micro-businesses to remain dependent on conventional debt or avoid financing from formal institutions altogether.

Various international studies on debt-free businesses show that companies that do not rely on debt have greater stability, financial flexibility, and investment potential (Strebulaev & Yang, 2013; Miglo, 2020; Lefebvre, 2021). Community-based Muslim research on Non-Riba (Nuryani & Cokrohadisumarto, 2020) also shows that debt-free businesses produce psychological peace, stability, and healthier growth.

It is in this context that there is an urgent need to provide non-interest financing alternatives for micro businesses. One instrument that has strong sharia legitimacy is the mudharabah contract, which is a partnership between capital owners and business managers with a profit-sharing scheme without interest, illegal surcharges, or fixed capital guarantees. However, the implementation of mudharabah for micro businesses is still low due to various obstacles such as information asymmetry, moral hazard risks, and financial institution policies that are still influenced by conventional credit patterns.

From an epistemological perspective, Taqiyuddin al-Nabhani's economic thinking provides a strong theoretical foundation regarding the ownership, management, and distribution of wealth. Al-Nabhani asserts that debt is not an instrument for asset development, because assets in a qardh contract are only loaned and must be returned without taking any benefits (Al-Nabhâni, 2004; Diyaa Aaisyah S.P.A, et.al., 2018). This opinion is consistent with the principle of *hifz al-mâl* in *maqashid sharia*. The researcher considers that al-Nabhani's thinking can be a philosophical basis for the development of a debt-free business concept in line with mudharabah.

Based on these phenomena, this study was conducted to formulate the concept of microbusiness financing non-riba through mudharabah contracts with a maqashid syariah approach. The research uses a qualitative-descriptive method through the study of al-Nabhani's economic books, thematic analysis,

and comparison with the views of maqashid sharia experts to formulate an applicable and relevant framework for non-usury microfinance for contemporary conditions.

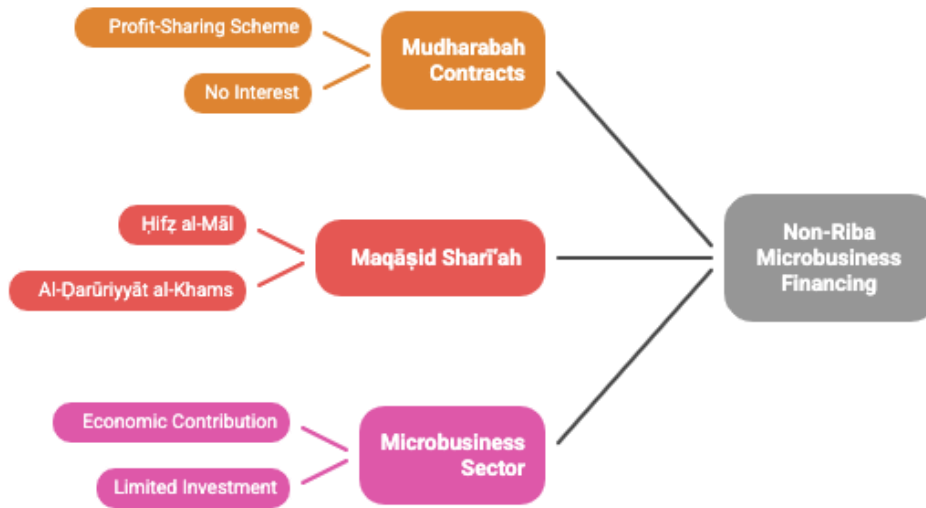


Figure 1. Non-Riba Microbusiness Financing Through Mudharabah Contracts

Table 1. Summary of Core Themes Supporting the Mudharabah-Based Debt-Free Microfinance Model

No	Key Theme	Reduced Summary (Academic)
1	Concept of Wealth in Islam	Wealth (<i>al-māl</i>) is a divine gift inherently desired by humans. In maqāshid al-sharī'ah, protecting wealth (<i>hiḏ al-māl</i>) is a core necessity, achieved through positive efforts (investment, management, donation) and avoidance of destructive elements such as <i>riba</i> , <i>gharar</i> , and illicit transactions.
2	Position of Microenterprises in Indonesia	Indonesia has more than 64.6 million microenterprises employing 109.8 million workers and contributing 37.35% to GDP. Despite their significant role, microenterprises receive only 6.75% of capital flows, leading to structural dependence on loans.
3	Debt Problems in Microenterprises	Excessive reliance on debt creates financial pressure, risk of default, and psychological distress. Many loan products,

		including those without collateral, still contain interest elements.
4	Barriers in Accessing Sharia Financing	Although some microenterprises seek sharia-compliant instruments, they face administrative and collateral barriers. Certain facilities such as KUR and digital loans still involve interest-like additions.
5	Findings from International Studies	Research shows that debt-free firms experience higher stability, flexibility, and investment capacity. Muslim community studies also highlight better psychological well-being and healthier business growth without debt.
6	Mudharabah as a Non-Riba Alternative	Mudharabah offers a legitimate profit-sharing mechanism free from interest; however, its ado

Literature Review

A review of the literature over the past five years shows an increase in interest in non-interest financing and Sharia-based partnership models. The research by Muharni et.al. (2025) highlights the complexity of multi-contract agreements in Islamic financial institutions and emphasizes the importance of single agreement designs such as mudharabah to avoid potential gharar and riba. (Abubakar & Handayani, 2017) previously emphasized that models such as Musyarakah Mutanaqisah are still laden with debt-like financing aspects, making them less than ideal for micro businesses.

Research by (Fandi Prasetya, 2021; Pedraza, 2021; Shettima, 2021) shows that global microenterprises play a strategic role in development, but their sustainability is greatly influenced by access to healthy and low-risk capital. Meanwhile, studies by (Miglo, 2020) and Lefebvre (2021) show that debt-free businesses have more stable financial performance and greater flexibility in dealing with risks. In Indonesia, research by Nuryani & Cokrohadisumarto (2020) specifically developed a riba-free business model for Muslim entrepreneurs, which is relevant as a theoretical basis. However, these studies have not directly integrated mudharabah with the maqashid syariah framework as a structured solution for micro businesses. Therefore, this study

fills this gap by proposing mudharabah as a non-usury model that theoretically fulfills hifdz al-māl and is applicable to the needs of contemporary micro businesses.

Table 2. Literature on Non-Interest Financing and Mudharabah-Based Microfinance (2019–2025)

No	Author(s) & Year	Focus of Study	Key Findings	Relevance to Current Research
1	Muharni et al., 2025	Multi-contract structures in Islamic finance	Highlights the complexity and risk of gharar in multi-contract schemes; recommends single-contract models such as mudharabah for clarity and sharia compliance.	Supports the need for simple, non-debt partnership contracts in microfinance.
2	Abubakar & Handayani, 2017	Evaluation of Musyarakah Mutanaqisah	Concludes that MM retains debt-like features, making it less suitable for micro businesses.	Reinforces the search for debt-free models beyond hybrid partnership schemes.
3	Prasetya, 2021; Pedraza, 2021; Shettima, 2021	Role of microenterprises in economic development	Microenterprises are strategic for national economies but require low-risk and accessible financing to sustain growth.	Supports the urgency of non-interest capital models for micro-scale enterprises.
4	Miglo, 2020; Lefebvre, 2021	Debt-free business performance	Debt-free enterprises exhibit higher stability, flexibility, and reduced financial stress.	Strengthens the rationale for promoting non-debt financing such as mudharabah.
5	Nuryani & Cokrohadisumarto, 2020	Riba-free business model for Muslims	Shows psychological and financial benefits of operating a debt-free business; emphasizes coaching and community support.	Provides empirical support for a debt-free microbusiness paradigm in Indonesia.

Method

This study uses a descriptive qualitative method, which is an approach that focuses on revealing meaning through words rather than numbers, as explained by Moleong (1995) and Leavy (2017). This approach was used to examine the concepts of mudharabah and non-riba financing through document reviews and expert interviews, which were then analyzed, interpreted, and presented descriptively (Creswell, 2009; Berg, 2001).

In this design, researchers conducted in-depth exploration of both the text and interview results so that the phenomena studied could be understood naturally and contextually. This approach is flexible because it allows categories, themes, and interpretations to develop during the analysis process in accordance with the dynamics of the data found in the field and in the text.

This exploration not only mapped information, but also constructed new understanding, with a process of category reduction, meaning classification, and analysis of relationships between categories to develop the concept of non-usury financing relevant to micro businesses.

Data and Data Sources

The primary data in this study were obtained from semi-structured interviews with Islamic economics experts and *maqāshid al-syari'ah* experts to obtain direct views on the concepts of debt-free business and mudharabah from the perspective of maqasid. Secondary data was obtained from scientific journals published in the last 5-10 years, contemporary Islamic economics books, DSN-MUI fatwas, Islamic financial institution study reports, and microenterprise (UMi) data from official government agencies.

Data Collection Techniques

Referring to Moleong (1995), there are four techniques to ensure the quality and validity of the qualitative data in this study, namely:

1. Extended participation by compiling questions, setting schedules, conducting interviews with experts on maqashid al-syari'ah, and categorizing interview transcripts.
2. Persistent observation by the researcher by delving deeper into the core issues during interviews, analyzing details, and connecting data categories to find meaningful patterns.
3. Triangulation, a) Comparing interview results with literature; b) Requesting validation from other researchers who are competent in the study of muamalah and maqashid syariah.
4. Review with discussion, which involves discussing the results of the analysis with colleagues or supervisors to ensure the objectivity of the research interpretation.

Data Analysis Techniques

This study uses two main analysis techniques, namely:

1. Thematic analysis is used to analyze texts and interview transcripts by identifying patterns or main themes (Braun & Clarke, 2006). The analysis was conducted in stages: Understanding the content of the data thoroughly; Identifying relevant meanings and providing in vivo coding; Grouping codes into initial themes; Reviewing and combining themes to produce final themes in accordance with the problem formulation and maqashid syariah; Compiling interpretations and thematic narratives. This technique was used to analyze the concepts of mudharabah, riba, maslahat of wealth, and micro-business financing from the perspective of experts and literature.
2. Grounded theory was used as a continuation of thematic analysis to construct a conceptual model of non-usury financing based on coded data. This method refers to Glaser & Strauss (1967), namely: developing theoretical categories directly from the data, comparing data between categories, and reinforcing concepts through emerging patterns. Creswell (2009) asserts that grounded theory is suitable for research that seeks to formulate new theories or models based on empirical phenomena and

literature, as in this study, which develops a non-usury mudharabah model for microenterprises.

Table 3. Research Methods

Component	Summary	Key References
Research design	Descriptive qualitative approach focusing on meanings in words; iterative and flexible to allow themes to emerge.	Moleong (1995); Leavy (2017)
Purpose	To examine mudharabah and non-interest financing via documents and expert interviews; produce descriptive, interpretive findings.	Creswell (2009); Berg (2001)
Primary data	Semi-structured interviews with Islamic economics and maqāsid scholars (expert perspectives).	–
Secondary data	Recent (5–10 yrs) journals, contemporary books, DSN-MUI fatwas, institutional reports, official microenterprise (UMi) statistics.	–
Data collection (quality checks)	1. Extended participation (interview planning & transcript categorization) 2. Persistent observation (probing & depth) 3. Triangulation (literature comparison; peer validation) 4. Review/discussion with peers/supervisors	Moleong (1995)
Primary analysis	Thematic analysis: familiarization, in-vivo coding, theme development, thematic narrative aligned with maqāsid framework.	Braun & Clarke (2006)
Theory generation	Grounded theory procedures to build a conceptual model from coded data (constant comparison across categories).	Glaser & Strauss (1967); Creswell (2009)
Trustworthiness	Triangulation (data & investigator), peer review, audit trail, reflexive memos to enhance credibility and dependability.	Creswell (2009)

Results and Discussion

Definition of Riba

1. Riba in Linguistic Terms

From a linguistic perspective on riba in the book Fiqh Al-Muamalat.

معناه في اللغة: الزيادة والنمو والارتفاع والعلو

The meaning in language is: increase (Az-Ziyadah), growth (An-Numuu), height (Al-Irtifa'), and excess (Al-'Uluw). The word riba can also be found in several verses of the Quran, including:

فَإِذَا أَنْزَلْنَا عَلَيْهَا الْمَاءَ اهْتَزَّتْ وَرَبَتْ

“So when We send down water (rain) upon it, the earth shakes and grows lush (ربت).” (Al-Hajj: 5)

That is, it becomes high and rises (expands). Meanwhile, in another verse it is mentioned.

أَنْ تَكُونَ أُمَّةٌ هِيَ أَرْبَىٰ مِنْ أُمَّةٍ

“So that one nation may be more numerous (أربى) than another.” (An-Nahl: 92)

That is, more numerous in terms of population and wealth.

2. Riba in Terms

As for riba, according to Sheikh Al-Fauzan in his book Mulakhas Al-Fiqhi

وهو في الشرع زيادة في أشياء مخصوصة

And according to sharia, riba is an increase in certain things. Meanwhile, in terms of definition, riba is defined as:

وشرعاً: زيادة أحد البدلين المتجانسين من غير أن يُقَابَلَ هَذِهِ الزِّيَادَةُ عَوْضٌ

“In terms of Islamic law, usury is an increase in one of two similar items without a commensurate compensation for the increase.”

Sheikh al-Fauzān explains that the phrase “زيادة في أشياء مخصوصة” indicates that usury does not apply to all forms of additional payments, but only to certain items referred to as (الأموال الربوية) usurious items. The first definition emphasizes the scope of the object of usury, not the form of the contract. This

means that not every increase is usury – only those that occur on certain types of assets that have been regulated by the text.

The second definition explains the mechanism of usury. “أحد البدلين المتجانسين” means two similar items that have the same illat (legal characteristics), for example: gold for gold, rice for rice, or money for money. “من غير أن يقابل هذه الزيادة عوض” indicates that the additional amount does not have a valid compensation according to Islamic law.

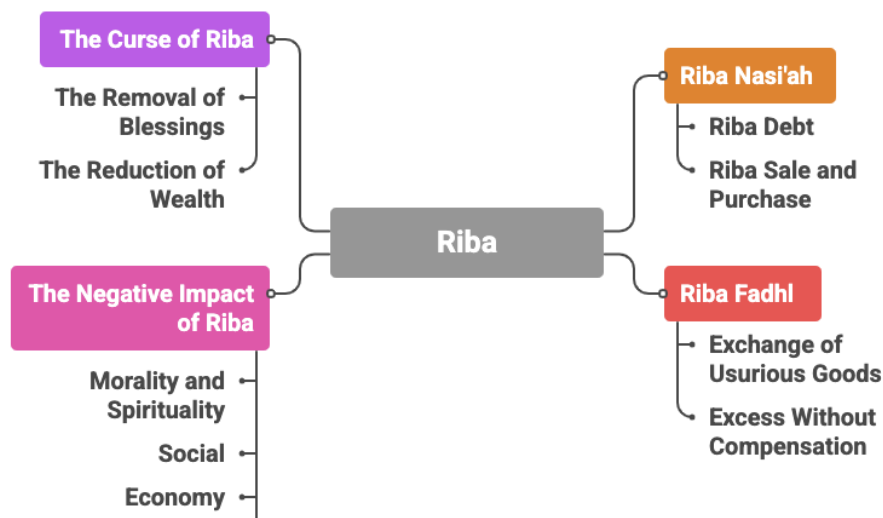


Figure 2. Riba: Definition, Types, and Impact

Maqâshid Al-Syarî'ah in Islamic Business

The application of Abu Zahrah's Maqâshid al-Sharî'ah dimensions which consist of tahdhîb al-fard, iqâmat al-'adl, and jalb al-maṣlahah, in the micro sector must not simply be a normative theory, but must be reduced to a technical level. Based on the results of interviews, the experts agreed that these three dimensions are universal throughout life and must underlie MSME business operations. Sugiyarti Fatma Laela (2022) emphasized:

The summary/ijtihad of Abu Zahrah can be applied (should be applied) to all activities (business and others), all scales (small-large), at all times (when there is profit or loss), because the goal of sharia is universal throughout life.

In line with this, Thuba Jazil (2022) adding that for the micro sector, “indicators must be lowered, and measurements must be adapted to the business itself.” This shows that financial instruments and internal management of MSMEs need to be measured specifically using real operational variables.

In principle, according to al-Ghazâlî, there are five (5) objectives of maqâshid al-syarî'ah, namely protecting religion, life, reason, lineage, and property (Rahman et al., 2017). al-Syâtibi classifies maqâshid al-syarî'ah into two categories, namely the objectives of sharia and human objectives (S. R. Ascarya & Sukmana, 2016). The objectives of Sharia are *dharûriyât* (necessities), *hâjjiyât* (complements), and *tahsiniyât* (adornments), while human objectives are human actions within the limits of Sharia. Fakhru al-Dîn al-Râzî (1149-1209) specifically discussed maslahat as restoring the protection of Sharia's intentions by understanding the objectives of the Qur'an, Sunnah, and Ijmâ' and not deviating from these principles. al-Râzî remained within the scope of al-Ghazâlî's thinking but placed greater emphasis on safeguarding human safety than on sharia, taking into consideration *dharûriyât* and rejecting harm.

Maqâshid al-syarî'ah with the principles of al-Ghazâlî and al-Râzî, namely by prioritizing welfare, benefit, and eliminating misery (mafsadah), then according to Umar Chapra, this certainly has differences between the Islamic view and the conventional concept, both in terms of the Islamic worldview, objectives and strategies or policies (Antonio et al., 2014). It is interesting that Abu Zahrah's view of maqâshid al-syarî'ah, in Laela et al. (2018) and Mukhlisin (2021), has three dimensions, namely tahdzîb al-fard (individual education), iqâmat al-'adl (upholding justice), and jalb al-mashlahah (ensuring public welfare), and his assertion that the objectives of sharia are for all human beings. Thus, Abu Zahrah's view can be linked to the concept of business.

In Abu Zahrah's Islamic business concept from the dimension of maqâshid al-syarî'ah, it can be used to measure business performance (Mohammed & Taib, 2015).

1. Tahdzīb al-fard (individual education), which refers to the cultivation of knowledge and personal values for spiritual development.
2. Iqâmat al-'adl (upholding justice), which means ensuring honesty in all business activities, such as in products, prices, and business agreements.
3. Jalb al-mashlahah (ensuring public welfare), which means giving priority to business activities that generate significant profits for the general public.

From these three business performance dimension objects, a maqâshid al-syarī'ah index can be generated that can be applied to the following businesses.

Table 4. Maqâshid al-Syarī'ah Index in Islamic Business

Maqâshid al-Syarī'ah		
Tahdzīb al-Fard	Iqâmat al-'Adl	Jalb al-Mashlahah
Advances in business science and techniques for businesspeople and employees	Fair profits earned through ethical business practices	Business profitability is felt by business people, all employees, and the wider community.
Cultivating new skills and improvements in business and sustainability	Affordable products and services that meet customer needs and satisfaction	Redistribution of business income and wealth so that it continues to flow, namely through zakat, infaq, and shadaqah.
Creating awareness of Islamic business for business people and employees	Eliminating negative factors that give rise to injustice, such as Riba, gambling, hoarding, cheating, price gouging, and dirty tricks.	Investment in the real sector by building a network of vendors or external parties who are assisted in order to improve their businesses.

Source: Mohammed & Taib (2015), processed

According to Firdaus (2017), the blessings of wealth obtained from business must come from the motivation of worship. The motivation of worship will give rise to an attitude for business people and their businesses to be in line with faith and sharia. Maqâshid al-syarī'ah will enable business people to obtain capital for the development of their wealth in a proper cycle and focus on results.

The Concept of Debt-Free Business from Maqâshid Al-Syarî'ah

In finding the concept of business from maqâshid al-syarî'ah, it can be found from the general concept of maqâshid al-syarî'ah. Starting from Imam al-Haramain al-Juwaini (died 478 AH) who first explained maqasid al-sharia with the division of dharuriyat, hajiyat, and taqsiniyat. This was then explored further by his student, al-Ghazâlî (died 505 AH), who discussed the five maslahat that preserve maqâshid al-syarî'ah, namely preserving religion, life, reason, lineage, and property.

Continued by al-Râzî (died 606 AH) by discussing the *taḥsiniyât* section into two parts, namely those that contradict the mu'tabarah rules and those that do not contradict them. then al-'Amidi (died 631 AH) discussed the order of priority in preserving maqâshid al-syarî'ah. Maqâshid al-syarî'ah continued to be discussed by subsequent scholars, such as Ibn Ḥâjib, Izzuddîn 'Abd al-Salâm, al-Qarâfi, Ibn Taimiyyah, Ibn Qayyim al-Jauziyyah, al-Thûfi, until finally it was discussed by al-Syâthibi (died 790 AH) who compiled (codified) maqâshid al-syarî'ah into an independent discipline with its own focus that is different from other sciences, with a complete, systematic, and neat format, and al-Syâthibi recorded it in his work *al-Muwâfaqât fi Ushûl al-Aḥkâm* (Sarwat, 2019).

The concept of maslahat that emerged from the thinking of these scholars is dharûriyât, meaning that maslahat must be fulfilled, otherwise damage will occur. Thus, there are five (5) areas of preservation, namely religion, life, reason, lineage, and property. Muhammad Abu Zahrah (died 1974 AD) divided these five preservation of maslahat into three dimensions which are the ultimate goals of maslahat (Antonio et al., 2020) in his book *Ushûl al-Fiqh*. The three dimensions are Tahdzib al-fard (individual education), iqamat al-'adl (upholding justice), and jalb al-mashlahah (ensuring public welfare).

Muslim scholars refer to Abu Zahrah's three dimensions as the Maqâshid al-Syarî'ah Index (MSI). The Maqâshid al-Syarî'ah Index is widely

used to measure the performance of Islamic banks, but the MSI can be used in all business activities (even micro businesses) and in all conditions (profit or loss) because the objectives of Sharia are universal throughout life (interview with Sugiyarti Fatma Laela, August 20, 2022). and will encourage business actors to achieve sharia objectives (interview with Murniati Mukhlisin, 2022).

The business concept of the maqâshid al-syarī'ah index can be explained in the following table based on the interview results:

Table 5. Application of Maqâshid al-Syarī'ah Index in Business

No	Expert (Year)	Tahdhīb al-Fard (Personal Ethical Development)	Iqāmah al-'Adl (Establishing Justice)	Jalb al-Maṣlahah (Generating Public Benefit)
1	Antonio, M. Syafii (2022)	Providing enlightenment, enhancing competence, technical capability, and entrepreneurial skills.	Ensuring equal economic opportunity and fair market access through state roles.	Businesses must contribute to family and society, not solely pursue profit.
2	Mukhlisin & Murniati (2022)	Building awareness and advancing knowledge for ethical business behavior.	Ensuring halal, fair, and non-oppressive transactions and profits.	Supporting welfare creation and equitable income distribution.
3	Laela & Sugiyarti Fatma (2022)	Educating entrepreneurs on spiritual responsibility, ethical striving, and the use of wealth for charity.	Ensuring fairness in micro-business transactions: fair wages, fair prices, and fair profits.	Social welfare through zakat, infaq, ṣadaqah, and waqf across all business scales.
4	Ismail, Nurizal (2022)	Ethical refinement is essential for sustaining and growing a business.	Transactions must be correct, transparent, and Sharia-compliant.	Prioritizing customer benefit and business welfare; access to capital should be widely available.
5	Nasr Akbar (2022)	Honesty and transparency strengthen business credibility and prevent dependency.	-	-

Source: Interview with informant (2022)

From this table, businesses can grow from the capabilities of businesspeople and their businesses acquired through business education, enhanced capabilities, and the application of honesty/transparency in business ethics so that their businesses can progress and improve. In the context of

capital and micro-enterprise governance, the *tahdhīb al-fard* (individual education) dimension focuses on aspects of intellectual and moral enlightenment of business actors. Antonio (2022) provides a sharp conceptualization of this dimension for micro actors:

If you look at it, *tahdhīb al-fard* is more about enlightenment, increasing competence, technical capability, skills, and others. (Antonio, 2022)

Improving technical capability is a key pillar before micro-entrepreneurs access capital. Beyond technical expertise, this dimension fosters strong moral character. Nashr Akbar, M.Ec., stated that in MSMEs, "*tahdhīb al-fard (religious teaching) fosters honesty, encouraging businesspeople to avoid begging.*" This internal honesty and transparency will ultimately mitigate the risk of moral hazard in profit-sharing financing.

The application of *iqâmat al-'adl* for businesses makes it easier for business people to access capital in business, fair wage transactions, and business transactions (contracts) that avoid sharia violations. Meanwhile, the application of *jalb al-mashlahah* means that businesses focus on the benefits provided to the market, the welfare of the community (from business zakat and infaq), and providing benefits for the business owner's family (nafkah) and business (fair wages) so that they are not only seeking profit. When it comes to micro-scale businesses, the level of business performance measurement must be lowered, namely the indicators of the Maqâshid al-Syarī'ah Index (MSI) used by businesspeople (interview with Thuba Jazil, 2022), according to business needs.

Application to business concepts, especially in accessing capital, according to Antonio (2022), debt in life is inevitable, because most of fiqh muamalah is about debt (*fī dzimmah*, in charge), only that there are debts that are permitted by sharia and those that are prohibited. Debt (*qardh*) from maqâshid al-syarī'ah is permissible as long as it does not violate sharia restrictions such as *ribâ*. *Qardh* provides benefits for those in need (interview

with Abdul Mughni, 2022) (Akbar, 2022). Debt (qardh) is permissible in business, but with the conditions that it is not riba and is not the first choice (only an alternative) but that it is possible to repay it (Laela, 2022).

Micro-scale businesses need to be cautious in taking on this debt (qardh), as they do not yet have the capacity to develop their businesses (Jazil, 2022). The main option for capital is mudhârabah, because the business will be guided by the investor (for example, by a zakat institution), and once it has developed and grown, it can switch to musyarakah (syirkah) (Akbar, 2022; Ismail, 2022; Jazil, 2022; Laela, 2022; Mughni, 2022; Mukhlisin, 2022). In addition, in business, apart from non-riba debt (qardh), it is necessary to ensure that transactions avoid gharâr (uncertainty), maysir (gambling), and other bâthil contracts (Mukhlisin, 2022).

From the prohibition of usury and the development of wealth through prohibited means, it is evident that the high frequency of these practices indicates a close relationship between the two. Businesses that operate through acquisition, development, and distribution that are prohibited by Sharia law will certainly not provide true prosperity to society, which in time will suffer losses and damage the economy (Sobarna, 2021). Especially debt in businesses that can also damage nature and the economy, as Gonzalez-Redin et al. (2018) state in their research model.

The results of our model show that debt-bearing economic systems can result in a complete collapse of both natural and economic systems. Debt is an enabling factor in the exploitation of natural resources for rational individual benefit and short-term gain, hindering long-term environmental and economic sustainability.

The individual profits in Gonzalez-Redin et al. (2018) are definitely related to business, while the long-term economy may also be related to the business itself in the long term, which may experience bankruptcy due to external factors such as economic recession, viruses that become global disasters, or other conditions for which the business is not prepared but still

has to bear the burden of debts that must be paid regularly. As a result, businesses will reduce their *iqâmat al-'adl* in products, wage transactions, and cooperation transactions with business partners, which will also cause a decline in *jalb al-mashlahah* of the business, so that a cautious attitude towards debt due to these financial difficulties can be avoided (Christiawan & Tarigan, 2007; Kim & Sorensen, 1986).

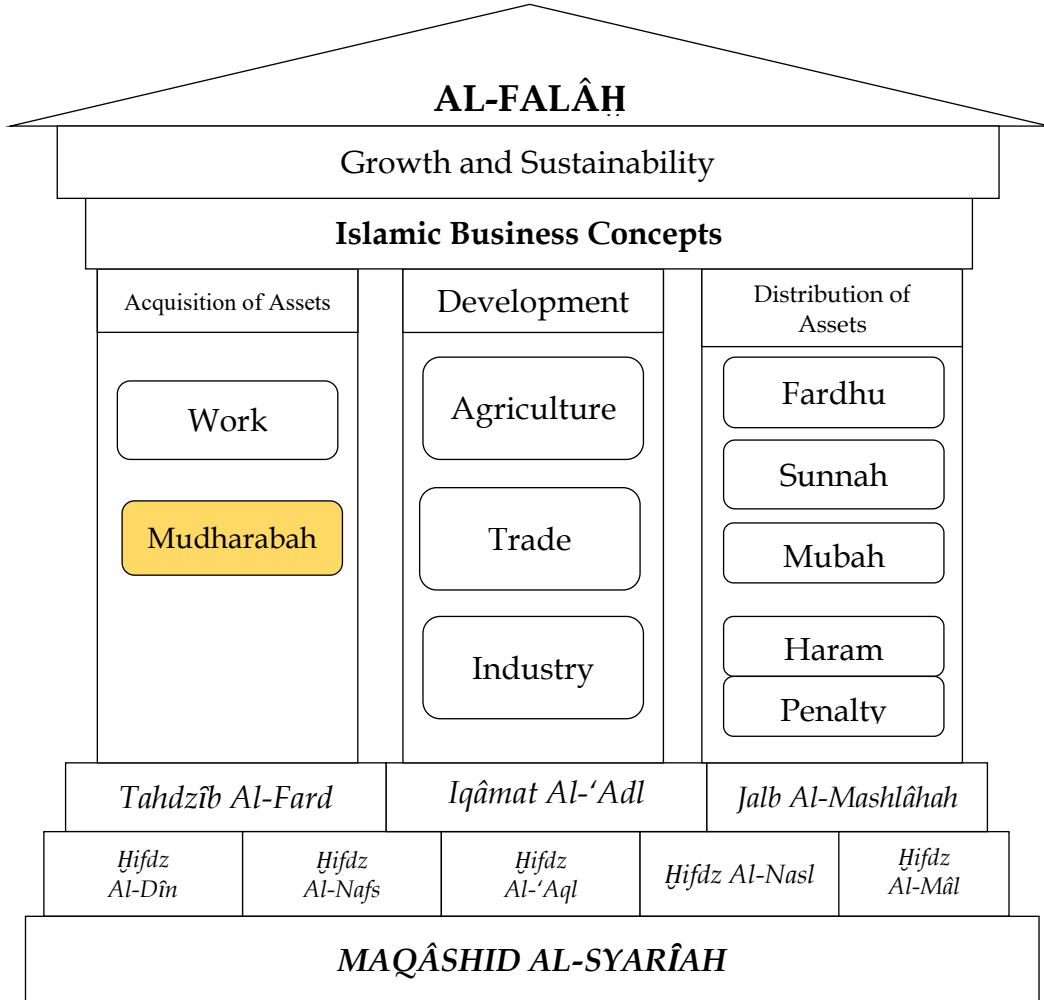
An interesting point in Figure is that there is the same frequency between business capital/assets without debt, compensation for assets or labor (which means results/profits/rewards) and *tahdzîb al-fard*. Thus, as stated by Iliasov & Kokoreva (2018) that:

Influence the ZD (Zero Debt) policy are represented by growth opportunities, business risk, profitability and cash holdings thus approximating the level of future outcomes predictability and the need for future investments as well.

Thus, businesses that have a debt-free policy in developing their assets will experience business growth and profitability because they focus on the business rather than on debt repayments, which carry risks. The best investment for the future is *tahdzîb al-fard*, namely education, training, and capacity building for business managers, workers, and everyone involved in the business so that the business can grow and continue to benefit the community for a long time.

From the categorization of sources, the category of business assets/capital without debt *riba (qardh)* from business/work activities, namely *mudhârabah* and *musyâarakah (syirkah)*, is included in accordance with the research by Asprila et al. (2021) and Setiawan (2017), while asset/ownership optimization is included in the management of public and state assets (*hima*). These three categories serve as a driving force for realizing *tahdzib al-fard*, *iqâmat al-'adl*, and *jalb al-mashlahah (MSI)* as well as an incentive for

businesses to grow or improve. The limitations of sharia business ethics violations are principles that must be avoided when conducting business.



Source: Fahrurrozie (2022)

Figure 3. Debt-Free Business Concept Formula Towards Al-Falâḥ

Implementation of the Debt-Free Business Concept in Microenterprises

The steps are as follows. The implementation of the debt-free business concept in microenterprises is essential for ensuring sustainable business growth and attaining al-falâḥ (blessing and holistic success). The key stages of this implementation are as follows.

1. Microbusiness owners identify options for acquiring assets without incurring debt that will be developed.
2. The tahdzīb al-fard process enhances individual capacity to build a sustainable, ethically guided business through mentoring, financial and marketing training, human resource development, and sharia-compliant transactional practices. This stage can be repeated or

upgraded as the business evolves. Nuryani and Cokrohadisumarto (2020) emphasize the critical role of trainers or consultants in micro-business coaching, while communities such as Masyarakat Tanpa Ribâ (2020) have effectively supported entrepreneurs in accessing cooperative capital and moving away from debt-based financing.

3. Business actors may develop wealth through agriculture, trade, or industry, depending on the skills gained from education and experience. At this stage, they begin pursuing capital growth without resorting to debt (*qardh*) and support one another in moving across sectors. Since business functions as a means of wealth development.
4. The distribution stage runs alongside wealth development; as wealth grows, distribution also expands, enabling micro-businesses to generate broader social benefits (*jalb al-maṣlaḥah*). Distribution includes obligatory, recommended, and permissible forms, where the latter must be managed to ensure business welfare. Forbidden forms of distribution must be avoided, as they incur divine and legal sanctions and can damage the business's reputation and long-term sustainability.

This research was revised to emphasize the difference between *ribawi* commercial debt and qualitative sharia debt or *qardh hasan* which has social value. The *iqāmat al-'adl* dimension is enforced by ensuring business transactions are free from exploitation. According to Mukhlisin (2022), *iqāmat al-'adl* means "strengthening business operations so that they truly ensure justice, namely avoiding elements of usury, *gharar*, *maysir*, etc." At a practical level, this is realized through providing fair wages and setting transparent prices (fair prices).

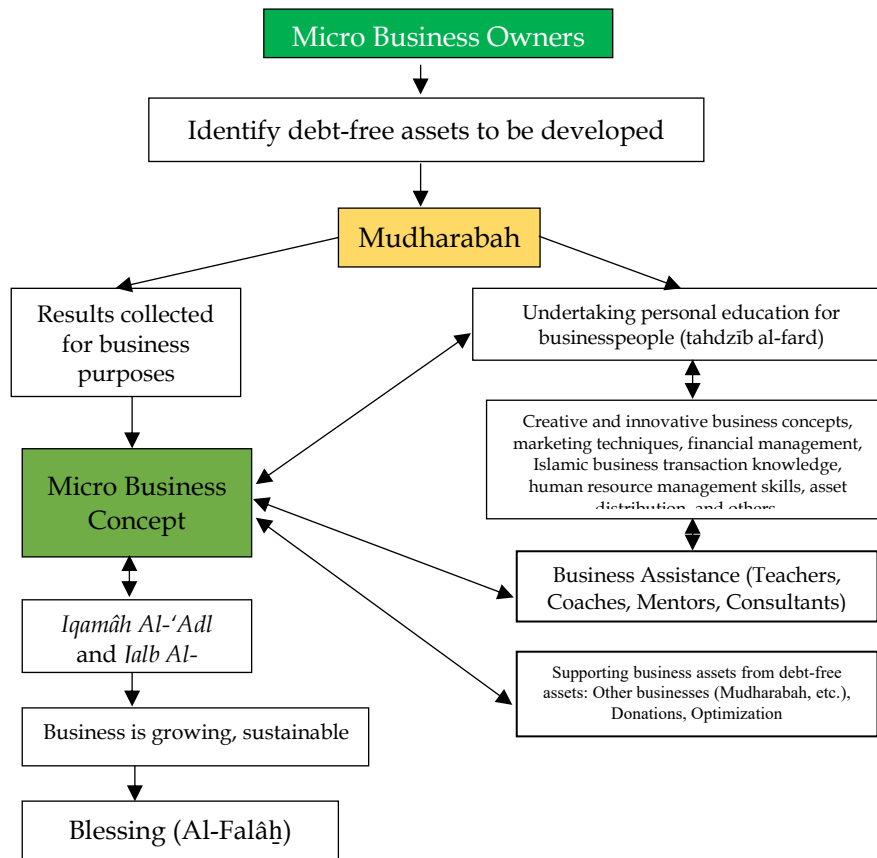


Figure 4. Implementation of the Mudharabah Business Concept in Microenterprises

Conclusion

This study concludes that a mudharabah-based microfinance model constitutes a viable and coherent non-riba alternative that is normatively, philosophically, and practically aligned with maqāṣid al-sharī‘ah, particularly the principle of ḥifẓ al-māl (protection of wealth). The findings demonstrate that the dominance of debt-based financing in microenterprises not only exposes entrepreneurs to financial vulnerability and psychological stress, but also contradicts the Sharia objective of sustaining wealth through justice, ethical transactions, and long-term economic stability.

Using a descriptive qualitative approach that integrates classical and contemporary Islamic economic literature with expert interviews on maqāṣid al-sharī‘ah, this study finds that mudharabah offers substantial advantages

over debt-based instruments. These advantages lie in its emphasis on risk-sharing, transparency, ethical partnership, and proportional profit distribution, which collectively eliminate usury while fostering equitable economic relationships. Such characteristics directly support the maqāṣid dimensions of *tahdhīb al-fard* (ethical and capacity development of entrepreneurs), *iqāmat al-'adl* (establishment of justice in economic relations), and *jalb al-maṣlaḥah* (generation of broader social welfare).

Furthermore, the study reinforces the epistemological position articulated by Taqiyuddin al-Nabhani, which views debt not as a primary instrument for asset development but as a temporary social mechanism devoid of commercial gain. Within the context of microenterprises, *mudharabah* emerges as a more appropriate foundational financing scheme, as it enables business mentoring, mitigates financial risk, and allows enterprises to grow without the burden of fixed repayment obligations. Accordingly, this research affirms that a non-riba microfinance framework based on *mudharabah* holds strong potential to promote a more just, inclusive, and sustainable Islamic microeconomic system in Indonesia.

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