

# Sustainable Livelihood Index for Sharia-Based Micro, Small, and Medium Enterprises: A Feyerabendian Approach

Sharia-Based  
Sustainable  
Livelihood Index

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## ABSTRACT

Micro, small, and medium enterprises that operate according to Islamic principles form a vital part of Indonesia's economy, yet existing sustainability measurement tools rarely reflect their unique ethical and spiritual characteristics. This study aims to develop a conceptual model of the Sustainable Livelihood Index specifically designed for these Sharia-based enterprises. The research adopts a qualitative conceptual approach that combines philosophical analysis and extensive literature review, guided by Paul Feyerabend's principles of methodological pluralism and theoretical proliferation. Core Islamic values such as distributive justice, social responsibility, environmental stewardship, trustworthiness, and sincerity are systematically integrated into the five traditional dimensions of human, physical, financial, social, and environmental capital. The resulting model presents a hierarchical framework supported by concrete sample indicators that are both practical and faithful to Islamic teachings. This new index offers a flexible, context-sensitive tool that captures economic, ethical, social, and spiritual performance simultaneously. The model has direct implications for entrepreneurs, Islamic financial institutions, and policymakers seeking to strengthen sustainable and resilient Sharia-compliant economic development. It also lays a solid foundation for future empirical testing and wider application across the Muslim business community.

**Keywords:** Feyerabend, Methodological Pluralism, Sharia-Based MSMEs, Sustainability Framework, Sustainable Livelihood Index.

## ABSTRAK

Usaha mikro, kecil, dan menengah yang beroperasi berdasarkan prinsip-prinsip Islam merupakan bagian penting dari perekonomian Indonesia, namun perangkat pengukuran keberlanjutan yang ada jarang mencerminkan karakteristik etika dan spiritual mereka yang unik. Studi ini bertujuan untuk mengembangkan model konseptual Indeks Mata Pencaharian Berkelanjutan yang dirancang khusus untuk usaha-usaha berbasis Syariah ini. Penelitian ini mengadopsi pendekatan konseptual kualitatif yang menggabungkan analisis filosofis dan tinjauan pustaka yang ekstensif, dipandu oleh prinsip-prinsip pluralisme metodologis dan proliferasi teoretis Paul Feyerabend. Nilai-nilai inti Islam seperti keadilan distributif, tanggung jawab sosial, pengelolaan lingkungan, kepercayaan, dan ketulusan terintegrasi secara sistematis ke dalam lima dimensi tradisional modal manusia, fisik, finansial, sosial, dan lingkungan. Model yang dihasilkan menyajikan kerangka hierarkis yang didukung oleh indikator-indikator sampel konkret yang praktis dan sesuai dengan ajaran Islam. Indeks baru ini menawarkan perangkat yang fleksibel dan peka terhadap konteks yang menangkap kinerja ekonomi, etika, sosial, dan spiritual secara bersamaan. Model ini memiliki implikasi langsung bagi para wirausahawan, lembaga keuangan Islam, dan pembuat kebijakan yang berupaya memperkuat pembangunan ekonomi yang berkelanjutan dan tangguh sesuai Syariah. Hal ini juga meletakkan dasar yang kuat untuk

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*pengujian empiris di masa mendatang dan penerapan yang lebih luas di seluruh komunitas bisnis Muslim.*

**Kata kunci:** *Feyerabend, Pluralisme Metodologis, UMKM Berbasis Syariah, Kerangka Kerja Keberlanjutan, Indeks Penghidupan Berkelanjutan.*

## INTRODUCTION

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Micro, Small, and Medium Enterprises (MSMEs) remain the backbone of the Indonesian economy, contributing more than 60% of Gross Domestic Product (GDP) and absorbing around 97% of the national workforce (Sartono et al., 2024). In the current global era, these enterprises are not only expected to show strong economic performance but also to prove their commitment to sustainability and social responsibility that are in line with Sharia values such as justice, transparency, and care for the environment (Hasibuan et al., 2024; Qomaro et al., 2024). The rapid growth of the halal industry and increasing public awareness of Environmental, Social, and Governance (ESG) issues have pushed Sharia-based MSMEs to adopt a more holistic sustainability approach (Retnosari et al., 2025; Silaban, 2025; Siregar, 2025). Many studies reveal that Sharia-compliant enterprises have better long-term resilience because they integrate ethical and spiritual dimensions in their daily operations (Srijani et al., 2023; Rukmanda et al., 2025).

The Sustainable Livelihood Index (SLI) is one of the most widely used tools to measure sustainability at the micro level (Rahayu, 2025). This index evaluates performance through five main dimensions: human, physical, financial, social, and environmental. Several researchers have successfully applied the SLI framework to conventional MSMEs and rural communities, but its adaptation to the specific context of Sharia-based enterprises is still very limited (Santika, 2024; Albar et al., 2025). Most existing models still rely on positivist and material-oriented paradigms that often ignore spiritual values and distributive justice, which are the core of Islamic economics (Haneef, 1997; Sudana et al., 2025). As a result, current sustainability measurement tools frequently fail to capture the unique characteristics of Sharia-based MSMEs, such as halal compliance, zakat-based social responsibility, and profit-sharing systems that prioritize fairness (Fitryani & Maulana, 2024; Huda & Yuliati, 2025).

According to Feyerabend (2006), rigid scientific methods often hinder the birth of creative and contextually relevant knowledge. The “anything goes” principle and methodological pluralism he proposed provide space for combining various approaches, empirical, rational, and revelation-based, in building new theories (Khanifa & Mutmainah, 2024). In the context of Islamic economics, this idea opens the door for the integration of Sharia values into modern measurement tools without being trapped in a single dominant paradigm. However, very few studies have tried to apply Feyerabend’s thinking to the development of sustainability indices, especially those oriented towards Sharia-based MSMEs. Existing literature still focuses heavily on philosophical discussions of Feyerabend or the application of conventional SLI, while systematic efforts to unite the two remain rare.

The research gap is therefore very clear: there is no Sustainable Livelihood Index model that is specifically designed for Sharia-based MSMEs by utilizing methodological pluralism as suggested by Feyerabend (2006). Most sustainability measurement tools for MSMEs are still secular in nature and do not accommodate spiritual and ethical dimensions that are inherent in Islamic teachings. This study intends to fill that gap by developing a conceptual model of the Sharia-based SLI that integrates Sharia principles, such as distributive justice, social responsibility, and environmental stewardship, with Paul Feyerabend’s flexible and context-sensitive methodological approach. The expected outcome is a more adaptive and inclusive evaluation framework that can help Sharia-based MSMEs in Indonesia strengthen their resilience and long-term competitiveness. By combining theoretical richness from Islamic economics and the freedom offered by Feyerabend’s epistemology, this study also seeks to contribute to the accounting and

sustainability literature that is more in line with local values. The proposed model is expected to be a practical tool for entrepreneurs, Islamic financial institutions, and policymakers in supporting sustainable and Sharia-compliant economic development.

## LITERATURE REVIEW

### The Concept of Sustainable Livelihood Index in the Sharia Context

The Sustainable Livelihood Index (SLI) is a practical tool used to measure how sustainable the lives and businesses of small economic units are. Rahayu (2025) explains that SLI consists of five main dimensions: human (skills, health, education), physical (infrastructure, equipment, technology), financial (income stability, savings, access to capital), social (networks, trust, community support), and environmental (natural resource management and ecological impact). Many researchers have applied this index to rural households and conventional MSMEs with good results because the five dimensions are easy to understand and measure. The index helps policymakers see which areas need intervention so that small businesses can survive longer. In Indonesia, SLI has been used to evaluate poverty alleviation programmes and the impact of natural disasters on community livelihoods (Sartono et al., 2024). It is also often combined with other indices, such as the Multidimensional Poverty Index, to obtain more comprehensive results.

However, when applied to Sharia-based MSMEs, the conventional SLI shows clear limitations. Gumelar (2014) and Basalamah et al. (2025) argue that the existing model completely ignores spiritual aspects, halal-haram considerations, and the obligation to distribute wealth fairly. For example, a Sharia enterprise may have lower profit on paper, but it regularly pays zakat and avoids *riba*, something that conventional financial dimensions cannot capture properly. The same problem appears in the environmental dimension: Islamic teachings about *khalifah fil ard* (stewardship of the earth) are richer than mere carbon footprint calculations, yet current SLI does not accommodate this deeper ethical layer. Ratnawita et al. (2023) add that many Sharia-based microfinance products already include social and spiritual targets, but there is still no suitable index to measure their success. Therefore, a new version of SLI is urgently needed that is sensitive to Islamic values.

### Sustainability Challenges and Distinctive Characteristics of Sharia-Based MSMEs

Sharia-based MSMEs in Indonesia play a very strategic role, but they also face tougher obstacles than conventional businesses. Qomaro et al. (2024) and Rukmanda et al. (2025) found that these enterprises must maintain halal compliance in raw materials, production processes, and marketing while competing with larger companies that do not have such restrictions. Limited access to technology and formal capital forces many of them to rely on *mudharabah* or *musharakah* schemes offered by Islamic financial institutions. At the same time, they carry a heavier social burden because they are expected to allocate part of their profits for zakat, infak, sadaqah, or waqf programmes (Srijani et al., 2023; Albar et al., 2025). Ismail et al. (2025) observe that Sharia culinary MSMEs in North Sumatra even voluntarily apply *maqasid syariah* principles in their daily operations to maintain customer trust.

Despite these difficulties, many studies show that Sharia-based MSMEs actually have stronger long-term resilience. Muhyiddin et al. (2022) and Fitryani and Maulana (2024) prove that businesses run with Islamic entrepreneurial values tend to enjoy higher trust from the community and lower employee turnover. Customers are also more loyal because they feel the business aligns with their religious beliefs. Santika (2024) adds that when Sharia enterprises implement fair profit-sharing and avoid speculative transactions, their risk of sudden collapse becomes smaller. Widyakto et al. (2024) further reveal that Islamic literacy and spirituality significantly moderate the relationship between experience and business performance. These findings confirm that Sharia-based MSMEs have unique strengths that deserve to be measured properly.

### **Paul Feyerabend's Methodological Pluralism and Its Relevance to Islamic Economics**

Feyerabend (2006), in his famous book *Against Method*, rejects the idea that there is only one correct scientific method. He argues that important discoveries, such as Galileo's heliocentrism, happened precisely because scientists dared to break established rules. The principle of "anything goes" and the theory proliferation that he proposes give freedom to researchers to use various approaches simultaneously: empirical data, rational analysis, and even revelation-based knowledge. Faradi (2014) and Khanifa and Mutmainah (2024) agree that this idea is very suitable for Islamic economics because Islam itself recognises three sources of knowledge: al-Qur'an and Sunnah (revelation), *aql* (reason), and empirical observation. Abdullah (2011) also supports this view by stating that accounting theory development must be open to various philosophical foundations.

In the context of accounting and sustainability measurement, Feyerabend's thinking opens the door for spiritual and ethical indicators that are usually rejected by positivist paradigms. Andrew (2023) and Sukriyah (2024) demonstrate that methodological pluralism allows Sharia accounting to develop indicators based on *maqasid syariah* and not just financial ratios. Haneef (1997) has long reminded us that Islamic economics will never reach its full potential if it continues to imitate Western materialistic frameworks. Khomsiyah and Indriantoro (2000) and Herusetya et al. (2008) also underline that ontology in accounting must be flexible enough to accommodate local religious values. Latifah et al. (2025) successfully apply this pluralistic spirit in building a value-based social entrepreneurship framework for Islamic P2P lending. Thus, Feyerabend's epistemology provides a strong philosophical foundation for building new, more inclusive sustainability models.

### **The Need for a Sharia-Based SLI Using Pluralistic Methodology**

Although literature on conventional SLI and Sharia-based MSMEs has grown rapidly, the intersection between the two remains empty. Utami and Khulsum (2025) and Suginam et al. (2025) note that almost all existing sustainability indices for MSMEs still rely on profit, asset, and turnover indicators without touching spiritual or distributive justice aspects. Studies on Feyerabend in the Islamic context are also still limited to theoretical discussion and have never been operationalised into a concrete measurement tool (Arianty et al., 2025; Ela et al., 2025). Jasmine and Rohim (2024) and Alamsyah et al. (2024) further show that innovative Sharia financing instruments such as green crowdfunding and *mudharabah* need an assessment framework that can measure both economic performance and compliance with Islamic ethics. Abdillah et al. (2025) confirm through a systematic literature review that digitalisation of MSMEs from a Sharia perspective still lacks an integrated measurement model.

This situation creates real difficulties for practitioners and policymakers. Islamic banks and government agencies that want to support Sharia-based MSMEs do not have a standardised tool to measure true sustainability. The absence of a Sharia-based SLI forces many entrepreneurs to use conventional frameworks that actually disadvantage them. Sudana et al. (2025) emphasize that integrating the triple bottom line with Islamic principles is possible, but no one has yet produced an index that is ready to use. Therefore, this study answers the urgent need by developing a new SLI model that integrates core Sharia values with Feyerabend's methodological pluralism, a combination that, to the best of our knowledge, has never been attempted before.

### **RESEARCH METHODS**

This study uses a qualitative conceptual approach grounded in philosophical analysis and extensive literature review to develop a Sharia-based Sustainable Livelihood Index (SLI). The choice of this design is deliberate because the research aims to build a new theoretical model rather than test hypotheses empirically. By focusing on conceptual development, the study can freely combine philosophical arguments, Islamic economic principles, and existing sustainability frameworks without being limited by rigid quantitative requirements.

The entire process follows Paul Feyerabend's spirit of methodological pluralism, which means the research does not rely on one single method but openly integrates various sources of knowledge. Data are collected only from secondary sources, including published journal articles on accounting, Islamic economics, sustainability measurement, Sharia-based MSMEs, and foundational philosophical works, especially Feyerabend's *Against Method*. Literature selection is not restricted by year of publication because classic philosophical ideas and recent empirical findings are both considered relevant. All sources are chosen based on their ability to contribute to understanding how Sharia values can be embedded into the five SLI dimensions.

The analysis is conducted in three connected stages that flow naturally from one to another. The first stage is philosophical mapping, where the ontological, epistemological, and axiological foundations of both conventional SLI and Islamic economics are identified and compared. This stage examines how concepts such as justice, stewardship, and social responsibility in Islam can strengthen or replace certain aspects of the original SLI framework. The second stage is theoretical integration, where Feyerabend's ideas of "anything goes" and theory proliferation are used as lenses to merge Sharia principles with the five SLI dimensions (human, physical, financial, social, and environmental) in a flexible and context-sensitive way. The third stage is model construction, in which a hierarchical relationship between Sharia values and SLI dimensions is drawn, followed by the proposal of a complete conceptual model presented through narrative description and a detailed mapping table.

Validation is carried out through theoretical triangulation and normative alignment rather than statistical testing. Different streams of literature, Islamic economics, sustainability science, accounting philosophy, and Feyerabend's epistemology, are constantly cross-checked to ensure internal consistency. The resulting model is also evaluated against core Sharia objectives (*maqasid syariah*) to confirm that it does not contradict Islamic ethical standards. Although this study is purely conceptual and does not involve field data collection, the systematic and transparent process applied here provides a solid foundation for future empirical research that wishes to test or refine the proposed Sharia-based SLI in real-world settings.

## RESULTS

### **Integrating Feyerabend's Pluralism with Sharia Principles in SLI Development**

Paul Feyerabend's epistemological anarchism becomes the main philosophical engine that allows this study to escape the rigidity of conventional sustainability measurement. Feyerabend (2006) insists that real scientific progress often happens when researchers dare to break established methodological rules and let various approaches compete freely. In the context of Sharia-based MSMEs, this "anything goes" principle is not an invitation to chaos, but a liberation from positivistic paradigms that have long dominated sustainability indices. The same spirit of theory proliferation encourages the simultaneous use of empirical data, rational analysis, revelation-based knowledge, and local wisdom, an approach that fits perfectly with the way Islamic economics has always operated (Faradi, 2014; Khanifa & Mutmainah, 2024).

Faradi (2014) and Sukriyah (2024) have shown that Feyerabend's ideas can be comfortably applied to Islamic thought because Islam itself never recognises a single source of truth. Revelation (al-Qur'an and *Sunnah*), reason (*aql*), and experience are treated as complementary, not competing. When building a new SLI, this pluralistic stance means researchers do not have to choose between financial ratios and zakat distribution, between carbon footprint calculations and the concept of *khalifah fil ard*, or between employee skills and *akhlak* training. All can coexist and strengthen one another. Andrew (2023) adds that accounting and sustainability theories will only become relevant to Muslim communities if they stop imitating Western frameworks and start embracing this kind of methodological freedom.

The integration process begins by placing Sharia values as the foundational layer that cannot be negotiated. Justice, social responsibility, environmental stewardship, and halal

compliance are treated as non-optional filters through which every SLI dimension must pass. Hasibuan et al. (2024) and Santika (2024) remind us that these values are not mere decoration; they are operational principles that directly affect daily business decisions. Feyerabend's contribution lies in giving legitimate permission to combine these normative principles with technical indicators without feeling guilty of being "unscientific". The result is a measurement model that is both rigorous and faithful to Islamic ethics.

Kasolati and Kamilah (2024) and Hanin and Kamilah (2024) provide concrete examples of how Sharia accounting systems already operate outside conventional boundaries. Their studies on creative industries and cash management show that spiritual and ethical considerations often determine success more than pure financial logic. By adopting Feyerabend's lens, this study treats those findings not as anomalies but as valuable alternative theories that deserve equal space in the new SLI. The integration, therefore, does not force Sharia values into an existing framework; instead, it allows the framework itself to be reshaped by those values.

In practical terms, the integration produces a development process that is deliberately nonlinear and iterative. Ideas from revelation-based literature can suddenly enrich the financial dimension, while empirical findings from MSME studies can refine the understanding of social responsibility. Khanifa and Mutmainah (2024) describe this exact dynamic as "anarchic epistemology in action". No single method is declared superior; all are allowed to challenge and improve one another. This approach guarantees that the final model will be far more context-sensitive than any index built through traditional, step-by-step methodology.

The marriage between Feyerabend's pluralism and Sharia principles also resolves a long-standing tension in Islamic economics: how to remain authentic while staying relevant in the modern world. Haneef (1997) has long warned that blind adoption of Western tools will only produce superficial Islamisation. Feyerabend offers a way out, not by rejecting science, but by expanding its definition to include spiritual and ethical knowledge systems. The result is a genuinely post-positivist SLI that can proudly stand beside global sustainability standards while remaining deeply rooted in Islamic values.

### Mapping Sharia Values onto the Five SLI Dimensions

The second step in model construction is to systematically map core Sharia principles onto the five traditional SLI dimensions so that each dimension gains deeper ethical and spiritual meaning. Albar et al. (2025) and Suginam et al. (2025) underline that justice (*al-'adl*) and social responsibility (*mas'uliyah ijtimai'iyah*) are the two most frequently mentioned principles in successful Sharia-based enterprises. These principles do not float separately; they directly reshape how we understand human, physical, financial, social, and environmental capital. The mapping is not done arbitrarily but follows a hierarchical logic: Sharia values serve as the foundation and filter, while the five dimensions become the operational areas that must reflect those values. Table 1 presents the complete mapping result.

**Table 1.** Relationship between Sharia Principles and SLI Dimensions

Sharia Principles	SLI Dimensions Affected	Explanation
Justice ( <i>al-'adl</i> )	Human, Financial	Promotes equality in skill development, fair wages, and equitable profit-and-loss sharing.
Sustainability & Balance ( <i>tawazun</i> )	Physical, Environmental	Encourages durable and eco-friendly infrastructure and responsible use of natural resources.
Social Responsibility ( <i>mas'uliyah ijtimai'iyah</i> )	Financial, Social	Requires zakat, waqf, infaq allocation, and active participation in community empowerment.
Halal Compliance & Blessing ( <i>halal wa tayyib</i> )	Financial, Environmental	Ensures all transactions and production processes are halal and do not harm the environment.
Trustworthiness ( <i>amanah</i> ) & Sincerity ( <i>ikhlas</i> )	Human, Social	Emphasizes ethical training, honesty in dealings, and sincere intention in every activity.

Source: Author's elaboration based on Gumelar, 2014, Albar et al. (2025), Basalamah et al. (2025), and Rukmanda et al. (2025).

In the human dimension, conventional SLI only measures skills and health, but the Sharia version adds *amanah* and *akhlaq* training as equally important indicators. Fitriyani and Maulana (2024) prove that MSMEs that regularly conduct religious and ethical training for employees have significantly lower turnover and higher productivity. The physical dimension is no longer just about owning machines; it now includes whether the infrastructure supports halal production and minimises waste (Srijani et al., 2023). The financial dimension shifts from mere profit maximisation to fair distribution and avoidance of *riba* and *gharar*. Qomaro et al. (2024) and Santika (2024) show that enterprises using *mudharabah* and *musharakah* contracts actually achieve more stable long-term growth than those relying on interest-based loans.

The social dimension becomes the strongest area of difference. While conventional SLI looks at networks and access to support, the Sharia-based model measures real contributions through zakat, waqf, and community programmes. Rukmanda et al. (2025) and Muhyiddin et al. (2022) document many cases where MSMEs allocate 5–10 % of profit for local education and health projects, creating measurable social capital. Finally, the environmental dimension is enriched by the Islamic concept of *khalifah fil ard*. Hasibuan et al. (2024) find that Sharia-based home industries consciously choose biodegradable packaging and reduce water usage because they see it as part of religious duty. The mapping exercise therefore produces five dimensions that are technically familiar yet ethically transformed.

### Proposed Conceptual Model of the Sharia-Based Sustainable Livelihood Index

The integration and mapping processes finally produce a complete conceptual model that is presented in two interconnected figures. Figure 1 illustrates the flow of model development, while Figure 2 shows the hierarchical structure of the final index.

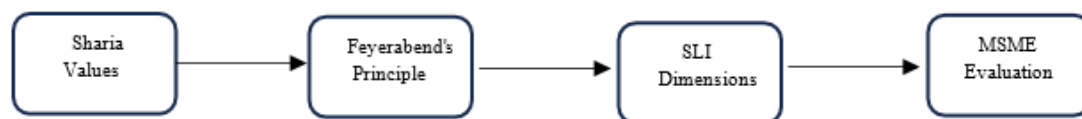
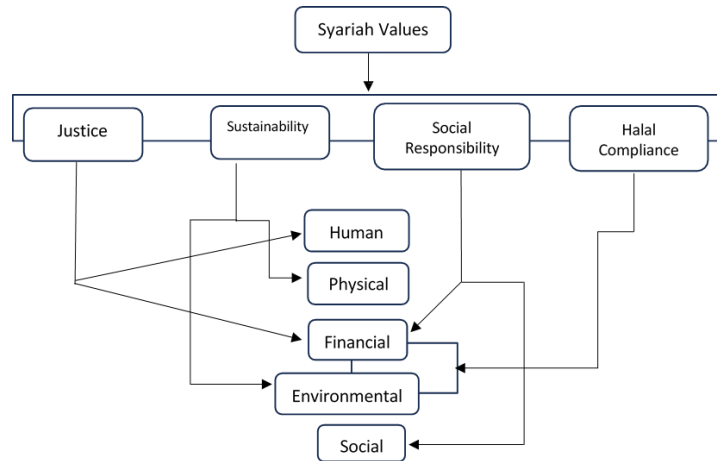


Figure 1. Conceptual Flow of Sharia-Based SLI Model Development

Figure 1, at the very bottom layer lies Sharia values (justice, social responsibility, sustainability, halal compliance, *amanah*, and *ikhlas*) functioning as the non-negotiable foundation. Above it sits Feyerabend’s methodological pluralism serving as the operating lens that permits flexible combination of various knowledge sources. The five SLI dimensions (human, physical, financial, social, environmental) are placed in the middle layer, but each is now directly linked to specific Sharia principles. The top layer contains measurable indicators that will be used in future empirical research. Arrows move in both directions to show that the relationship is dynamic: indicators can be adjusted based on local context, and new Sharia interpretations can further enrich the dimensions (author’s elaboration based on Feyerabend, 2006; Khanifa & Mutmainah, 2024; Sudana et al., 2025).

Figure 2 uses a pyramid structure. The base is labelled “Core Sharia Principles” (*al-’adl, tawazun, mas’uliyah ijtimaiyyah, halal wa tayyib, amanah & ikhlas*). Five pillars rise from this base, each representing one SLI dimension. Every pillar is coloured differently and clearly marked with the dominant Sharia principles that influence it most. For example, the financial pillar is connected to justice and social responsibility, while the environmental pillar is tied to *tawazun* and halal compliance. At the top of the pyramid sits the final outcome: Sustainable and Blessed Livelihood (*al-hayah al-tayyibah*), reflecting the ultimate goal of Islamic economics (Haneef, 1997; Santika, 2024; Albar et al., 2025).



Source: Processed by the author based on Rahayu et al. (2023) and Zain et al. (2023)  
**Figure 2.** Hierarchy of the Relationship between Sharia Values and SLI Dimensions

The model is deliberately designed to be adaptive rather than rigid. Gumelar (2014) and Rahayu (2025) originally used fixed weighting for the five dimensions, but this study removes strict numerical weights and replaces them with contextual priority determined by local ulama and community leaders. This flexibility is made possible by Feyerabend’s rejection of a single “correct” method. Basalamah et al. (2025) support this approach by showing that different regions in Indonesia prioritise different principles: coastal communities emphasise environmental stewardship, while urban traders focus more on halal certification and fair profit sharing.

The proposed model also explicitly adds a spiritual well-being layer that was completely absent in conventional SLI. This layer sits alongside the five dimensions and measures aspects such as peace of mind (*tuma’ninah*), sincerity of intention (*ikhlas*), and closeness to Allah through lawful business practices. Fitryani and Maulana (2024) found that entrepreneurs who score high on this spiritual layer experience lower stress and make more ethical decisions during crises. The inclusion of this layer marks the most significant departure from existing indices and directly answers the call for a truly holistic Islamic measurement tool. The model is not a minor modification of conventional SLI; it is a fundamental reconstruction that places Sharia values at the centre and uses Feyerabend’s pluralism as the enabling mechanism. The two figures together provide a clear, visually intuitive roadmap that can guide future researchers, Islamic banks, and government agencies when they want to assess the true sustainability of Sharia-based MSMEs.

### Sample Indicators and Practical Implications for Sharia-Based MSMEs

The proposed model becomes truly operational when each dimension is equipped with concrete and easy-to-measure indicators that ordinary entrepreneurs can understand and apply. In the human dimension, indicators now include the percentage of workers who regularly receive *akhlak* and *amanah* training, the frequency of religious study circles attended by the owner and employees, and the existence of health programmes funded from business profits. These indicators reflect the Islamic emphasis on character building as the real foundation of sustainable livelihood, an aspect that conventional SLI completely overlooks. Fitryani and Maulana (2024) have shown that businesses that invest in ethical training enjoy significantly lower employee turnover and higher daily productivity.

The physical dimension is enriched with indicators such as the use of halal-certified and environmentally friendly equipment, the availability of proper prayer facilities, and the implementation of waste recycling or water-saving practices. Entrepreneurs no longer measure assets only by monetary value but also by whether those assets support halal production and reduce harm to nature. Srijani et al. (2023) found that small food producers who switched to biodegradable packaging because of religious conviction

actually experienced cost savings in the long run. The same principle applies to energy-saving technology adopted as part of *khalifah fil ard* responsibility.

In the financial dimension, the focus shifts from profit maximisation to fair distribution and purity of transactions. Sample indicators include the ratio of profit shared equitably with workers or partners under *mudharabah* or *musharakah* contracts, the percentage of annual profit allocated to zakat bisnis and productive waqf, and the complete absence of *riba* or *gharar* elements in all contracts over the past year. Qomaro et al. (2024) and Rukmanda et al. (2025) demonstrate that enterprises that consistently apply these practices achieve more stable cash flow and greater trust from customers and financiers. Fairness is no longer just a moral slogan; it becomes a measurable performance driver.

The social dimension captures the unique strength of Sharia-based businesses through indicators such as the number of community members who directly benefit from CSR programmes, *qardhul hasan* loans, or free skills training, as well as active cooperation with local mosques or *pesantren*. Abdillah et al. (2025) recorded many cases where small enterprises in Java and Sumatra regularly sponsor education for poor children using a portion of their monthly income. Customer satisfaction scores related to honesty and transparency are also included because trust is treated as real social capital in Islamic teachings.

For the environmental dimension, indicators cover the reduction of plastic and non-biodegradable waste, the adoption of renewable energy or energy-saving practices, and the conduct of regular environmental audits based on Islamic stewardship principles. Hasibuan et al. (2024) observed that home industries run with strong religious motivation voluntarily choose eco-friendly materials even when cheaper conventional alternatives are available. These actions prove that environmental care can flow naturally from faith rather than from external regulation alone.

The practical implications reach far beyond academic circles. Sharia-based MSMEs can use these indicators as a simple self-assessment checklist that keeps their operations aligned with both sustainability goals and religious obligations at the same time. Islamic banks and cooperative institutions can adopt the same indicators to create more accurate and faith-sensitive credit scoring systems, giving better terms to businesses that excel in zakat allocation and halal compliance. Azra et al. (2025) and Akbar et al. (2025) report that several Islamic financial institutions have already expressed strong interest in testing similar frameworks.

Policymakers at the regional and national levels gain a ready tool to design targeted assistance programmes and measure the real impact of their support for the halal industry and SDGs achievement from an Islamic perspective. Suryaman et al. (2024) and Razab et al. (2025) emphasise that without an Islamically grounded index, many government initiatives risk rewarding quantity over quality and appearance over substance. The Sharia-based SLI offered here provides exactly the balanced, practical, and deeply rooted solution that practitioners have been waiting for.

## DISCUSSION

The development of a Sharia-based Sustainable Livelihood Index using Feyerabend's methodological pluralism marks a significant departure from conventional sustainability measurement in several important ways. Feyerabend (2006) himself would likely approve of this approach because it deliberately violates the monopoly of positivistic indicators that have long dominated SLI and ESG frameworks. By placing Sharia values at the very foundation and allowing revelation-based knowledge to compete equally with empirical data, the model succeeds in producing a tool that is technically familiar yet spiritually authentic. Haneef (1997) has long argued that Islamic economics will remain superficial as long as it merely adds Islamic labels to Western frameworks; this study answers that criticism by letting Islamic principles reshape the framework itself rather than the other way around.

The hierarchical mapping and sample indicators presented in the results section confirm what many field studies have observed but never systematically measured. Albar

et al. (2025) and Suginam et al. (2025) found that MSMEs that consistently apply *maqasid syariah* principles show stronger long-term survival rates than those focused only on profit. Similarly, Widyakto et al. (2024) proved that Islamic literacy and spirituality act as significant moderating variables between experience and business performance. The current model now gives researchers and practitioners a concrete way to capture these effects instead of treating them as intangible “soft factors”. Retnosari et al. (2025), Silaban (2025), and Siregar (2025) have recently called for greater integration of Islamic values into ESG reporting; the Sharia-based SLI directly responds to that call at the micro-enterprise level where the need is arguably greatest.

One of the clearest contributions lies in resolving the long-standing tension between scientific rigour and religious authenticity. Andrew (2023) once asked whether philosophy of science in the Sharia tradition can ever be useful for the real world of banking and business. This study provides a positive answer: when guided by Feyerabend’s pluralism, philosophical openness does not weaken measurement; it actually strengthens relevance. Khomsiyah and Indriantoro (2000) and Herusetya et al. (2008) reminded us that accounting ontology must remain flexible enough to accommodate local values; the present model demonstrates exactly how that flexibility can be operationalised without sacrificing clarity or practicality.

The absence of similar models in the existing literature further highlights the novelty of this work. Ela et al. (2025), Latifah et al. (2025), and Ismail et al. (2025) have all explored various aspects of Sharia financing and empowerment, yet none have produced an integrated index that covers all five livelihood dimensions at once. Suryaman et al. (2024) came closest by evaluating the impact of Sharia rural banks on welfare according to *maqasid syariah*, but their study remained sector-specific. The current model is deliberately general enough to be adapted across different types of Sharia-based MSMEs while remaining firmly grounded in universal Islamic principles.

The theoretical implication is therefore clear: sustainability accounting scholarship must expand its methodological boundaries if it genuinely wants to serve diverse cultural and religious contexts. The practical implication is equally important. Islamic financial institutions can immediately begin using the proposed indicators to create more faith-sensitive credit scoring systems, while government agencies can design better-targeted empowerment programmes. Entrepreneurs themselves gain a simple yet profound checklist that keeps their daily operations aligned with both worldly success and akhirah orientation. In an era when halal industry growth and sustainable development have become national priorities, a Sharia-based SLI offers exactly the kind of inclusive, authentic, and actionable tool that Indonesia, and the wider Muslim world, has been waiting for.

## CONCLUSION

This study has successfully developed a conceptual model of the Sustainable Livelihood Index that is specifically tailored for Sharia-based MSMEs in Indonesia. By placing core Sharia values as the non-negotiable foundation and using Paul Feyerabend’s methodological pluralism as the guiding lens, the model transforms the five conventional SLI dimensions into a holistic framework that captures not only economic performance but also ethical, social, and spiritual realities. The resulting index is flexible, context-sensitive, and deeply rooted in Islamic teachings while remaining practical and easy to understand for ordinary entrepreneurs. It offers a genuine alternative to Western-dominated sustainability tools and proves that scientific rigour and religious authenticity can walk hand in hand.

The model carries important theoretical and practical implications, provides a new direction for sustainability accounting that is more inclusive of local and religious values, and gives Islamic financial institutions, policymakers, and entrepreneurs a ready-to-use tool to measure true resilience and barakah in business. However, as a purely conceptual study, it still needs empirical testing across different regions and business sectors to confirm its reliability and to refine the weighting of indicators. Future research should

therefore focus on field validation, development of a simple scoring application, and comparative studies with conventional SLI to demonstrate the added value of the Sharia-based approach in real-world settings. With further development, this index has the potential to become a standard instrument for strengthening millions of Sharia-based MSMEs and supporting sustainable, blessed economic growth.

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