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An integrated Islamic framework for Aṣnāf entrepreneurship: Synergizing financial, human, and spiritual capital

Fatin 'Alia Zahri[1], Mohd. 'Adli Zahri[1*], Nooramira Ghazali[2], Norafzan Awang[1], Zahri Hamat[3]

[1]University College Bestari, Terengganu
[2]Universiti Sultan Zainal Abidin, Terengganu
[3]Universiti Muhammadiyyah Malaysia, Perlis

[*]Corresponding author: adli@ucbestari.edu.my

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Abstract

This study aims to examine the persistent sustainability challenges faced by zakat-funded Aṣnāf entrepreneurship programs and to propose a comprehensive Islamic framework grounded in financial, human, and spiritual capital. Utilizing a qualitative documentary analysis of 19 peer-reviewed empirical studies conducted in Malaysia, the research applies thematic coding informed by the Maqāṣid al-Sharīʿah while integrating perspectives from the Resource-Based View and Social Capital Theory. The findings reveal that the failure of many zakat-funded ventures stems from a predominant focus on short-term financial aid, limited entrepreneurial competencies, and a disregard for spiritual motivation. The proposed model underscores the importance of synergy across all three capital domains to achieve sustainable and ethically resilient micro-enterprises. Practically, the study advocates for zakat institutions to shift from transactional disbursement to development-oriented strategies, emphasizing mentorship, governance reforms, and spiritual integration. Importantly, the model also serves as a diagnostic tool for policymakers and practitioners seeking to implement holistic and maqasid-aligned entrepreneurship programs. This study extends the integration of financial, human, and spiritual capital within an Islamic entrepreneurship framework, offering a faith-based perspective that connects Islamic values with contemporary Sustainable Development Goals (SDGs).

Keywords: Zakat, Aṣnāf Entrepreneurship, Maqāṣid al-Sharīʿah, Spiritual Capital, Resource-Based View

1. INTRODUCTION

Zakat plays a central role in the Islamic economic system as a divine mechanism of wealth circulation and justice. It is mandated not only to alleviate poverty but also to uphold social cohesion, reduce economic disparities, and purify the wealth of those obligated to pay. As highlighted by Al-Salih (2020), zakat's role transcends monetary transfer by embedding spiritual responsibility within economic conduct. In doing so, it deters hoarding and reinforces communal solidarity.

When properly institutionalized, zakat transforms aṣnāf beneficiaries from passive recipients into active agents of socio-economic change. Through strategic empowerment initiatives—especially in entrepreneurship—it provides a developmental trajectory toward self-

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sufficiency and dignity (Fatony et al., 2024). Yet, for entrepreneurship among aṣnāf to be truly effective, interventions must go beyond financial handouts and consider deeper structural and motivational factors.

The need for a holistic framework emerges from the inadequacies of conventional approaches that focus primarily on financial capital. Studies have shown that without entrepreneurial literacy, strategic planning, and spiritual conviction, many ventures stagnate or collapse (Hashim et al., 2023; Al Mamun et al., 2019). This model introduces spiritual capital as a critical axis, one that enables ethical consistency, patience, and moral accountability within business decisions (Haddoud et al., 2025).

This study seeks to examine the persistent sustainability challenges encountered by zakat-funded Aṣnāf entrepreneurship programs and to propose a comprehensive Islamic framework based on financial, human, and spiritual capital. These capital domains are conceptually aligned with the higher objectives of the Shariah (Maqāṣid al-Sharīʿah), particularly in relation to material welfare, human capability and dignity, and ethical-spiritual integrity. Moreover, the proposed model aligns closely with the United Nations Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth), offering a faith-based alternative to secular development models (Shaikh & Ismail, 2017).

2. A Capital-Based Literature Synthesis on Aṣnāf Entrepreneurship

This study synthesizes capital-based literature by integrating the Resource-Based View (RBV) and Social Capital Theory (SCT) into a unified framework, addressing their partial applicability in structurally constrained *aṣnāf* contexts and offering a more holistic explanation of sustainability determinants in micro-enterprises.

This study synthesizes capital-based literature by integrating the Resource-Based View (RBV) and Social Capital Theory (SCT) into a unified framework, addressing their limited applicability in structurally constrained aṣnāf contexts while offering a holistic explanation of sustainability determinants in micro-enterprises. The RBV posits that sustainable competitive advantage arises when firms possess resources that are valuable, rare, inimitable, and non-substitutable, underscoring the strategic importance of intangible assets such as financial literacy, discipline, resilience, and spiritual motivation (Barney, 1991; Becker, 1964; Hitt et al., 2001). These internal resources are especially salient for aṣnāf entrepreneurs who operate under severe capital constraints and limited formal institutional support. Financial literacy enables more efficient allocation of scarce resources, discipline improves operational consistency, and spiritual motivation sustains perseverance under uncertainty.

However, RBV assumes that entrepreneurs can identify, develop, and strategically deploy their internal resources, an assumption that is often unrealistic in low-capability contexts. Many aṣnāf entrepreneurs lack formal education, business exposure, and managerial experience, which weakens their ability to transform latent resources into competitive advantage (Lepak et al., 2007). Moreover, structural barriers such as weak access to capital markets, regulatory frictions, and institutional gaps constrain resource development and utilization, rendering RBV insufficient as a standalone explanatory framework in marginalized entrepreneurial settings (Newbert, 2007; Bruton et al., 2010).

Social Capital Theory (SCT) complements RBV by foregrounding the role of trust-based relationships and social networks in enabling access to resources, information, and market opportunities (Bourdieu, 1986; Coleman, 1990; Adler & Kwon, 2002). For aṣnāf entrepreneurs who are frequently excluded from formal financial and business ecosystems, social capital often

functions as a compensatory mechanism that provides informal financing, mentorship, and pathways to market entry through family, religious, and community networks. These relational ties also provide emotional support and psychological resilience, strengthening entrepreneurial persistence in the face of adversity (Corrêa et al., 2021). In this sense, social capital operates as a critical external resource that complements internal capabilities emphasized by RBV.
Nevertheless, SCT also has limitations in the aṣnāf context. Overreliance on closed and homogeneous networks may restrict exposure to new ideas, inhibit innovation, and lock entrepreneurs into low-value market niches (Portes, 1998). Strong bonding ties can also impose social obligations that constrain strategic autonomy and risk-taking, while unequal access to bridging and linking social capital produces structural disadvantages based on gender, geography, and ethnicity (Granovetter, 1985; Lin, 2001). Hence, SCT alone cannot fully explain performance heterogeneity among aṣnāf entrepreneurs.

Integrating RBV and SCT provides a more holistic explanation of aṣnāf entrepreneurship by capturing the interaction between internal capabilities and external relational resources. Empirical studies indicate that entrepreneurial performance and sustainability improve when human and spiritual capital are reinforced by supportive social networks and institutional linkages (Nordin et al., 2019; Bahri et al., 2021). This study further extends the RBV–SCT integration by embedding Islamic constructs within a zakat-based development paradigm. Zakat is positioned not merely as charitable transfer but as a developmental instrument aligned with Maqāṣid al-Sharīʿah, thereby connecting internal resource formation (financial literacy, discipline, spiritual motivation) with external support systems (institutional governance, networks, market access). This theoretical synthesis strengthens explanatory power while enhancing policy relevance for designing integrated and context-sensitive entrepreneurship programs within Islamic social finance (Barney, 1991; Coleman, 1990).

Recent literature on aṣnāf entrepreneurship consistently shows that zakat-based entrepreneurship programs, despite increasing institutional investments, continue to face sustainability deficits and limited long-term impact. These shortcomings are rooted in structural weaknesses across three interdependent capital domains: financial capital, human capital, and spiritual capital. Program designs remain skewed toward short-term relief rather than long-term enterprise development, capacity-building interventions are fragmented and weakly institutionalized, and ethical–spiritual formation is often peripheral. As a result, many initiatives risk reproducing dependency rather than cultivating resilience and self-sufficiency, which contradicts the developmental objectives of Maqāṣid al-Sharīʿah. The key determinants of failure and corresponding strategic solutions across these domains are summarized in Table 1.

Table 1: Determinants and Strategic Solutions for Sustaining Aṣnāf Entrepreneurship Based on Capital Domains

No.	Capital Domain	Challenge	Key Factor	Threat	Strategic Solution
1	Financial Capital	Lack of Long-Term Planning	Short-term relief-based zakat programs (Saidon et al., 2024)	Persistent dependence, contradicts Maqāṣid al-Sharīʿah (Ramli et al., 2024)	Shift to development-based models with long-term funding, mentoring, monitoring and evaluation (Ibrahim et al., 2025; Halim et al., 2025)
2	Financial Capital	Weak Monitoring & Evaluation	No structured post-disbursement follow-up (Ab Rahman et al., 2022)	Repetition of failure and fund wastage (Meerangani et al., 2023)	Digital monitoring and evaluation systems embedded in governance (Saidon et al., 2024)
3	Financial Capital	Poor Zakat Governance	Weak inter-agency coordination and	Inefficiency and low credibility (Sulong et	Governance audits, standardization, and

No.	Capital Domain	Challenge	Key Factor	Threat	Strategic Solution
			governance (Ab Rahman et al., 2022)	al., 2025)	transparency reforms (Ramli et al., 2024)
4	Financial Capital	Limited Access to Finance	Lack of integration with Islamic microfinance (Jauhari et al., 2023)	Poor scalability, reinvestment barriers (Zuhairah et al., 2025)	Develop waqf–zakat financial products and fintech partnerships (Ramli et al., 2024)
5	Financial Capital	Poor Financial Reporting	Lack of bookkeeping skills and accountability (Abd Wahid et al., 2024)	Inhibits scaling and investor confidence (Abd Wahid et al., 2024)	Train in financial compliance and attach reporting to funding eligibility (Abd Wahid et al., 2024)
6	Human Capital	Lack of Entrepreneurial Skills	Low financial literacy, planning, and business knowledge (Ali et al., 2024; Hasana et al. 2024.	High business failure due to poor execution (Ali et al., 2024)	Mandatory entrepreneurship education and tailored coaching (Abd Hamid et al., 2024)
7	Human Capital	Unequal Institutional Support	Inconsistent zakat delivery between states (Saidon et al., 2024)	Inequitable outcomes and dissatisfaction (Ab Rahman et al., 2022)	Harmonize policies and build integrated digital systems (Ab Rahman et al., 2022)
8	Human Capital	Low Technology Adoption	Digital illiteracy and low e-commerce engagement (Rosli et al., 2023)	Weak market access and competitiveness (Mat Rani et al., 2022)	Digital literacy programs and subsidized technology tools (Ali et al., 2024)
9	Spiritual Capital	Ignored Spiritual Motivation	Lack of niyyah and tawakkul in program design (Ali et al., 2024; Amin, 2022)	Weak ethical grounding and resilience (Amin, 2022)	Maqasid-based motivation modules and spiritual mentoring (Ali et al., 2024)
10	Spiritual Capital	Absence of Success Framework	No integrated model combining capital, coaching, and values (Ali et al., 2024)	Low replicability and scalability (Amin, 2022)	Empirical success model grounded in ethics, capacity, and finance (Abd Hamid et al., 2024)

Within the financial capital domain, the absence of long-term planning by zakat institutions entrenches short-term relief paradigms that undermine sustainable enterprise formation (Saidon et al., 2024). This perpetuates dependency traps that conflict with Maqāṣid al-Sharīʿah's emphasis on self-reliance and long-term welfare (Ramli et al., 2024). Weak monitoring and evaluation further exacerbate failure cycles by preventing early detection of operational decline, leading to fund wastage and reputational erosion (Ab Rahman et al., 2022; Meerangani et al., 2023). Fragmented governance and limited inter-agency coordination reduce institutional credibility and operational efficiency (Sulong et al., 2025).

Additionally, weak integration with Islamic microfinance constrains post-grant financing continuity and reinvestment capacity, trapping enterprises at subsistence levels (Jauhari et al., 2023; Zuhairah et al., 2025). Poor financial reporting practices among aṣnāf entrepreneurs undermine scalability and external stakeholder confidence (Abd Wahid et al., 2024). Collectively, these constraints require a structural shift toward development-based financing models, governance audits, digital M&E integration, waqf–zakat financial innovation, fintech partnerships, and institutionalized financial compliance training (Ibrahim et al., 2025; Halim et al., 2025; Ramli et al., 2024).

In the human capital domain, persistent deficits in financial literacy, business planning, and operational competence drive high failure rates and inefficient use of zakat resources (Ali et al., 2024; Ali et al., 2024). Unequal institutional support across states generates uneven opportunity structures and erodes policy legitimacy, weakening national poverty alleviation coherence (Saidon et al., 2024; Ab Rahman et al., 2022). Low technology adoption, driven by digital illiteracy and limited engagement with e-commerce, further constrains market access and competitiveness in increasingly digitized economies (Rosli et al., 2023; Mat Rani et al., 2022). Addressing these deficits requires mandatory entrepreneurship education, tailored coaching that reflects local socio-economic realities, policy harmonization through integrated digital zakat management systems, targeted digital literacy interventions, and subsidies for technology tools to lower adoption barriers (Abd Hamid et al., 2024; Ali et al., 2024).
Within the spiritual capital domain, the marginalization of niyyah, tawakkul, and tazkiyah in program design weakens ethical grounding and psychological resilience, thereby undermining long-term entrepreneurial perseverance (Amin, 2022; Ali et al., 2024). The absence of an integrated success framework that unifies moral formation, capacity-building, and financial access produces fragmented interventions that are difficult to replicate or scale (Ali et al., 2024; Amin, 2022). Consequently, a comprehensive, empirically grounded success model rooted in Maqāṣid al-Sharīʿah is required to align spiritual values with managerial competence and financial instruments (Abd Hamid et al., 2024).

Overall, the integration of RBV and SCT, enriched with Islamic developmental constructs, provides a robust conceptual foundation for understanding and addressing the multidimensional constraints faced by aṣnāf entrepreneurs. This framework repositions zakat institutions from passive distributors of financial aid to proactive development intermediaries that orchestrate long-term planning, governance reform, digital monitoring, integrated financing, human capital development, and spiritual formation. Such a shift is necessary to break dependency cycles, enhance enterprise sustainability, and realize the higher objectives of Shariah through zakat-based entrepreneurship.

3. RESEARCH METHODOLOGY

The conceptual framework proposed in this study is supported by qualitative documentary analysis of 19 peer-reviewed empirical studies, which provide robust evidence from real-life zakat institution practices in Malaysia. These sources validate the theoretical integration of capital domains while revealing a consistent research gap in the spiritual dimension of aṣnāf entrepreneurship (Ab Rahman et al., 2022; Ramli et al., 2024; Abd Wahid et al., 2024).

This study adopts a qualitative research methodology, grounded in thematic analysis of existing literature on aṣnāf entrepreneurs in Malaysia. Qualitative inquiry is well-suited to exploring complex social phenomena where meanings, values, and contexts are deeply embedded (Creswell & Poth, 2018; Merriam & Tisdell, 2016). In this context, the challenges and enablers surrounding zakat-funded entrepreneurship are best understood through interpretive, rather than numerical, approaches. The design enables critical analysis of financial, human, and spiritual capital as interlinked dimensions of entrepreneurial sustainability, based on the Maqāṣid al-Sharīʿah framework. This approach aligns with qualitative traditions in Islamic social research that emphasize ethical, community-based, and purposive investigation (Yin, 2018; Al-Faruqi, 1982).

The data for this study were derived from nineteen scholarly articles by Ab Rahman et al. (2022), Amin (2022), and Mat Rani et al. (2022), Jauhari et al. (2023), Meerangani et al. (2023), and Rosli et al. (2023), Abd Hamid et al. (2024), Abd Wahid et al. (2024), Ali et al. (2024), Hasana et al. (2024), Ramli et al. (2024), and Saidon et al. (2024), Ghazali et al. (2025), Haddoud et al. (2025), Halim et al. (2025), Ibrahim et al. (2025), Sulong et al. (2025), and Zuhairah et al. (2025). The 18 selected prior studies included in this review are systematically listed in Table 2, which presents a structured summary of their authorship, titles, and publication sources as follows:

Table 2: Summary of the 19 Selected Prior Studies

No.	Author(s)	Year	Title	Journal
1	Ab Rahman, S., Mahomed, A. S. B., Osman, S., Jalil, A., & Ab Halim, A. H.	2022	Effective monitoring of aṣnāf entrepreneurship through good governance to reduce poverty and hunger	*Good Governance and the Sustainable Development Goals in Southeast Asia (*
2	Amin, H.	2022	Examining new measure of aṣnāf muslimpreneur success model: A Maqasid perspective	*Journal of Islamic Accounting and Business Research*
3	Jauhari, F. F., Yusoff, S. S. M., & Kassim, S.	2023	Enhancing access to finance amongst Aṣnāf micro entrepreneurs: How can Islamic Fintech in Zakat institutions play a role?	*Islamic Sustainable Finance, Law and Innovation: Opportunities and Challenges*
4	Rosli, M. S. D. A., Yusof, M. F. M., Mansor, S. K. M., Zainal, N. H., Rahim, S. I. A., & Rani, M. A. M.	2023	Performance of Aṣnāf Micro-Entrepreneurs Through Values of Business Digitalization: An Empirical Measurement	*International Journal of Academic Research in Business and Social Sciences*
5	Abd Hamid, N., Ismail, I. S., Yunus, N., Norizan, S., & Palil, M. R.	2024	Insights for growth: Understanding the drivers of AṢNĀF entrepreneurial success in Malaysia	*Edelweiss Applied Science and Technology*
6	Abd Wahid, N., Abd Aziz, N. N., Mohamad, S. A., Hussin, A., Mohamed, A., & Amdan, M. H. D.	2024	Barriers to Financial Reporting: The Case of Aṣnāf Entrepreneurs in Pahang, Malaysia	*Malaysian Journal of Social Sciences and Humanities (MJSSH)*
7	Ali, N. A., Sarif, S., & Kamri, N.	2024	The Influence of Spiritual Factors on Business Survival of Aṣnāf Entrepreneurs in Malaysia	*Afkar: Jurnal Akidah & Pemikiran Islam*
8	Hasana, M., Jannaha, M., Supatminingsih, T., Ahmad, M. I. S., Sangkala, M., Najiba, M., & Elpisah	2024	Understanding the role of financial literacy, entrepreneurial literacy, and digital economic literacy on entrepreneurial creativity and MSMEs success: A knowledge-based view perspective	*Cogent Business & Management*
9	Ramli, W. N. W., Hassan, R., Noordin, N. H., & Razak, M. Z. A.	2024	Sustainable Mechanisms of Distributing Financial Assistance to Aṣnāf and B40 Entrepreneurs in Malaysia: Case Study of Bank Rakyat	*Journal of Islamic Social Finance*
10	Saidon, I. M., Shanmugam, J. K., & Osman, M. A.	2024	The management of zakat institutions in Malaysia: A systematic literature review and future research agenda	*International Journal of Research and Innovation in Social Science*

No.	Author(s)	Year	Title	Journal
11	Halim, A. S. M., Ishak, S., Omar, A. R. C., Tahir, Z., & Hamdan, H.	2025	Keberhasilan Pembasmian Kemiskinan Melalui Agihan Zakat Bantuan Modal Perniagaan	*e-BANGI*
12	Ibrahim, A. Z., Taha, R., Hamzah, M. A., Salleh, Z., Azmi, R., & Ahmad, N.	2025	The Impact 0f Zakat Capital Assistance Program On The Entrepreneurship Development Intention: The Case Of Malaysia	*SSRN*
13	Mat Rani, M. A., Mohd Arif, M. I. A., Abbas, M. S., Fitri, H., Roslan, T. R. N., Nata, D. H. M. S., Idris, N. D. M., & Jamaluddin, N. H.	2022	Mediating role of SIRC's incentive and training among aṣnāf entrepreneurs towards business competitiveness performance: A PLS-SEM approach	*Journal of Pharmaceutical Negative Results*
14	Meerangani, K. A., Badhrulhisham, A., Hamid, M. F. A., Hashim, S. N. I., Rameli, M. F. P., & Hamzah, M. R.	2023	The effectiveness of the entrepreneur development program in transforming aṣnāf zakat	*International Journal of Academic Research in Business & Social Sciences*
15	Muhammad, M. Z., Din, N. M., Abdullah, A., Doktoralina, C. M., & Abdullah, A. R	2023	The Spiritual's Post-Covid Asnaf Entrepreneurs Toward Zakat on Business	*KnE Social Sciences*, 656-661.
16	Ghazali, N., Azmi, N. F., Zainal, N. N., Sabri, S. A., & Khairuldin, W. M. K. F. W.	2025	The Success of Malaysian Aṣnāfpreneurs through Spiritual Capital and Access to Zakat Microfinancing	*International Journal of Research and Innovation in Social Science (IJRISS)*
17	Sulong, M. S., Zainol, N. Z. N., Abdul Khalim, M., Wan Zahari, W. A. M., & Mohamad Malom, A. Z.	2025	Proses transformasi bagi pendayaupayaan aṣnāf melalui agihan dana zakat di negeri Johor, Malaysia	*Journal of Contemporary Islamic Studies (JCIS)*
18	Zuhairah, I. A., Taha, R., Hamzah, M. A., Salleh, Z., Ahmad, N., & Azmi, R.	2025	The impact of the Zakkat Capital Assistance Program on the entrepreneurship development intention: the case of Malaysia	*Journal of Chinese Economic and Business Studies*
19	Haddoud, M. Y., Al-Aalawi, A., Al-Jubari, I., Amjed, S., & Elbaz, A. M.	2025	Religiosity and resilience in entrepreneurship: Uncovering the underlying mechanism through the lens of spiritual capital	*International Journal of Entrepreneurial Behavior & Research*

These articles were selected using purposive sampling, a strategy commonly applied in qualitative research to ensure depth, contextual relevance, and thematic alignment (Palinkas et al., 2015). The inclusion criteria required that each study directly address aṣnāf entrepreneurs and explore at least one of the capital dimensions—financial, human, or spiritual—within a zakat or Islamic finance framework. Priority was given to articles published in journals with peer-reviewed, evidence-based contributions. Among the selected studies, Taha and Hamzah were the most recurrent authors, appearing in publications from 2025. The most frequent publication outlets were the *International Journal of Academic Research in Business and Social Sciences* in 2023 and the *International Journal of Research and Innovation in Social Science* in 2024 and 2025.

The methodological approach employed is documentary and thematic content analysis, which allows for the interpretation of patterns, themes, and meanings across text-based sources (Braun & Clarke, 2006; Bowen, 2009). Thematic analysis was conducted manually by coding each article for recurring ideas and organizing these into three key domains: financial capital (e.g., governance, monitoring, and zakat disbursement), human capital (e.g., entrepreneurship skills, digital literacy), and spiritual capital (e.g., niyyah, sabr, tawakkul). This thematic structure is consistent with qualitative Islamic research frameworks that focus on both tangible economic outcomes and intangible moral-spiritual dimensions of well-being (Al-Attas, 1990; Osman, 2013). For instance, the financial accountability issues raised by Abd Wahid et al. (2024) and the gaps in digital inclusion reported by Rosli et al. (2023) were coded under human capital limitations. Meanwhile, the moral perseverance highlighted in the works of Ali et al. (2024) and Amin (2022) was coded under spiritual capital.

To ensure trustworthiness, this study adopts the criteria by Lincoln and Guba (1985): credibility, dependability, confirmability, and transferability. Credibility is strengthened through reliance on published, peer-reviewed academic studies with clear methodological rigor. Dependability is achieved via consistency in theme identification and coding structure across all selected sources. Confirmability is maintained through direct references to empirical content in the reviewed articles, ensuring all interpretations are grounded in documented findings. Transferability is considered by reflecting the context of Malaysia's zakat administration, which serves as a model for other Muslim-majority nations engaging in Islamic social finance. Since this study does not involve direct human subjects, no institutional ethical approval was required. (Eaton, 2024). However, academic integrity is upheld through proper citation and respect for intellectual contributions.

This methodology offers a structured and ethically sound foundation for advancing knowledge on the multidimensional development of aṣnāf entrepreneurs, using a Maqasid-guided qualitative lens (Mohammed, 2024). It also contributes to the evolving field of Islamic qualitative research by integrating material support, institutional accountability, and spiritual motivation into a single interpretive model of sustainable entrepreneurship.

4. An Integrated Framework for Aṣnāf Entrepreneurship

This paper deepens the conventional focus on financial and human capital by recognizing spiritual capital as an equally essential resource—especially in Islamic contexts where niyyah (intention), tawakkul (trust in God), and sabr (patience) shape ethical decision-making and entrepreneurial resilience (Haddoud et al., 2025; Amin, 2022). These three forms of capital interact and overlap, providing micro-entrepreneurs with both tangible and intangible tools for growth and survival. Therefore, understanding and nurturing these interconnected capitals is essential for ensuring long-term success and resilience in micro-enterprises.

4.1 Financial Capital

Financial capital represents an entrepreneur's ability to secure funds, allocate resources efficiently, and maintain liquidity for smooth business operations. It is a fundamental element in supporting investment decisions, sustaining day-to-day activities, and ensuring financial resilience (Arsyad et al. 2020). This form of capital is typically examined through three key components: access to external funding, effective financial management practices, and the adequacy of working capital. It includes three core components:

First, access to funding remains a major challenge for many micro-entrepreneurs despite the availability of various financial institutions and government support programs. While government grants, cooperatives, and microfinance initiatives are designed to promote financial inclusion, access is often limited by complex application procedures and strict collateral requirements (Adomako et al., 2016; Apriani et al., 2021). These barriers disproportionately affect informal and low-income entrepreneurs who may lack formal documentation or credit history (Adomako et al., 2016). As a result, many rely on informal lenders, which can lead to high-interest debt and financial vulnerability. Therefore, improving accessibility and simplifying procedures is essential for ensuring that financial resources reach those who need them most (Apriani et al., 2021).

Second, financial management practices are a critical factor in maintaining the stability and growth of micro-enterprises. Budgeting, tracking cash flow, and separating personal and business finances are basic yet powerful tools for enhancing financial discipline and transparency (Ali et al., 2018; Elsafty et al., 2020). However, many entrepreneurs lack the financial literacy needed to apply these practices consistently, which increases the risk of mismanagement and business failure (Ali et al., 2018). Inadequate financial record-keeping also limits opportunities for accessing formal funding and strategic planning. Hence, promoting financial education and simple accounting tools can significantly improve business outcomes for small-scale entrepreneurs (Elsafty et al., 2020).

Third, adequate working capital is fundamental for supporting daily operations, managing inventory, and responding to unexpected financial shocks. Without sufficient working capital, micro-entrepreneurs may struggle to meet short-term obligations, leading to operational disruptions or lost sales (Arsyad et al., 2020). Maintaining liquidity allows businesses to remain agile and better absorb market fluctuations or seasonal downturns (Arsyad et al., 2020). However, limited cash reserves and poor forecasting often leave small enterprises vulnerable to economic uncertainty. Thus, strong working capital management is not only a financial requirement but also a strategic necessity for long-term resilience.

4.2 Human Capital

Human capital refers to the entrepreneur's knowledge, skills, and abilities that are essential for effective business planning, operations, and decision-making (Chen & Chang, 2013; Colombo & Grilli, 2005). It shapes how entrepreneurs identify opportunities, solve problems, and manage both people and processes within the enterprise. This form of capital is commonly divided into three key areas:

First, entrepreneurial knowledge forms the foundation for sound decision-making in areas such as pricing, marketing, legal compliance, and strategic direction. This type of knowledge enables entrepreneurs to plan more effectively and respond proactively to business challenges (Dickson et al., 2008). Those with formal education or previous business experience often show stronger performance and adaptability in competitive markets (Dickson et al., 2008). However, many micro-entrepreneurs operate informally and may lack access to structured training opportunities. Therefore, improving access to entrepreneurship education is essential for enhancing the quality and sustainability of micro-enterprises.

Second, managerial and operational skills are vital for running a business efficiently and handling the complexities of daily activities. Skills such as team leadership, time management, customer service, and problem-solving ensure smooth operations and support customer satisfaction (Jayabalan et al., 2020; Bender et al., 2018). Additionally, digital literacy and the ability to adapt to technology significantly improve business productivity and market competitiveness (Jayabalan et al., 2020). However, many entrepreneurs, particularly in underserved areas, face barriers in acquiring these skills due to limited training infrastructure. Hence, capacity-building initiatives must include practical and technology-oriented training to strengthen operational competence (Bender et al., 2018).

Third, creativity and innovation are key to developing products, refining services, and capturing customer interest in a rapidly changing market. Innovative entrepreneurs are more likely to introduce unique offerings and maintain relevance amid evolving consumer preferences (Bosma et al., 2004). This creative capacity fosters business differentiation, which is critical for standing out in saturated markets (Bosma et al., 2004). Nonetheless, limited exposure to new ideas and lack of support for experimentation can hinder innovation in micro-enterprises. Thus, fostering a culture of creativity and offering platforms for idea-sharing are crucial for long-term business growth.

3.3 Spiritual Capital

Spiritual capital captures internal values, moral beliefs, and faith-based practices that influence how entrepreneurs lead, make decisions, and cope with adversity. It supports ethical conduct, strengthens emotional resilience, and sustains motivation during challenges (Haddoud et al., 2025; Albright, 2014). Spiritual capital is understood through key components such as values and integrity, religious practices, and positive disposition. It is categorized into:

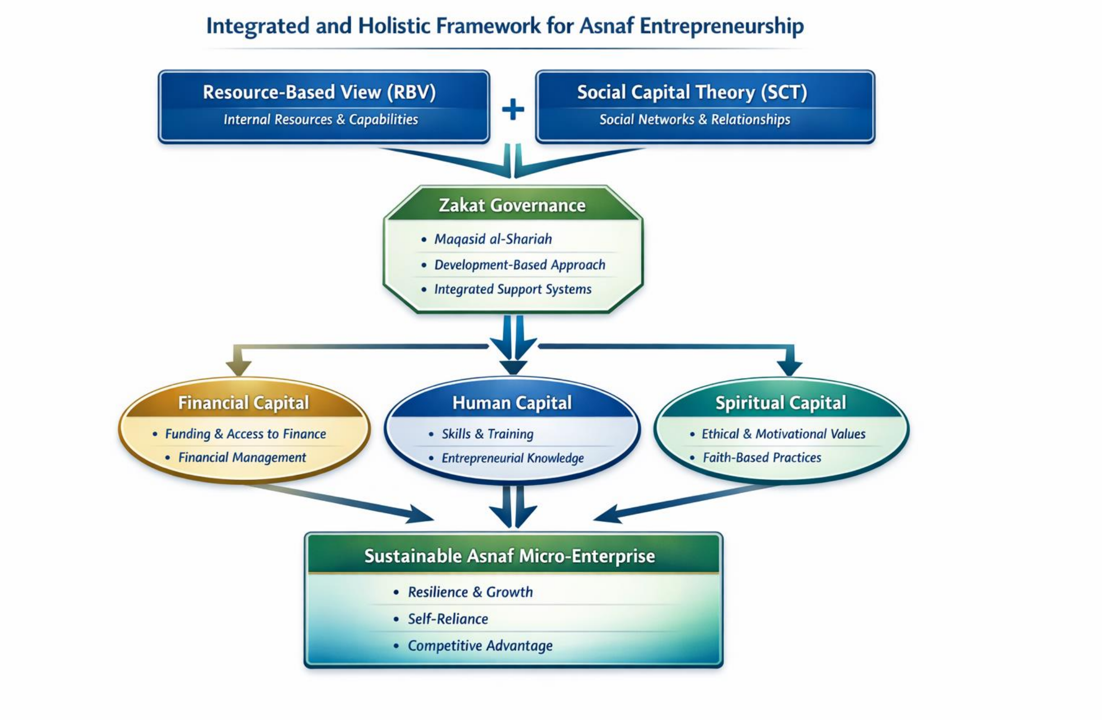
First, values and integrity are fundamental aspects of spiritual capital that influence how entrepreneurs build trust and sustain ethical business practices. Traits such as honesty, fairness, and reliability not only strengthen internal decision-making but also enhance the business's reputation among customers and stakeholders (Beekun & Badawi, 2005). In micro-enterprises, where personal identity is often closely tied to the brand, these values are especially important in creating customer loyalty and long-term partnerships (Haddoud, 2025). However, maintaining integrity in high-pressure environments can be challenging, especially when faced with financial or competitive stress (Beekun & Badawi, 2005). Therefore, embedding ethical values into daily operations is essential for promoting both internal stability and external credibility.

Second, religious practices provide micro-entrepreneurs with a spiritual foundation that supports emotional well-being and mental clarity during business decision-making. Daily rituals such as prayer, reflection, and expressions of gratitude can reduce stress, improve focus, and encourage ethical choices in times of uncertainty (Astrachan et al., 2020). These practices often offer a sense of purpose and inner peace, which contributes to long-term resilience and psychological strength (Haddoud et al., 2025). Nevertheless, the effectiveness of these practices may vary depending on individual belief systems and cultural context (Astrachan et al., 2020). Thus, while religious practices are deeply personal, they can play a meaningful role in guiding responsible and balanced entrepreneurship.

Third, positive disposition—characterized by optimism, patience, and belief in divine provision—strengthens an entrepreneur's ability to endure hardship and remain focused on long-term goals. A hopeful mindset helps reduce burnout and encourages persistence even during periods of uncertainty or failure (Chawla & Guda, 2010). Such emotional strength is especially valuable in micro-enterprises, where owners often face multiple responsibilities with limited support (Albright, 2014). However, excessive reliance on faith-based optimism without strategic planning can lead to inaction or unrealistic expectations (Chawla & Guda, 2010). Therefore, balancing a positive outlook with practical strategies is crucial for navigating challenges while maintaining motivation.

To further strengthen the Islamic foundation of this framework, future applications and discussions of spiritual capital should incorporate insights from classical Islamic scholars such as al-Ghazali, Ibn Taymiyyah, and al-Shatibi, whose works emphasize the ethical, spiritual, and economic dimensions of human well-being in alignment with the objectives of the Shariah (Maqāṣid al-Sharīʿah) (Al-Ghazali, 2005; Ibn Taymiyyah, 2000; Al-Shatibi, 1992).

The integration of financial, human, and spiritual capital is essential to achieving sustainable aṣnāf entrepreneurship, yet current zakat-based interventions often fail to address this triadic interplay holistically. Financial capital without strategic literacy leads to resource mismanagement, while human capital gaps constrain innovation and operational efficiency. More critically, the neglect of spiritual capital undermines ethical resilience, intrinsic motivation, and value-driven leadership, which are vital in navigating socio-economic adversity. A faith-anchored entrepreneurial model must thus balance material capacity with moral clarity and adaptive competence. Without such a comprehensive approach, zakat institutions risk perpetuating dependency rather than cultivating enduring, dignified self-reliance.



The above figure conceptually demonstrates the integration of financial, human, and spiritual capital as the core pillars underpinning a sustainable aṣnāf entrepreneurship framework. This model proposes a capital-centric framework in which financial, human, and spiritual capital are conceptualized as interdependent determinants of sustainable aṣnāf entrepreneurship. It moves beyond aid-based program logic by emphasizing integrated capital formation across resources, capability development, and ethical-spiritual agency. RBV is retained only as a limited internal-resource lens, given its weak fit in structurally constrained aṣnāf contexts. SCT is also treated as partial because network benefits are often unequal and bounded by closed relational structures. Accordingly, zakat governance is positioned as the institutional mechanism that coordinates, sequences, and strengthens these capitals within a Maqāṣid al-Sharīʿah orientation. This yields a more rigorous and policy-relevant framework for designing resilient, self-reliant, and scalable aṣnāf micro-enterprise interventions.

5. IMPLICATIONS FOR RESEARCH AND PRACTICE'

This triadic capital model deepens existing entrepreneurship frameworks by incorporating the often-overlooked dimension of spirituality. While Resource-Based View (Barney, 1991) and Social Capital Theory (Bourdieu, 1986) offer robust lenses to assess entrepreneurial success, they remain insufficient in capturing the lived experiences of Muslim micro-entrepreneurs operating under faith-based paradigms. By emphasizing spiritual capital, the model provides explanatory power regarding ethical resilience, intrinsic motivation, and the pursuit of *barakah* (divine blessings).

For policy-makers, the framework presents a culturally resonant diagnostic tool to design integrated zakat-disbursement programs that include mentorship, ethical training, and access to Islamic microfinance. It challenges zakat institutions to move from transactional disbursement models toward developmental strategies rooted in Islamic epistemology (Elsafty et al., 2020;

Fatoki, 2011). Tailored interventions based on capital diagnostics can improve targeting, reduce redundancy, and ensure sustainability.

Practitioners—including NGOs, Islamic banks, and business trainers—can adopt this model as a guide for curriculum design, coaching, and outreach. Entrepreneurship support systems should embed Islamic values into leadership, planning, and innovation training, cultivating both skills and spiritual strength.

From an academic perspective, the framework opens avenues for empirical testing through structural equation modeling (SEM), qualitative grounded theory, or cross-country comparisons. It contributes to the literature by integrating Islamic behavioral ethics with mainstream entrepreneurship theories, thereby enriching the global conversation on inclusive and ethical economic empowerment.

Ultimately, the study reaffirms that in the Islamic worldview, sustainable entrepreneurship is not just about profit and growth but also about justice, accountability, and spiritual fulfillment. In this way, the model bridges material success and moral purpose, serving as a blueprint for value-driven development in Muslim communities.

6. LIMITATIONS AND FUTURE RESEARCH

This study is limited to qualitative documentary analysis of literature focused on Malaysian zakat institutions and aṣnāf entrepreneurship. While offering rich conceptual insights, the absence of field-based data restricts empirical generalizability. Future research should consider mixed-method approaches, including interviews with zakat officers, aṣnāf entrepreneurs, and stakeholders to triangulate findings. Comparative studies across different Muslim-majority countries would also enrich the model's applicability and contribute to a broader understanding of Islamic entrepreneurship within diverse economic environments.

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