

# A Conceptual Approach to Developing Sustainable Intellectual Capital and Islamic Work Ethics in SMEs

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## Abstract

This article adds to the existing literature on intellectual capital (IC) and Islamic work ethics (IWE) in small and medium enterprises (SMEs). Its objective is to explore the impact of socio-economic factors on fostering sustainable development (SD) and value creation. The utilization of Ibn Khaldun's development theory helps identify the socio-economic elements associated with IC and IWE that contribute to the sustainable development of SMEs. The study reveals that five socio-economic activities serve as the basis for the proposed conceptual framework, aligning with three core themes in economics and management studies, namely Ibn Khaldun's development theory, IC, and IWE.

**Keywords:** Intellectual capital; Islamic work ethics; SME; Sustainable development

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## 1.0 Introduction

Over the past two decades, the shift towards innovative, competitive, and sustainable development (SD) within the knowledge-driven economy has been exemplified by the integration of intellectual capital (IC) and Islamic work ethics (IWE). The pivotal roles played by IC and IWE in generating enduring value and enhancing entrepreneurial performance have been underlined in scholarly discourse (Kaukab et al., 2020). This value assumes significance in the context of sustainability (Jardon & Martínez-Cobas, 2019), contributing to economic development and the overall well-being of individuals. Such contributions align with the objectives of the Sustainable Development Goals (SDGs) outlined in the United Nations' 2030 agenda.

Many research inquiries have shifted their focus towards investigating the application of IC and IWE in the implementation of performance management strategies and sustainability within the context of SMEs (Bansal et al., 2023). It is indisputable that favourable socio-economic conditions significantly contribute to the achievement of enhanced and successful entrepreneurial performance. The realization of successful entrepreneurial performance necessitates the enactment of robust economic policies and the establishment of favourable socio-cultural conditions. Scholars widely agree that environmental, social, and economic sustainability represent the three fundamental components of SD (Yadegaridehkordi et al., 2023).

The theoretical framework of this study draws on Ibn Khaldun's theory of development to identify socio-economic factors influencing IC and IWE that contribute to the SD of SMEs. Additionally, the objectives encompass the formulation of a model for SMEs' sustainable development grounded in Ibn Khaldun's philosophy of IC and IWE. Ibn Khaldun, an esteemed Islamic scholar, extensively explored the intricacies of human civilization in his work *Al-Muqaddimah*. Within this context, he elucidated five pivotal factors essential for sustainable development, namely Shari'ah, human elements, wealth, the environment, and justice (Edriyanti et al., 2021). Both Ibn Khaldun and contemporary economists agree that the central variable is the role of human beings. However, Muslims adhere to laws derived from the Quran and the Sunnah to guide their IC and IWE towards achieving environmental, social, and economic sustainability. Ibn Khaldun emphasized the significance of an environment fostering specialization in economic activities, where entrepreneurs are motivated to engage in trade and production, reaping the rewards of their efforts (Karatas, 2006).

This article seeks to contribute to the expanding body of literature on IC and IWE within SMEs (Mat Zin et al., 2019), as well as in the context of SD initiatives (Phonthanukitithaworn et al., 2023). The investigation focuses on the implementation of socio-economic activities, particularly entrepreneurial practices in SMEs, to understand how they create value and promote business sustainability. The central research question is: How do socio-economic activities facilitate the role of IC and IWE in fostering SD? Through a conceptual approach rooted in literature analysis, this study aims to elucidate the significance of IC management in SMEs, thereby enhancing their capacity to foster sustainable development and generate

value. Consequently, the proposed conceptual framework is built upon five key socio-economic components within the SME context.

Primarily, prioritizing the welfare of individuals for the cultivation of capabilities and intellect among SME entrepreneurs and stakeholders is conceptualized as human capital. Companies that actively attend to the needs of their personnel indirectly foster employee motivation, thereby propelling collective business success. In this context, SMEs are advised to invest in proficient human capital, formulate adaptable strategies, and conduct comprehensive analyses of the dynamic business environment (Dwikat et al., 2023). Secondly, the cultivation of a sense of solidarity and group cohesion, especially in the context of environmental susceptibility to development, constitutes relational capital. SMEs can embed sustainability throughout their operations by enhancing collaboration both internally and externally. This involves cultivating cooperation with customers and employees who may possess valuable insights contributing to the environmental friendliness of their business (Danso et al., 2020). Thirdly, the equitable distribution of resources, encompassing technological and intellectual advancements, pertains to organizational and technological capital. SMEs can elevate the innovative intellectual potential of their enterprises by promoting the acquisition of information and knowledge, along with refining processes and systems. Such endeavours contribute to the advancement of Information and Communication Technologies (ICTs) and innovation capabilities, ultimately enhancing SMEs' capacity to achieve various SDGs (Wu et al., 2018). Fourthly, adherence to Shari'ah principles, guiding individuals towards goodness in both religious and worldly aspects, represents spiritual capital. It has been evidenced that SMEs' business excellence is positively influenced by ethical dimensions rooted in Islamic entrepreneurship principles, encompassing trustworthiness, honesty, and truthfulness (Ramadani et al., 2015). Finally, the advocacy of justice and moral primacy is denoted as Islamic work ethics. SMEs' ethical principles are founded on Islamic beliefs, emphasizing societal care and responsibility over the pursuit of wealth and luxury. As entrepreneurs, Muslims are encouraged to embody fairness, honesty, and justice in all human affairs, including business transactions (Mazharul Islam & Alharthi, 2020).

This study contributes theoretically to the expanding body of literature on IC within SMEs, as evidenced by previous work (Bansal et al., 2023). Specific socio-economic activities are explored as innovative practices that companies can adopt to facilitate sustainable development. The focus is on providing fresh insights to offer pragmatic guidance to SME entrepreneurs, empowering them to foster shared values among diverse stakeholders involved in decision-making processes and, consequently, augmenting the sustainability of the industry. Managerial implications for the practical implementation of IC and IWE to fortify sustainability efforts are also presented. It is imperative to acknowledge that, while IC and IWE are substantial factors, their exclusive role is not exhaustive in the SME sustainable development process, thus acknowledging a limitation within the conceptual framework.

The structural organization of this article unfolds systematically as follows: following this introductory section, Section 2 undertakes a comprehensive review of the theoretical

foundations that underpin the conceptual paper. Subsequently, Section 3 meticulously delineates the methodology employed in the study. In Section 4, a refined conceptual framework for the management of IC and IWE in the context of SMEs is articulated, accompanied by a presentation of the primary results emanating from this scholarly investigation. Section 5 engages in a thorough discussion of the findings, exploring their substantive implications. The conclusive insights are presented in Section 6.

## **2.0 Theoretical underpinnings**

### *2.1 Sustainability development in SMEs*

Sustainability entails an evaluation of performance across environmental, social, and economic dimensions. The assessment of sustainability goes beyond merely generating economic welfare; it underscores the equal significance of environmental and social responsibility in the evaluation process. SD serves as a strategic approach for enterprises, conferring value-added benefits and a competitive edge over rivals (Severo et al., 2017).

It is crucial to acknowledge that many SMEs may not fully understand these advantages. Unlike larger corporations, SMEs often lack a well-defined financial organizational framework necessary for the effective implementation of SD (Nicholas et al., 2011). Moreover, SMEs typically exhibit limited awareness regarding the environmental impacts of their operations and lack a comprehensive understanding of the benefits of SD, as well as the available tools for formulating sustainability strategies and practices (Aykol & Leonidou, 2015). Given the financial constraints, limited knowledge base, and fewer human resources inherent in SMEs, it is advisable for academia to engage in practical research aimed at identifying implementable methods and key strategic factors. Consequently, this paper seeks to advance the conceptualization of developing IC and IWE for the sustainable business practices of SMEs.

### *2.2 Developing sustainable IC and IWE in SMEs*

In developing countries, SMEs demonstrate limited engagement in environmentally friendly practices. Several factors contribute to this phenomenon, including constrained financial resources, ineffective enforcement of environmental regulations, a lack of collaborative knowledge-sharing on green initiatives among SMEs, and deficiencies in environmental management systems within industries (Chaowanapong et al., 2018). It is important for managers of manufacturing SMEs and policymakers to address environmental degradation and strive for sustainable development through the utilization of green IC. IC, defined as knowledge-based capital influencing economic growth and development (Bontis, 2001), is considered by Huang et al. (2021) as a factor intricately tied to knowledge sharing to foster innovation.

Building upon the conceptual proposal of these authors, this study delves into the notion of IC as knowledge convertible into competitive advantage and value, thereby influencing SD. Furthermore, the primary objective of SME operations is posited as the development

of IC, recognizing its value not only for owners, managers, and employees but also for the broader national context.

To elucidate the concept of IC, this study adopts five dimensions: Human Capital (HC), Organizational Capital (OC), Relational Capital (RC), Spiritual Capital (SpC), and Technological Capital (TeC) (Mat Zin et al., 2019). Additionally, Ali's (1988) Islamic Work Ethics (IWE) measurement is incorporated, establishing a linkage between an organization's prosperity and continuity and societal welfare.

### *2.3 Theoretical speculations*

The paper aimed to examine the incorporation of IC for fostering sustainability within SMEs. The intrinsic link between sustainability and the execution of socio-economic activities is integral to the rejuvenation strategy for SMEs. To ensure sustained economic development and enhance socio-economic welfare, investments in economic incentives, education and training, information infrastructure, and innovation systems are imperative (Sharma, 2017). The presented theoretical speculations contribute to formulating a conceptual framework for various facets of IC, emphasizing the role of socio-economic activities as catalysts for sustainability.

Regarding HC for sustainability, individuals must contribute value, enhance quality, and uphold sustainability. In Ibn Khaldun's development theory, individual capacity for reflection and deliberation is pivotal, with various essential abilities serving as pillars of economic vitality. Incorporating green IC practices, such as eco-friendly employment processes and sustainable organizational structures, positively impacts overall sustainability (Malik et al., 2020). HC for sustainability involves initiatives such as employee training on eco-friendly practices, promoting diversity and inclusion, and instilling a corporate culture that values social responsibility. By recognizing the intrinsic connection between HC development and sustainable practices, organizations can position themselves for long-term success while contributing positively to the well-being of society and the planet.

With regard to RC for sustainability, entrepreneurs need to ensure that employees understand the impact of their work on the environment and the community. Enhancing awareness and knowledge in SD through training sessions is crucial (Gross-Golacka et al., 2020). Maintaining positive relations with stakeholders is equally important, as collaboration becomes essential when individual efforts are insufficient. In the context of sustainability, RC involves building trust, collaboration, and mutually beneficial connections with customers, suppliers, communities, and other relevant entities. SD often hinges on strong partnerships and collaborations, and RC contributes to the creation of a supportive ecosystem in which businesses can collectively address environmental and social challenges. By investing in and maintaining positive relationships, organizations can enhance their resilience, garner support for sustainability initiatives, and contribute to the overall well-being of the communities in which they operate.

Sustainable OC and TeC encompass various elements such as management systems, computer systems, and organizational processes linked to environmental protection or ecological innovation within the firm (Yusliza et al., 2020). Technology innovation and

capability of an organization is positioned to enhance both organizational performance and the sustainable competitive advantage. Shari'ah emphasizes the need for Muslims to ensure sustainable, just, and balanced development, respecting natural systems and core economic, social, and environmental values.

Concerning SpC for sustainability, entrepreneurs must adhere to Allah SWT and comply with Shari'ah rules, encompassing commitment to Allah's rules across political, social, and economic systems. The generation of IC, considered the outcome of human labour blessed by Allah SWT, is meant to be distributed to internal and external stakeholders, emphasizing profit sharing and support to the less fortunate, along with environmental preservation (Qardawi, 2016).

In terms of IWE for sustainability, promoting positive moral values rooted in sustainable development principles and encouraging stakeholders to reflect on their moral values can pave the way for a more sustainable path. Islam, as integral to Ibn Khaldun's development theory, ensures collective morality, virtue, and civic obedience, eliminating savagery and discord. Muslim entrepreneurs derive ethical principles from Islamic beliefs, prioritizing societal care and responsibility over wealth pursuit, as advocated in the Holy Qur'an (Surah 5, Ayah 8) for fairness, honesty, and justice in all human affairs, including business transactions.

### **3.0 Method: a conceptual approach**

In the contemporary business landscape, prioritization of specific elements, such as consumer environmental awareness and the reputation derived from activities fostering sustainable production, has become paramount for companies. The effectiveness with which organizations address the sustainability challenge can profoundly impact their financial outcomes and, in some instances, their very survival. Consequently, organizations are actively augmenting their sustainable performance by optimizing diverse forms of capital and proficiently managing IC. Within this section, a conceptual approach is embraced with the overarching objective of acquiring a comprehensive understanding of sustainability mechanisms in SMEs, leveraging insights from the scholarly contributions of Huang et al. (2021). The methodology adopted involves a meticulous examination of pivotal existing studies to unravel the foundational origins and dynamics propelling SME sustainability development. While not strictly adhering to a systematic literature review, the specific focus revolves around scrutinizing papers that initiate discussions regarding the fundamental interplay between SME sustainability, IC, and IWE. The initial phase of the research methodology entails a thorough review of SME sustainability studies.

The initial review of prior studies begins by framing SD concepts within SMEs and categorizing them from the perspectives of IC and IWE. The conceptual approach integrates empirical research on recent SME strategies geared towards sustaining and promoting SD. Essentially, a framework is constructed, providing empirical evidence on how IC components and IWE serve as drivers for a more effective understanding of SD in SMEs.

4.0 A conceptual approach for developing IC and IWE in SMEs

The preceding section underlined the significance of IC and IWE within SMEs to foster SD. It scrutinized extensive research on IC and IWE within this domain. Subsequently, we posited theoretical considerations to systematically scrutinize the distinct contributions of innovation diffusion studies to the constituents of IC (human, relational, organizational, technological, and spiritual capital) and IWE. In this segment, we deliberate upon five distinct socio-economic activities pertinent to SMEs, drawing connections to their potential impact on IC and IWE.

These conceptual foundations impart a nuanced and extensive significance to the existing body of literature on innovation management, characterized by five prevailing perspectives: people’s well-being promotion at the human level, a solidarity and group feeling approach at the relational level, equal distribution of resources at the organizational and technological capital levels, the Shari’ah execution at the spiritual capital level, and implementation of justice and primacy of morality at the Islamic work ethics level (refer to Table 1).

Table 1: Key works on five research propositions about IC and IWE in SMEs

IC and IWE	Research proposition	Field of research	Key assumption	References	Research direction
HUMAN CAPITAL	Develop people’s well-being as human capital	SDG – Decent work and economic growth	Effective management of strategic resources, investment in human capital, and fostering inclusive growth through foreign direct investment have the capacity to enhance well-being.	Yang et al. (2024)	The primary driver of firm’s sustainability is the development of human capital. The best ways to ensure a sustainable future are those that are directed towards accelerating the development of human awareness and encouraging the formation of mentally self-aware persons. In this sense, education is the main trigger.
RELATIONAL CAPITAL	Promoting sense of solidarity and group feeling in the surrounding	Sustainable relational capital	Relational capital has the capability to significantly mitigate sustainability	Yusliza et al. (2020)	Relational capital should be viewed as systems heavily dependent on their interactions

	as relational capital		risks and ensure the continuity of sustainable operations. With an emphasis on environmental issues, interactive relationships between the company and its suppliers, partners, and customers form the foundation of sustainable relational capital.		with the surrounding environment which involves diverse entities such as customers, suppliers, and shareholders. The firm's capacity to understand, analyse, and make strategic decisions within its industry relies on the examination of economic, social, and environmental aspects of sustainable relationships.
ORGANIZATIONAL AND TECHNOLOGICAL CAPITAL	Distributing resources equally as organizational and technological capital	SDG – Decent work and economic growth  SDG- Industry, innovation and infrastructure	Natural resources have a significant and positive impact on people's well-being. Furthermore, it is crucial to advance complete development by focusing on well-balanced economic growth, intelligent technology, improved institutional quality, and sustainable environmental practices. Furthermore, these elements exert a substantial influence on	Yang et al. (2024)	The sustainability of an organization is predicted by factors such as technological skills and knowledge, alongside organizational capital and innovation capability.



SPIRITUAL CAPITAL	Executing the Shari'ah as spiritual capital	Shari'ah and SDGs	The aims of both Shari'ah and SDGs encompass the preservation of resource sustainability, encompassing seas, oceans, climates, ecosystems, water, and energy.	the sustainable performance of organizations	Al-Ahsan (2015)	Islam unequivocally emphasizes the role of human beings as stewards of the environment, emphasizing the responsibility to foster a better and harmonious society. This entails engaging in constructive and productive economic activities while refraining from causing harm to nature.
ISLAMIC WORK ETHICS	Advocating justice and primacy of morality as Islamic work ethics	Corporate sustainability performance	The attainment of business sustainability can be realized through the incorporation of Islamic business and work ethics, coupled with heightened awareness regarding sustainable goals.		Raza et al. (2023)	Islamic work ethics exhibit a favourable impact on all three dimensions of corporate sustainability performance, encompassing economic, environmental, and social sustainability.

(Source: Authors' research)

4.1 Develop people's well-being as human capital

Human capital (HC) denotes the amalgamation of expertise, information, interpersonal connections, and overarching competencies that individuals contribute to an organization through their employment engagement. Recognizing the indispensability of HC for the sustained development of SMEs, entrepreneurs and stakeholders must cultivate strategies for enhancing HC within the firm (Šlaus & Jacobs, 2011). This involves deliberate investments in human capital through the provision of formal and informal educational opportunities, the implementation of on-the-job training initiatives, the establishment of robust healthcare and safety systems, and the proactive retention of highly qualified

employees who actively align with organizational strategies (refer to Figure 1). SME entrepreneurs attribute substantial importance to knowledge, skills, and experience as fundamental constituents of HC, while concurrently valuing the soft skills and attributes of stakeholders, such as attitude, willingness and capacity for learning and development, and enthusiasm for their work. The comprehension and attitudes of SMEs towards HC and employee well-being emerge as pivotal determinants influencing the business performance of their organizations, ultimately steering them towards SD.

#### *4.2 Promoting sense of solidarity and group feeling in the surrounding as relational capital*

In addition to considerations regarding products, pricing, or services, stakeholders are progressively prioritizing the sustainable environmental practices of organizations. The environmental conduct of an organization holds substantial influence over how it is perceived by clients. Consequently, in the cultivation of sustainable relational capital, it can be posited that interactive relationships between the organization and its customers, suppliers, and other collaborators play a pivotal role, with a specific emphasis on environmental dimensions. This strategic emphasis stands to confer a noteworthy competitive advantage and contribute to the realization of SD for the organization (Yusliza et al., 2020).

#### *4.3 Distributing resources equally as organizational capital and technological capital*

Sustainable organizational and technological capital may be construed as integral organizational assets encompassing managerial frameworks, computational infrastructures, organizational methodologies, managerial ideologies, organizational culture, intellectual property in the form of patents and copyrights, brand assets, information technology assets, and managerial apparatus. It is imperative that these assets are expressly associated with environmental conservation or ecological advancements within the organizational context (Yusliza et al., 2020). Furthermore, there exists a noteworthy correlation between green organizational capital and innovation in environmentally conscious product development. The convergence of these two facets holds paramount significance in achieving enduring sustainability.

#### *4.4 Executing the Shari'ah as spiritual capital*

Spiritual capital assumes a pivotal role in cultivating a sustainable global environment by nurturing and sustaining the human spirit. Its essence lies within the essence of an organization, shaping its fundamental core values and overarching purpose. In this vein, spiritual capital serves as the bedrock upon which the realization of an organizational vision for sustainability is erected. The objectives inherent in both Shari'ah principles and Sustainable Development Goals (SDGs) converge on the preservation of resources, encompassing seas, oceans, climates, ecosystems, water, and energy. Additionally, these objectives aspire to foster economic growth, industrialization, urban safety, collaboration among diverse stakeholders, and the adoption of sustainable consumption patterns (Al-Ahsan, 2015).

4.5 Advocating justice and primacy of morality as Islamic work ethics

In Islam, the principles of justice and morality are integral components of ethical conduct, extending to various aspects of life, including work ethics. Islam places a strong emphasis on justice in all aspects of life, including business and work.

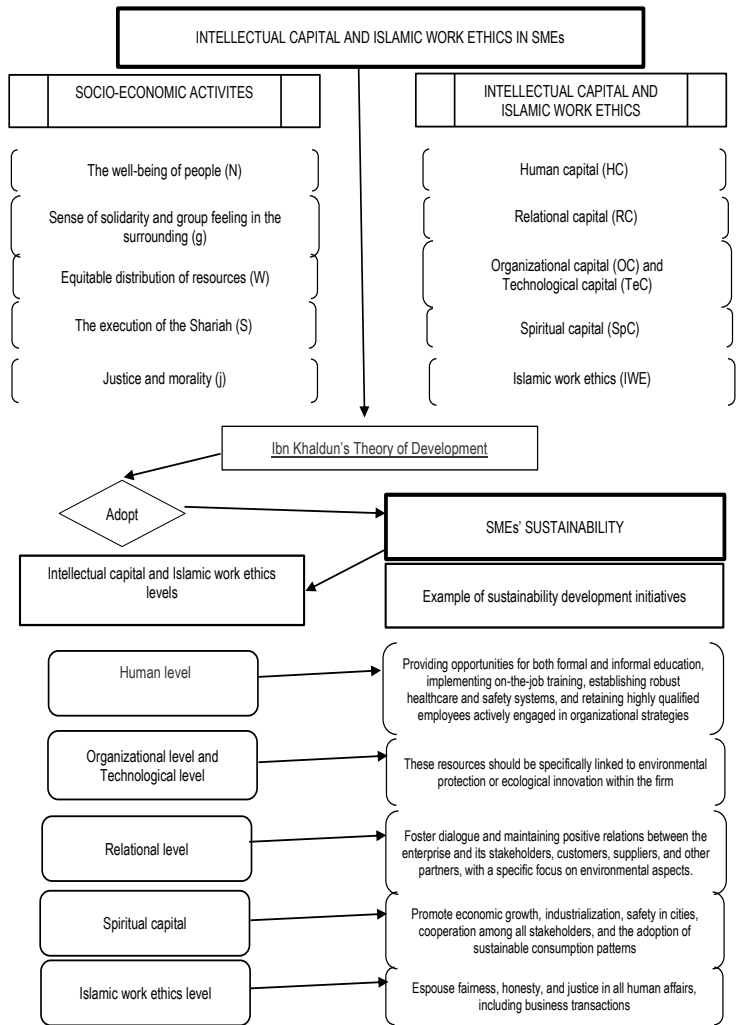


Figure 1: A conceptual framework for developing intellectual capital and Islamic work ethics in SMEs

(Source: Authors' research)

The Quran explicitly states, "O you who have believed, be persistently standing firm in justice, witnesses for Allah, even if it be against yourselves or parents and relatives" (Quran 4:135). This verse highlights the obligation to uphold justice even if it goes against personal interests.

Morality, or 'akhlaq' in Arabic, is a core concept in Islam. The Prophet Muhammad is described as having the highest moral character, and Muslims are encouraged to emulate his behaviour. Morality encompasses traits such as honesty, integrity, kindness, and compassion. In the context of work ethics, the primacy of morality translates into ethical business conduct. This includes honesty in transactions, fulfilling commitments, treating employees fairly, and being socially responsible. The adherence to IWE contributes positively to the enhancement of the quality of life. Implementing IWE in the workplace engenders a sense of satisfaction and pleasure among employees, thereby influencing an improved overall life experience for individuals (Zia et al., 2024). Thus, SME entrepreneurs must adopt fairness, honesty, and justice in all human affairs, including business transactions.

## **5.0 Discussion and implications**

This study endeavors to augment the body of management literature by conducting a comprehensive examination of SD studies, specifically concentrating on the integration of IC and IWE to promote sustainability within SMEs. This amalgamation is a strategic approach aimed at optimizing the organizational resources and ethical principles to achieve enduring success. By optimizing IC and adhering to IWE, SMEs can achieve economic sustainability through efficient resource utilization, cost-effectiveness, and long-term profitability. Social sustainability shall be realized through promoting fairness, justice, and social responsibility which contributes to positive relationships with employees, customers, and communities. Moreover, environmental sustainability can be attained through the thoughtful application of technology and organizational processes. SMEs can minimize their environmental footprint and promote ecological sustainability. The strategic combination of IC and IWE in SMEs not only enhances organizational efficiency and competitiveness but also aligns business practices with ethical principles and sustainability goals. This holistic approach contributes to the long-term viability and positive impact of SMEs within their operational and societal contexts.

Following the structure of Huang et al.'s (2021) conceptual framework, the study meticulously explores the extant literature on IC and IWE, centering on studies pertinent to five socio-economic activities delineated in Ibn Khaldun's developmental theory. These activities correspond to distinct dimensions of IC (human, organizational, technological, relational, and spiritual) and levels of IWE. The primary objective is to formulate research propositions that extend the foundations laid by prior investigations and chart future trajectories within these research domains. This methodological approach facilitates a more robust conceptualization for the management of IC in SMEs compared to antecedent studies, thereby increasing the overall value within the ecosystem. A conceptual framework

is presented to guide future advancements in this research realm, thereby contributing theoretically to extant studies on IC management in SMEs, expediting the adoption process in entrepreneurial contexts.

In introducing a distinctive perspective, the study examines specific socio-economic activities as a novel approach for businesses seeking to champion sustainable development. The emphasis is placed on presenting innovative viewpoints to offer actionable insights for SME entrepreneurs. The objective is to assist them in cultivating shared values among diverse stakeholders engaged in decision-making processes, ultimately fostering sustainability within the industry. Furthermore, the conceptual paper exhibits managerial implications for the implementation of IC and IWE practices to fortify sustainability. SME entrepreneurs can leverage these strategic resolutions, prioritizing human interests and amalgamating intangible resources with socio-environmental commitment by integrating components of environmental, social, and economic sustainability. Embedded in knowledge and ethical values, such an approach fortifies SME capabilities to establish and sustain competitive advantages.

## 6.0 Conclusion

This paper seeks to formulate a conceptual framework designed to serve as a guiding tool for both researchers and practitioners, facilitating an in-depth comprehension of the sustainability processes within SMEs. The SD processes in SMEs encompass a multifaceted framework aimed at fostering economic, social, and environmental resilience. It the conscientious integration of practices that prioritize long-term viability and responsible business conduct. This entails adopting eco-friendly initiatives, resource-efficient operations, and socially responsible practices. SD extends beyond mere compliance with environmental regulations; they involve proactive efforts to minimize ecological footprints, promote community well-being, and ensure ethical governance. This holistic approach often involves the strategic management of resources, including human capital and intellectual assets, to cultivate a culture of innovation and adaptability. Moreover, aligning with IWE), SD process emphasizes fairness, justice, and ethical considerations in business dealings. By integrating IC and IWE into their SD strategies, SMEs not only enhance their environmental and social impact but also fortify their long-term competitiveness by creating value for diverse stakeholders. The framework presented in this article is intended to enhance the efficacy of investigating the intricacies and mechanisms inherent in the SD process.

In brief, this paper makes three notable contributions. Firstly, it provides insights into the determinants influencing the decisions of SMEs regarding the adoption and management of IC and IWE. Secondly, it extends the scope of generalizability compared to previous research endeavours that have explored similar content without presenting a comprehensive interpretation of the entire sustainability system within SMEs. Thirdly, it serves as a tool for management to gain a clear understanding of the interrelationships among strategies, IC, and IWE in propelling sustainability. However, it is imperative to

acknowledge the limitations of the study. The broader depiction presented is grounded in the configuration of IC and IWE, recognizing that these two factors, while relevant, do not constitute the sole components influencing the SD process.

## Article Contribution to Related Field of Study

The significant contribution of this article lies in its theoretical exploration of the management of intellectual capital and Islamic work ethics. Drawing upon Ibn Khaldun's development theory, the study utilizes this framework to pinpoint the socio-economic factors inherent in Intellectual Capital (IC) and Islamic Work Ethics (IWE) that contribute to the sustainable development of Small and Medium-sized Enterprises (SMEs). The research outcomes reveal that five socio-economic activities serve as the foundational elements for the proposed conceptual framework, aligning with three core streams in the fields of economics and management studies, namely Ibn Khaldun's development theory, Intellectual Capital, and Islamic Work Ethics.

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