



FAKULTAS EKONOMI DAN BISNIS ISLAM  
كلية الاقتصاد الإسلامي والتجارة  
FACULTY OF ISLAMIC ECONOMICS AND BUSINESS

# The 4<sup>th</sup> International Conference on Sharia Oriented Public Policy in Islamic Economics System The 4<sup>th</sup> ICOSOPP 2025

*Empowering The Creative Economy Through Islamic Values: Innovations, Ethics, and Sustainable Development Goals*

26 - 27 November 2025 at Universitas Islam Negeri Ar-Raniry Banda Aceh



## ABSTRACT

### Entrepreneurship, Innovation, and Case Studies of Islamic Creative Startups

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*Research on innovation and entrepreneurship has largely been conducted within the context of conventional economics, where the primary focus is on creating competitive advantage and value based on technology. (Rika Rahmayuni et al., 2024) However, there has been little in-depth research on how Islamic principles are applied in modern entrepreneurship, particularly Islamic creative startups. Research on the relationship between Sharia values, innovation, and the dynamics of creative businesses in the digital era is urgently needed because of this discrepancy. This study aims to examine the application of Islamic entrepreneurial values to innovation by Islamic-based creative startups and to identify ways to support business sustainability while adhering to Sharia principles. This research employed a qualitative methodology, and case studies were conducted on several Islamic creative startups in Indonesia. These startups included the Muslim fashion industry, halal apps, and Islamic digital content. Observations, in-depth interviews, and documentation analysis complemented the data collection. Furthermore, the Miles & Huberman interactive analysis model was used to process the data. The research findings show that creative Islamic startups, emphasizing halal (permissible), fairness, and social responsibility, can combine spiritual values and business innovation through a values-based entrepreneurship concept. Limited capital and digital literacy are key challenges, but there are ample opportunities for growth as public awareness of the halal economy grows. This study adds to the literature on Islamic entrepreneurship and provides practical implications for business actors, Islamic financial institutions, and lawmakers in supporting a sustainable Islamic startup ecosystem.*

**Keywords:** Islamic entrepreneurship, innovation, creative startups



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## Introduction

Various new types of entrepreneurship based on creativity and technology have emerged as a result of the growth of the digital economy worldwide. Startups have the ability to bring disruptive innovation and accelerate the transformation of conventional economic sectors into the digital era, making them key actors in the contemporary economy. Thousands of startups have emerged in Indonesia as a result of the rapid growth in various sectors such as financial technology, education, the creative economy, and even the halal sector. This fact demonstrates that innovation and entrepreneurship are not only catalysts for national economic growth but also crucial tools for fostering economic independence among the younger generation.

However, amidst the rapid growth of digital startups, it is crucial to ensure that the innovations and business models they create align with the moral and spiritual values of the Indonesian people, especially those who are predominantly Muslim. In this context, the concept of Islamic entrepreneurship has emerged as an alternative paradigm that focuses not only on profit but also on the principles of halal (permissible) law (halal), justice, social responsibility, and moral sustainability. These ideas place spiritual and ethical values at the foundation of every business development and decision-making process. (Al-Kahfi et al., 2025)

Previous studies have emphasized the relationship between entrepreneurial orientation and innovation and business performance. According to (Anisa et al., 2023) using the case of MSMEs, this study examines how entrepreneurial orientation impacts MSME business performance. Entrepreneurial competence is used as a mediating variable. They also stated that the ability to innovate is a crucial component for increasing the competitiveness of small and medium enterprises. However, most of these studies focus solely on economic and management aspects, without considering how Islamic values can be applied to contemporary innovation and entrepreneurship. Furthermore, previous studies typically use a quantitative approach and have not examined the empirical context of Sharia-based creative businesses comprehensively.



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Due to these limitations, a research gap exists. Few studies specifically examine how Islamic principles are applied to business innovation and creative startup management. However, the emergence of Islamic creative startups, such as halal apps, Islamic education platforms, and Muslim clothing brands, demonstrates the enormous potential for Islamic innovation to become a new, moral and competitive economic force. Therefore, the purpose of this research is to examine how Islamic entrepreneurial values are applied in the innovation process and business strategies of Sharia-compliant creative startups. This research uses a case study approach to learn more about the real-world practices, challenges, and creative approaches used by Islamic startups to incorporate spiritual values into their creative business activities.

Theoretically, this research is expected to add to the literature on the relationship between entrepreneurship, innovation, and Islamic values. Furthermore, it will help expand the conceptual model of Islamic entrepreneurship in the digital era. Practically, this research is expected to contribute to the development of an Islamic startup ecosystem in Indonesia. It will benefit investors, educational institutions, business actors, and policymakers focused on the halal economy.

## **Literature Review**

The study of the relationship between entrepreneurship and innovation has become an important part of contemporary economics and management science. Previous studies have shown that entrepreneurial orientation is crucial for driving innovation and business performance. Muhammad Rafi Raihan Balya dan Lia Yuldinawati, (2025) found that entrepreneurial orientation positively impacted innovation and performance among Generation Z MSMEs in Indonesia; innovation served as a mediating variable that strengthened the relationship. These results suggest that innovation is a crucial component for the success of small and medium enterprises in the digital era. Additional research by Dewi Anisa et al. (2023) found that entrepreneurial competence and entrepreneurial orientation simultaneously



significantly impact business performance. These results suggest that in addition to entrepreneurial orientation, business success at the operational level is also significantly influenced by the entrepreneur's practical abilities and skills.

The findings indicate that entrepreneurial orientation and innovation are crucial, but there are differences and limitations in research methodologies and contexts. Quantitative methods such as regression analysis and structural modeling (PLS-SEM) have been used to evaluate relationships between variables in previous studies. These methods produce robust statistical data, but typically fail to explore contextual and non-economic values that may influence entrepreneurial behavior. Furthermore, most research has been conducted in the context of conventional MSMEs rather than value-oriented or Islamic-based creative startups. This has led to a limited understanding of how Sharia ethics and spiritual principles can be integrated into contemporary innovation and entrepreneurial practices.

Islamic entrepreneurship is defined in Islamic economics literature as a business that considers blessings, justice, halalness, and social responsibility in addition to pursuing material profit (Sutrisno Sutrisno dan Razali Haron, 2021). However, there is little research linking this concept to the creative economy and innovation. Most research is conceptual and has not yet examined how Islamic principles can be applied to dynamic digital startups. Nevertheless, the emergence of creative Islamic startups such as Muslim fashion brands, halal apps, and Islamic content platforms indicates a significant shift in contemporary entrepreneurial practices based on spiritual values.

Due to the lack of research integrating Islamic entrepreneurship perspectives with creative economy innovation, there is a significant literature gap. Few studies examine how Islamic principles such as halal (permissible), amanah (trust), justice, and maslahah (beneficial) are applied in the process of creating new goods and services. Furthermore, qualitative case study methods that can explore the empirical experiences of Islamic startups are still rarely used. This situation suggests that more



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in-depth research is needed to understand how Islamic values can serve as a source of inspiration and a strategic tool for building innovation and creative business models.

By examining how Islamic entrepreneurial values are applied to the innovation and management of Sharia-compliant creative startups, this study aims to fill this gap. This research aims to gain a better understanding of the relationship between spirituality, creativity, and business sustainability in Islamic economics through a qualitative case study approach. Consequently, this research not only broadens the theoretical perspective on Islamic innovation and entrepreneurship but also provides practical benefits for building an ethical, competitive, and sustainable Islamic startup ecosystem.

## **Methods**

This research uses a qualitative approach and a case study strategy to understand Islamic entrepreneurial values applied to innovative Sharia-based initiatives. This method was chosen because it has the ability to explore experiences and practices that cannot be explained quantitatively. Through observation, documentation, and in-depth interviews, data were obtained from three Islamic creative startups operating in Muslim fashion, halal apps, and Islamic educational content. Startup founders and managers directly involved in the innovation process and business decision-making were identified as key informants. Miles and Huberman's interactive analysis model was used to conduct data analysis, which includes presentation, drawing conclusions, and verification. To ensure the validity of the research results, triangulation of sources and methods ensured the validity of the data. This method provides an in-depth understanding of how Islamic values are incorporated into the innovation and management of Islamic creative startups.

## **Result and Discussion**

The results show that the three Islamic creative companies studied share similar patterns in applying Islamic entrepreneurial values to their innovation



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initiatives. First, each startup must incorporate Sharia values, such as honesty, halal product certification, and social responsibility, as the foundation for their business models and marketing strategies. For example, the Muslim fashion startup prioritizes transparency regarding materials and production processes, while the halal app startup emphasizes the accuracy of halal product certification information.

Second, all three startups continue to develop products and services that combine Islamic values with current market needs. This innovation encompasses technological and educational aspects, as well as collaborations with Islamic educational institutions and halal literacy campaigns. (Qizwini & Fitriana Kaban, 2024) Third, startup founders demonstrate a strong entrepreneurial orientation, demonstrated by their proactive attitude, willingness to take risks, and ability to adapt to changes in the digital market. However, key challenges they face include a lack of capital, a lack of support from the sharia-compliant business ecosystem, and low digital literacy among business partners.

Table 1. Examples of Islamic Innovation and Creative Startup Sectors 2025

Sector	Examples of Product/Business Model Innovation	Superiority
Halal food technology	Innovative halal products with environmentally friendly packaging	Halal certification and environmentally friendly practices are the most important guidelines, as they promote healthy consumption and environmental responsibility. More extensive and efficient market access is made possible by the digitization of the production and distribution processes.
Sharia Fintech	AI-powered halal investment and zakat payment applications	Muslim people can conduct financial transactions more easily in accordance with Islamic principles thanks to AI's personalization and automation features. This advantage increases user confidence and comfort.
Fashion Muslim	Sustainable clothing with a specialized digital marketplace	Clothing production based on sustainability principles and marketing through digital marketplaces specifically catering to Muslim communities offers value as well, such as high-quality products and extensive market

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		reach, including exports.
Digital Islamic Education	Interactive learning and teaching platform based on video	The use of interactive multimedia content facilitates the effective teaching of Islamic and Dakwah principles, involving various members of the community and offering learning experiences that are engaging and easy to access at any time.
Muslim Friendly Tourism	Platform for syariah hotel and travel transactions	Focusing on the needs of Muslim women in particular, such as providing information about halal food, prayer procedures, and Sharia-compliant facilities. When traveling, this advantage increases the user's comfort and safety.

Source: (Irsyad Kamal, 2025)

The research findings indicate that the Islamic creative startup phenomenon represents a new form of contemporary entrepreneurship that combines Islamic spiritual values with the need for technological innovation. This type of startup emerged as a result of the global push for the creative economy and digital technology, as well as the growing awareness of halal products and services among Muslims. Field findings indicate that founders of Islamic creative startups not only seek financial gain but also strive to maintain the purity of business processes, fairness in employment relationships, and social responsibility to the community.

From an innovation perspective, this study found that Islamic startups exhibit value innovation rooted in Islamic ethics beyond technology. For example, creating a halal app not only generates new digital features but also educates people about the importance of consuming halal food and ensuring supply chain transparency. In this regard, Muslim fashion startups are innovating with designs that remain fashionable while adhering to sharia principles. These innovations demonstrate that sharia principles do not hinder creativity but instead inspire the creation of products with financial and spiritual value.

These findings align with recent research on the halal lifestyle economy in Indonesia and Malaysia (Syakirunn et al., 2025), which suggests that contemporary Muslim consumers demand innovative products that align with Islamic principles. However, this study adds new insights that Islamic innovation also stems from market forces and the moral conscience of young Muslim entrepreneurs seeking positive



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change. In other words, the innovations undertaken here focus on the public good rather than personal gain.

Furthermore, research findings indicate that some of the main challenges faced by Islamic creative startups are a lack of capital, the absence of an integrated halal ecosystem, and the inability to obtain Islamic financing. Because the majority of investors still rely on conventional systems, many startups face challenges in developing their businesses without violating Islamic financial principles. Despite this, they seek alternatives driven by the spirit of Islamic entrepreneurship, such as halal crowdfunding, profit-sharing partnerships, or collaboration with digital Islamic financial institutions. (Hidayah et al., 2018)

There is a verse in the Al-Quran that explains the entrepreneurial spirit possessed by Islamic creative startups which aim to run their business by maintaining spiritual values and sharia ethics while remaining innovative and productive. This verse reads "So when the prayer has been performed, then scatter you on the face of the earth; and seek the grace of Allah and remember Allah as much as possible so that you will be successful." (QS. Al-Jumu'ah(62):10) (Ismail, 2023)

## **Conclusion**

The conclusion this study found that Islamic entrepreneurship practices in Indonesian creative startups demonstrate a blend of spiritual values and contemporary innovation. Islamic values such as trustworthiness, justice, and *maslahah* (benefit for the benefit of Allah) form the basis of every innovation process, from product design to business strategy. Islamic startups focus not only on technology and economic profit but also on creating value that benefits society and generates blessings. It is evident that an Islamic entrepreneurship approach produces entrepreneurial behavior that is moral, resilient, and able to adapt to developments in the digital economy.

Sharia values do not hinder creativity; instead, they serve as a source of inspiration for developing business strategies that align with current demands while upholding Islamic principles. Furthermore, this study demonstrates that enhancing digital capabilities and supporting the halal ecosystem are crucial components in



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enhancing competitiveness among Islamic creative startups worldwide. From an academic perspective, this research broadens our understanding of how entrepreneurship, innovation, and Islamic values relate to each other and provides new insights into how innovation grounded in spirituality can provide a sustainable competitive advantage. Consequently, this research contributes to the development of Islamic entrepreneurship theory and the practice of the Islamic creative economy in the modern era.

## Author Contributions

Ulva (Lead Author): Responsible for the overall preparation of the journal manuscript, including writing the abstract, introduction, literature review, discussion, and conclusion. Ulva also coordinated the research and data collection process.

Puji: Contributes to the development of the theoretical framework and literature review. Assists in reviewing reference sources and provides critical input on the discussion section.

Aini: Focuses on the design and implementation of research methods, data collection, and data analysis. Participates in the validation of results and contributes to the methods and discussion sections.

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