

Islamic Entrepreneurship as an Economic Pillar and Sustainability of UMKM

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Artikel Info

Received:
January 17, 2025

Revised:
March 17, 2025

Accepted:
May 18, 2025

Published:
June 27, 2025

Abstract: This research examis the role of Islamic entrepreneurship as an economic pillar and the sustainability of UMKM. The research method used is a metgod with a qualitative approach. The result showed that Islamic entrepreneurship can strengthen UMKM through ethical and social values. The conclusion of thus research is that Islamic entrepreneurship is an important pillar fir sustainabe economic development.

Keywords: Enterpreneurship; Economy; UMKM

Abstrak: Penelitian ini mengkaji terkait peran kewirausahaan Islam sebagai pilar ekonomi dan keberlanjutan UMKM. Metode penelitiaan yang digunakan adalah metode dengan pendekatan kualitatif. Hasil penelitian menunjukkan bahwa kewirausahaan Islam dapat memperkuat UMKM melalui nilai etika dan sosial. Kesimpulan dari penelitian ini adalah kewirausahaan Islam menjadi pilar penting untuk pembangunan ekonomi yang berkelanjutan.

Kata Kunci: Kewirausahaan; Ekonomi; UMKM.

A. Introduction

An inclusive and sustainable economy is the main goal of various countries in a effort to improve the welfare of their people. In the midst of global dynamics, the Micro, Small and Medium Enterprises (UMKM) sector has proven to have a strategic role in driving regional economic growth and improving people's welfare. UMKM empowerment not only strengthens the economic structure of a region, but also mobilizes the informal sector, reduces unemployment, and stimulates innovation and creativity

(Walida Mustamin & Nurmayanti, 2023)

In the context of Islamic economics, an approach based on Islamic principles places aspects of justice, sustainability and balance in the framework of economics teaches mora; and ethical values in transactions and advocates equitable distribution of wealth. Therefore, the combination of UMKM empowerment and Islamic economics principles has great potential to strengthen community welfare (Walida Mustamin & Nurmayanti, 2023)

According to Imam Shafi'i, the best livelihood is trade. Because historically, the spread of Islam was also done from trade. Prophet Muhammad SAW since his youth, he has done entrepreneurial activities. As a Muslim should be able to emulate his nature and character. Islam always pays attention to the weak, the poor, the poor or anyone who is less able to compete in the business world. So that the profession of entrepreneurs in the Islamic perspective is not only a worldly profession but also called worship. By bringing up the spirit of Islamic entrepreneurship, it is expected to trigger the activate participation of the community in the development process of a country. Islamic entrepreneurship has strong characteristics in prohibition and halalan. Islamic entrepreneurship is very much maintaining the relationship between the basic of obedience to God and maintaining relationship between fellow human beings. The role of Islamic entrepreneurship in economic development is the main driving force of the nation's economy which has different countries in addition to the role of entrepreneurs as the driving force of the economy. The higher the number of entrepreneurs in a country, the higher the economic development in that country. The existence of entrepreneurs can be one of the solutions to solve economic development. That way, businesses are able to reduce unemployment, the participation of entrepreneurs is not just about increasing the amount of income but the innovation of entrepreneurs is also very important in a country. (Chrystnaputra et al., n.d.)

In a study conducted by (Ariqah Luthfiyah et al., 2024) found that UMKM are faced with various challenges, including limited access to capital, lack of education, and unsupportive regulations. This can hinder their ability to contribute optimally to the

development of Islamic economics. Then in research conducted by (Walida Mustamin & Nurmayanti, 2023), it is known that the presence of UMKM is considered more capable of absorbing labor from various groups compared to large companies. When viewed from an Islamic economic perspective, the realization of UMKM in Makassar City has implemented sharia principles such as siddiq, amanah, and fatah, especially in the aspect of honesty which is highly emphasized. In addition, the presence of UMKM is a manifestation of the command to work and entrepreneurship in order to improve welfare so that it can support the welfare of the hereafter.

Based on the above background, the purpose of this research is to find out how Islamic entrepreneurship as an economic pillar and sustainability in UMKM. The novelty of this research lies in the application of Islamic values such as siddiq (honesty), amanah (trust), and fatah (openness) in concrete UMKM practices.

B. Research Methods

The method used by the author in this research is qualitative approach. This approach was chosen because it is considered capable of providing a deeper understanding of the problems studied, especially in the context of analyzing theoretical concepts. In its implementation, the author uses concept analysis techniques supported by searching and collecting various relevant reference sources. These sources include scientific books, academic journals, theses, scientific articles, magazines, and other documents that have relevance to the research topic. The type of analysis used is descriptive analysis, in which the author tries to describe in detail the explanation of the results of the analysis carried out, then relates it to the previously reviewed literature in order to strengthen the argument and support the research conclusions.

C. Results and Discussion

Islamic Entrepreneurship

The term entrepreneurship began to develop from the thoughts and studies of economists in the 18th and 19th centuries. Figures such as Richard Cantillon, Joseph B.

Say, and Joseph Schumpeter have provided an understanding of the role of an entrepreneur as an individual who dares to face risks and is different from those who only provide capital by expecting fixed profits. According to Richard Cantallan's view, an entrepreneur is a figure who carries out activities that are full of uncertainty through new business initiatives (Setiawan Santoso, 2020).

According to Zimmerer and Scarborough, an entrepreneur is an individual who is able to start new business with the courage to face risks and uncertainty in order to achieve profit and business growth. They have the ability to recognize opportunities and integrate various resources to build the business (Setiawan Santoso, 2020). The emphasis of this definition lies in the tough character of an entrepreneur who is ready to work hard, solve various problems, and be able to take advantage of opportunities that exist in daily activities. In the process of building and developing their business, they rely on inner strength, especially creativity and innovation as the main foundation and driving force in facing business challenges. This also confirmed by Drucker, who stated that entrepreneurship reflects the attitude, character, and distinctive traits of a person who has a strong determination to realize innovative ideas into a real business that is sustainable and able to develop independently.

According to Basrowi, entrepreneurs are individuals who organize and direct a new business. The emphasis lies on a person's ability to manage a business, while relying on personal potential to create something innovative and different from what has existed before. This difference includes aspects of discovery or innovation compared to what has been known before (Setiawan Santoso, 2020).

Etymologically in Indonesian language, the word "entrepreneurship" comes from a combination of the words "wira and usaha". The word "wira" has the meanings such as hero, superior human being, role model, virtuous, brave, and great character. Meanwhile, according to the Great Dictionary of the Indonesian Language, an entrepreneur is someone who is skilled or talented in identifying new products, determining the right production methods, organizing business operations, managing capital, and marketing

their products. Thus, entrepreneurship can be defined as the ability or effort that encompasses effort, activities, actions, and various other steps in order to complete a task or achieve a specific goal (Setiawan Santoso, 2020).

In terms of terminology, the entrepreneurial characteristics needed still refer to concepts developed in Western economic literature. This view is also endorsed by most experts in Indonesia. Gitosardjono defines an entrepreneur as an individual who builds, manages, develops, and institutionalizes their own business. In addition, entrepreneurs are also individuals who are capable of recognizing and evaluating business opportunities, gathering the necessary resources, and taking strategic steps to achieve profit and success (Setiawan Santoso, 2020).

According to Suryana, an entrepreneur plays two important roles, namely as an innovator and a strategist. In his role as an innovator, the entrepreneur is tasked with creating new things such as products, technologies, ideas, and business organization models. Meanwhile, as a strategist, the entrepreneur is responsible for developing new business ideas and opportunities. He is also unafraid to face risks, even willing to take steps forward despite his business idea not yet garnering market attention (Setiawan Santoso, 2020).

Thus, entrepreneurship is closely related to a person's character. The required character is complex and comprehensive. Bygrave outlines several of these key characters. First, dream, which is the ability of an entrepreneur to have a vision for the future of themselves and their business, along with the confidence to realize it. Second, decisiveness, which is the ability to make decisions quickly and accurately as the key to success. Third, doers (implementers), meaning entrepreneurs immediately follow up on decisions without delaying opportunities. Fourth, determination, which means conducting business activities with sincerity and high focus.

(Setiawan Santoso, 2020) further develop those characters. Dedication, which means full commitment to the effort to the extent of being willing to temporarily sacrifice personal or family interests. Devotion, which means love for the work and the products

produced. Details, which means high attention to the crucial aspects of the business in detail. Destiny, shows independence in determining one's destiny and life goals without relying on others. Dollars, indicating that the main motivation is not solely materialism but rather business success which results in profit as a consequence. Lastly, Distribute, which trusted partners to achieve success together.

In line with Bygrave, Scarborough and Zimmerer express similar views albeit with different terms. (Setiawan Santoso, 2020) simplified the concept into six main characteristics that determine entrepreneurial success. First, self-confidence, which is the belief and positive attitude in carrying out tasks. This is the foundation for enhancing creativity and productivity. Second, being future-oriented, which means having a long-term vision in facing challenges and creating new opportunities. Third, being willing to take risks, which is considered a fundamental value in entrepreneurship. As stated by Angelita S. Bajaro, brave entrepreneurs are those who seek victory in an ethical manner. Fourth, creativity, which is the ability to generate original ideas and new solutions. Fifth, innovation, which is the ability to implement these creative ideas in reality. According to Levitt's creativity refers to the creation of new ideas, while innovation relates to the application of those ideas in real life to provide a positive impact on society.

In conclusion, entrepreneurship is a tangible manifestation of the application of creativity and innovation, which serves as the main foundation in creating business opportunities. In the practice of entrepreneurship, there are several important characteristics that accompany it, such as independence, a sense of responsibility, self-confidence, a drive for achievement, future orientation, broad insight, as well as high spirit and enthusiasm to work hard in managing a business.

Besides character, another factor that influences entrepreneurship is individual interest. Interest in entrepreneurship is reflected in the readiness to work diligently and vigorously for business development, the readiness to face various risks that may arise, and the openness to new approaches and strategies to achieve goals. According to Santosa in Suryaman's writing, entrepreneurial interest is a psychological condition that

encourages someone to voluntarily pay attention to and engage in entrepreneurial activities with a sense of pleasure, as it is perceived to provide personal benefits. In other words, this interest is a form of sincere attention accompanied by inner satisfaction.

The interest in entrepreneurship is not something innate from birth, but rather formed and developed through various influences. A person's decision to venture into the world of entrepreneurship is the result of the interaction between their individual personality traits and the surrounding environmental conditions. From this interaction, an interest or inclination to become an entrepreneur emerges.

Entrepreneurial interest is reflected in the form of desire, interest, and readiness of individual to develop their ideas, accompanied by strong will and hard work in running a business to make ends meet. This interest is also characterized by the courage to face risks, readiness to accept challenges, self-confidence, and the ability to think creatively and act innovatively. In addition, individuals who have an entrepreneurial interest are also equipped with the necessary skills to achieve their goals and meet their needs.

Changes and dynamic of interest in a person can appear or fade depending on various factors that influence it. One of the factors that encourage the emergence of interest is inner urge, which is an impulse that comes from the environment or situation that suits the needs and desires of the individual, making it easier to generate interest. Another factor is social motive where interest in a object does not only come from within, but is also influenced by social encouragement around it. Meanwhile, emotional factors refer to the role of feelings and emotions in influencing interest, for example, the experience of one's success in a particular activity can cause a sense of happiness which then strengthens the enthusiasm and interest in the activity.

On the other hand, it simplifies the factors that shape interest into two main categories. First, internal factors, which include elements such as thoughts, feelings, and inner issues of the individual, including interest itself, memory, motivation, and will. Second, external factors, which are influences that come from outside a person such as the surrounding environment, facilities, infrastructure, and facilities used, all of which

play a role in shaping and influencing a persons's interest.

Islamic Entrepreneurship As A Pillar Of Economic Development

According to BPS, until now the number of entrepreneurs in Indonesia has only reached approximately 3.35% of the total population of Indonesia. Meanwhile, to become a developed country, Indonesia must reachh a minimum of 14% of the total population of Indonesia. Unemployment data is currently greatre than 7.2 million people. This is where the role of Islamic entrepreneurship becomes very important to create business actors as an effective option to bring people out of economic pressure and lack of employment. The role if Islamic entrepreneurship is useful to maximize human resources that can be one of the driving forces fir the creation of new entrepreneurs. There are several strategies to create entrepreneurs in Indonesia, accorfding to (Chrysnaputra et al., n.d.) the first is to encourage and develop the pattern of life of a multi-cultural society with a variety of tribes and customs that are scattered to have more global Muslim insight. This effort can be done by encouraging freedom of thought that remains responsible and has a global orientation, as well as providing encouragment and motivation to improve the ability to explore their potential in accordane with the principles of Islamic Sharia. Entrepreneurs can also benefit from cultural and social advantages. Self-improvement and hidtory help on the path of entrepreneurship.

Second, the pattern of education or curriculum in formal or non-formal educations institutions is still not in favor of the process of forming the soul of Muslim entrepreneurs. The rapid development of digital technology requires the woeld of education to adapt so as not to be left behind in improving the quality of human resources. In this case, education has an important role in preparing future generations. According to Johannes Lindner, future entrepreneurs are currently studying in school. Therefore, schools have the responsibility to instill educational values that are oriented towards active participation in future business and social life, shaped by early learning processes. Entrepreneurship education should include aspects of self-development, critical thinkinh skills, legal understanding, real implementation, and future orientation.

Millenials are more familiar with the term start-up, which is a from of technology-based stratup business that has a structures business model. There are various factors that influence students' motivation to become digital entrepreneurs or technopreneurs, including high enthusiasm, creativity, innovation, courage to take risks, and sensivity to technological developments coupled with creative ideas. It is so clear that the field of education is one of the spearheads to create new Muslim entrepreneurs with character (Chrysnaputra et al., n.d.).

Third, it eliminates the mindset of people who prefer to become workers in goverment offices rather than becoming Muslim entrepreneurs. Many people become goverment employees. This needs to be given knowledge that being a Muslim entrepreneurs is very much at the forefront in order to provide many benefits in creating new jobs. The existence of new jobs can encourage economic growth and reduce unemployment.

Entrepreneurship is needed to reduce the unemployment rate in Indonesia. The emergence of new entrepreneurs is expected to create various kinds of job innovations. The function of Islamic entrepreneurship is no less important to be used as a guide in the economic development of a nation. The strategy of the Islamic entrepreneurship function can be done in various ways, including the first partisanship and goverment facilities as state managers. The state as a policy maker must have a strategy in creating new Muslim entrepreneurs. As a Muslim-majority population, goverment policies are needed. With facilities, it will create new and innovative products that have a global share.

Second, mass organizations or community organizations. Islamic organizations have a great influence on the lives of the Indonesian people who are predominantly Muslim. Therefore, policy support from organizations can also be one of the determinants of succesful economic development in Indonesia. Third, ceating national and international halal tourism products. Natural resources in Indonesia are very diverse ranging from icean areas to dratan. In addition to various kinds of natural resources, Indonesia also has various cultures and customs that are spread from sabang to merauke. Being am entrepreneur in the field of halal tourism is a high attraction. Tourism if well

developed will improve the state of the local economy. Halal tourism products are expected to be one way to increase the country's economy because it grows state revenue and can attract international investment.

Fourth, creating products with exports standards. Creating local products with export quality is needed to increase the country's income. In addition to increasing state revenue, the quality of these goods also increases. We need to be able to export Indonesian halal products that can be guaranteed halal.

Islamic Entrepreneurship As Umkm Sustainability

Micro, Small, and Medium Enterprises (UMKM) play an important role in economic development in Indonesia. As a sector that absorbs a significant amount of labor and plays a role in equitable economic distribution, Micro, Small, and Medium Enterprises (UMKM) are an important foundation for national economic stability and growth. However, the sustainability of UMKM still faces significant challenges, particularly in terms of capitalization, business management, and product competitiveness in the global market. In this context, value-oriented approaches, such as Islamic entrepreneurship, are considered a practical and ethical, as well as spiritual, alternative solution in strengthening this industry.

Islamic entrepreneurship is not only focused on achieving profits, but also understood as a form of worship to Allah SWT. In the Islamic perspective, economic activity is an integral part of life that must be carried out responsibly and based on morality. A Muslim entrepreneur is expected to always adhere to the values of honesty, justice, and trustworthiness in every stage of the business he runs. This principle argues that business actors act not only as a means of making profits but also as agents of social responsibility.

In some conditions, UMKM are very important for economic development in Indonesia. According to (Komariah, 2022) employment, the requirements provided by UMKM are relatively easier to reach for all groups compared to large companies, (2) Encourage more equitable economic conditions, with UMKM economic conditions in remote areas becoming more developed due to UMKM, (3) Increase dividends, by

increasing the growth of surrounding UMKM, the state will also indirectly help to grow foreign exchange, (4) Meet needs, because UMKM themselves are small communities that know what needs are needed by the surrounding community. In an Islamic perspective, UMKM are also interrelated. According (Komariah, 2022) (1) Regarding the fulfillment of soul needs (Al-Nafs) means fulfilling the soul needs needed by families such as physical needs such as clothing, food, shelter, health, education.

In addition, according to (Halim & Munawir, n.d.) Islamic entrepreneurship has a character that is reflected as creative, innovative, has the courage to face risks and is able to seize opportunities and be highly competitive. Some of these things have become the identity of an entrepreneur, namely noble morals that must be emulated from the attitude of the Prophet Muhammad SAW as an example that guides entrepreneurship. Muhammad's traits that reflect the characteristics of Islamic Entrepreneurship are fathanah (intelligence, professionalism, innovation and creativity) A Muslim entrepreneur must have the intelligence to see market opportunities, be able to make effective strategies, and continue to innovate so that his product or service remains relevant. In the business world, an entrepreneur must continue to learn, think creatively, and adapt to changing times so that his business can grow sustainably, amanah (responsive and responsible). Amanah includes responsibility to customers, employees, business partners, and of course to Allah SWT. This includes honesty in scales, product quality, and service. In modern business practices, reputation and trust are critical assets. A trustworthy entrepreneur will build customer loyalty and blessings in his business, tabligh (communicative) An entrepreneur must be able to convey information clearly and transparently-both to customer, coworkers, and other stakeholders. Good communication in business prevents misunderstandings and build strong relationships. Communicative entrepreneurs find it easier to cooperate and build networks and Siddiq Honesty (positive thinking and optimism) is the main foundation of business in Islam. In addition, thinking positively and being optimistic in the face of challenges is essential to maintaining the entrepreneurial spirit. Entrepreneurial spirit. An entrepreneur will face ups and downs in the course of business. An honest and optimistic attitude will maintain integrity and the

spirit to keep going.

D. Conclusion

Islamic entrepreneurship is an important pillar in sustainable economic development, especially in strengthening the Micro, Small and Medium Enterprises (UMKM) sector in Indonesia. Based on sharia values such as justice, honesty, trustworthiness, and social responsibility, Islamic entrepreneurship does not only aim to make profits, but also to bring benefits to the wider community. These principles make entrepreneurship an economic activity worthy of worship and a means to improve the welfare of the people.

The role of Islamic entrepreneurship is increasingly significant in facing the challenges of globalization and modernization. Through innovation based on Islamic values, entrepreneurship can be a strategic solution in creating jobs, tackling unemployment, and strengthening the competitiveness of UMKM products in the global market. Support from various parties, such as the government, educational institutions, community organizations, and a conducive social environment, is needed to form a generation of Muslim entrepreneurs who are resilient, independent, and ethical.

In addition, the existence of Islamic entrepreneurship also plays a major role in maintaining the sustainability of UMKM, both from a social, economic and spiritual perspective. Entrepreneurial characteristics that reflect the traits of the Prophet Muhammad SAW such as *fathanah*, *amanah*, *siddiq*, and *tabligh*, become a strong foundation in building a business with integrity and long-term orientation. Thus, Islamic entrepreneurship is not only a means of economic growth, but also an instrument of social transformation towards a just, prosperous and blessed society.

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