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Normative Analysis of Islamic Business Feasibility Within Legal and Compliance Frameworks

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ABSTRAK

Penelitian ini bertujuan untuk mengkaji kelayakan bisnis dari perspektif Islam dengan mengintegrasikan aspek hukum dan kepatuhan syariah sebagai satu kerangka terpadu dalam menilai praktik bisnis yang etis dan berkelanjutan. Penelitian ini menggunakan pendekatan kualitatif-normatif melalui studi kepustakaan dan analisis isi terhadap regulasi, fatwa, serta literatur akademik mengenai kelayakan bisnis syariah. Hasil penelitian menunjukkan bahwa kelayakan bisnis dalam Islam tidak hanya ditentukan oleh profitabilitas finansial, tetapi juga oleh keabsahan hukum, integritas moral, dan kepatuhan terhadap prinsip-prinsip syariah. Keberlanjutan bisnis mensyaratkan kepatuhan ganda terhadap peraturan perundang-undangan nasional dan hukum Islam. Integrasi kerangka hukum, termasuk Undang-Undang Nomor 21 Tahun 2008 tentang Perbankan Syariah dan Undang-Undang Nomor 33 Tahun 2014 tentang Jaminan Produk Halal, yang didukung oleh pengawasan Dewan Pengawas Syariah (DPS) dan audit syariah internal, memperkuat kepastian hukum, kepatuhan syariah, serta kepercayaan publik. Penelitian ini menyimpulkan bahwa kelayakan bisnis Islam merupakan model yang holistik dengan menyeimbangkan dimensi ekonomi, hukum, dan etika. Secara teoretis, penelitian ini berkontribusi pada pengembangan literatur hukum bisnis Islam, sedangkan secara praktis memberikan acuan bagi regulator, lembaga keuangan syariah, dan pelaku usaha dalam menerapkan model evaluasi bisnis berbasis maqashid syariah.

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ABSTRACT

This study examines business feasibility from an Islamic perspective by integrating legal aspects and sharia compliance into a unified framework for ethical and sustainable business assessment. Using a qualitative-normative approach with library research and content analysis, it analyzes regulations, fatwas, and academic literature on sharia business feasibility. The findings indicate that business feasibility in Islam extends beyond financial profitability to include legal validity, moral integrity, and compliance with Islamic principles. Business sustainability requires dual compliance with both national regulations and Islamic law. The integration of legal frameworks, including Law No. 21/2008 on Islamic Banking and Law No. 33/2014 on Halal Product Assurance, together with Sharia Supervisory Board (DPS) oversight and internal sharia audits, enhances legal certainty, sharia compliance, and public trust. The study concludes that Islamic business feasibility represents a holistic model balancing economic, legal, and ethical dimensions. It contributes to Islamic business law literature and provides practical guidance for regulators, Islamic financial institutions, and entrepreneurs in implementing maqasid al-shariah-based business evaluation.

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Introduction

Islamic economics has advanced significantly over the last 20 years, especially in the fields of Islamic business and finance. Global Islamic financial assets are predicted to grow from USD 4.5 trillion in 2024 to USD 6.1 trillion in 2027 (Islamic Financial Services Board, 2024). From an Islamic point of view, business viability prioritizes adherence to Islamic norms and positive law in addition to profitability. To determine whether a business is both financially feasible and morally consistent with Islamic values, a sharia business feasibility study is an essential tool. In order to support business sustainability, recent research emphasizes the intimate connection between sharia governance, fatwa compliance, and market legitimacy (Al Adawiyah et al., 2025).

But in reality, there is frequently a disconnect between Sharia compliance and formal legal considerations. Despite obtaining administrative certification and business permits, many companies still do not fully adhere to muamalah principles, which include the prohibition of non-halal activities, gharar, and usury (Sappeami et al., 2021). This causes skepticism among Muslim customers and puts the financial institutions funding these projects at risk of damage to their reputations. This poses a basic query: how can we evaluate a company's feasibility while juggling legal considerations and Sharia compliance?

The literature currently in publication makes it evident that the majority of studies are still restricted to institutional compliance in the banking industry or concentrate on technical economic elements like cash flow forecasts and profit and loss analysis (Rahman & Oktaviani, 2022). Seldom do studies create an integrated framework that concurrently incorporates sharia governance, fatwa compliance, halal certification, and national legality indicators. The MSME and BMT sectors, which are especially susceptible to legality and sharia compliance, also exhibit this research gap (Selviana et al., 2025).

Existing studies predominantly examine legal compliance, sharia governance, halal certification, or business feasibility as separate dimensions. Although these studies provide valuable insights, limited attention has been given to developing an integrated framework that simultaneously evaluates legal legitimacy, sharia validity, governance effectiveness, and maqasid-oriented sustainability as a comprehensive business feasibility assessment model.

This study develops a Dual Compliance Islamic Business Feasibility Model that integrates legal legitimacy, sharia validity, governance effectiveness, and maqasid-based sustainability into a unified assessment framework. Unlike previous studies that focus on individual compliance dimensions, this model conceptualizes Islamic business feasibility as the outcome of the interaction between legal, sharia, governance, and sustainability factors. This study contributes by proposing a Dual Compliance Islamic Business Feasibility Model derived from thematic analysis of legal regulations, DSN-MUI fatwas, and contemporary Islamic business literature. The model integrates four interconnected dimensions: legal compliance, sharia compliance, governance effectiveness, and maqasid-based sustainability.

This study aims to analyze business eligibility from the perspective of Islamic law and sharia compliance by examining the principles of muamalah, the halal–haram criteria in business activities, and applicable legal standards. The research is expected to produce a feasibility assessment model that aligns with sharia provisions and supports the development of fair, sustainable, and ethical business practices within the framework of Islamic economics. Determining the direction and intended contribution of this study depends heavily on the conceptual framework. Thus, it is anticipated that this study will provide a business feasibility model that complies with the tenets of muamalah (Islamic transactions) and is not only financially feasible but also halal and moral. This is in line with Islamic economic's overarching goal of developing a just, long-lasting, and advantageous business system for the community. It is anticipated that this research's scholarly and applied contributions will fortify Indonesi''s sharia business environment and offer relevant recommendations for stakeholders in achieving just economic growth.

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Literature Review

Exploring the feasibility of Sharia business within a legal and compliance framework is crucial for understanding the evolving operational landscape of Islamic finance, particularly amidst the dynamics of globalization and digitalization of the financial sector. This literature review synthesizes various scholarly contributions, focusing on normative analysis that highlights the intersection between Sharia principles and contemporary legal standards. In this context, the study emphasizes not only formal compliance with regulations but also the ethical dimensions and broader socio-economic objectives of Islam. Numerous recent studies have demonstrated that Sharia compliance is a key foundation for maintaining the legitimacy and sustainability of Islamic financial institutions, particularly when faced with innovations such as fintech and artificial intelligence, which demand regulatory and governance adaptations (Faizi et al., 2025). Therefore, this review aims to explain the theoretical foundations, relevant theories, and existing research gaps to build a more comprehensive understanding of the feasibility of Sharia business.

Conceptually, Sharia compliance refers to adherence to Islamic law in business practices, encompassing ethical considerations and ensuring financial transactions align with Islamic principles, including the prohibition of riba (usury), gharar, and maisir (gambling). In practice, this compliance is not only normative but also operational through internal and external oversight systems. The legal framework itself refers to a set of laws and regulations governing Islamic financial institutions, including the integration of Sharia principles into national legislation, such as the Indonesian Job Creation Law (Ahmadi & Sutrisno, 2023). In the context of countries with mixed legal systems, this integration is complex because it must balance positive law and religious norms. Furthermore, Sharia audits serve as a crucial mechanism to ensure compliance with Sharia principles, which has been identified as a crucial element in maintaining the integrity of Islamic financial institutions (Tuzzahroh & Laela, 2022). Recent studies also confirm that Sharia audits face challenges in terms of auditor competence, standardization, and the integration of digital technology into the audit process (Mustika et al., 2025).

From a theoretical perspective, Maqasid al-Shariah serves as the primary foundation for evaluating Sharia business practices, emphasizing the protection of faith, life, intellect, progeny, and property. This approach provides a more substantive evaluative framework than mere formal compliance, allowing for assessment of the social impact and economic well-being of business activities. Contemporary research suggests that the integration of Maqasid al-Shariah into Islamic finance, including fintech, can enhance financial inclusion and social justice (Ibrahim, 2025; Syarif, 2024). Furthermore, the theory of legal pluralism explains the coexistence of various legal systems within a jurisdiction, which is particularly relevant in the context of the interaction between Sharia law and secular law in countries like Indonesia (Ahmadi & Sutrisno, 2023). This often presents challenges in regulatory harmonization, particularly when technological innovation transcends existing legal frameworks.

Mapping previous research shows significant developments in various aspects of Sharia finance. (Ahmadi & Sutrisno, 2023) highlighted the convergence between the Job Creation Law and Sharia economic law, while (Rohman, 2023) emphasized the urgency of regulating Sharia fintech lending to ensure compliance. (Fathorrozi, 2022) underscored the importance of collateral in Sharia banking transactions, while (Marlina et al., 2023) identified the need for specific accounting standards for Sharia entities. In the field of auditing, (Tuzzahroh & Laela, 2022) demonstrated that auditor competence is significantly related to the level of Sharia compliance, while (Krane & Eulerich, 2020) examined audit practices and internal control in an international context. Other studies, such as (Ropiah, 2025) highlighted the implementation of compliance in murabaha contracts, and (Ahmed, 2020) addressed issues in Islamic accounting. More broadly, recent literature studies also show that the development of Sharia fintech in

Indonesia raises the need for an adaptive and Maqasid-based regulatory framework (Nuhic-Meskovic et al., 2026; Suswanto et al., 2025).

Despite the growing literature, critical analysis indicates that significant gaps remain in normative studies of Sharia business feasibility. Many studies tend to focus on technical compliance mechanisms without examining the broader implications of legal pluralism and its impact on Sharia business practices holistically. Furthermore, the integration of fintech within a Sharia framework remains underexplored, particularly regarding consumer protection, digital governance, and compliance with ever-changing regulations (Rohman, 2023). Several studies also highlight gaps in governance and the potential for non-compliance due to weak coordination between regulators, practitioners, and Sharia authorities (Mohamad & Sulong, 2025).

Based on these findings, a conceptual model of Sharia business feasibility can be developed by integrating several key components: regulatory compliance encompassing Sharia and national law, a routine, technology-based Sharia audit mechanism, and stakeholder involvement, such as religious scholars, regulators, and the community, in the decision-making process. This approach aligns with the trend toward developing digital Sharia governance, which emphasizes multidisciplinary collaboration and the use of technology to enhance transparency and accountability (Wahab & Mahdiya, 2025).

Overall, the literature on Sharia business viability reveals a complex interplay between the legal framework and Sharia principles. While significant progress has been made in understanding compliance mechanisms, further research is needed to address gaps in the regulatory framework, particularly in rapidly growing sectors like fintech. Therefore, future studies should focus on developing comprehensive models that harmoniously integrate Sharia and secular legal requirements, thereby enhancing the operational integrity and sustainability of Islamic financial institutions in the digital era.

Method

This study adopts a qualitative-normative research design that integrates doctrinal legal analysis and comparative regulatory review to examine the alignment between positive law and Sharia compliance within the framework of Islamic business feasibility. This approach is specifically intended to capture the dual compliance paradigm legal and sharia which emerges as a central theme in the results and discussion.

Data collection was conducted through a systematic literature review by accessing major academic databases such as Scopus, DOAJ, and Google Scholar, alongside national legal repositories including Kemenkumham's JDIH, OJK's JDIH, LPPOM-MUI, and DSN-MUI fatwa archives. The search strategy employed multilingual keywords in Indonesian, English, and Arabic, including sharia business feasibility, legal compliance, muamalah, halal certification, and maqāṣid al-shari'ah, combined using Boolean operators to ensure comprehensive and relevant retrieval of sources.

The inclusion criteria comprised: (1) legally valid regulatory documents within the Indonesian jurisdiction, (2) peer-reviewed academic publications from 2015–2025, and (3) authoritative literature addressing legality, Sharia compliance, and Islamic business governance. Exclusion criteria covered non-authoritative sources, opinion-based materials without academic rigor, and documents outside the Indonesian legal context. The screening process involved systematic evaluation of titles, abstracts, and full-text eligibility, resulting in a curated corpus consisting of statutory regulations, DSN-MUI fatwas, halal standards, and relevant theoretical and empirical studies (Faizin & Djayusman, 2023; Jaelani, 2025).

Data analysis was conducted using a combination of content analysis and thematic analysis to ensure both descriptive accuracy and normative depth. Content analysis was applied to identify and categorize regulatory provisions, legal norms, and sharia principles embedded in the collected documents. A structured coding framework (codebook) was developed to reflect

key analytical dimensions identified in the study, including: (1) business legality, (2) contract compliance, (3) halal and Sharia compliance, (4) Sharia governance mechanisms, and (5) dual compliance integration.

Thematic analysis was subsequently employed to explore patterns, relationships, and potential misalignments between national legal frameworks, Islamic jurisprudence (fiqh muamalah), and DSN-MUI fatwas. This process enabled the identification of recurring themes such as integrative feasibility, moral-spiritual compliance, governance effectiveness, and regulatory–sharia tension, particularly in emerging sectors like fintech and halal digital ecosystems. Furthermore, comparative regulatory analysis was used to assess the degree of convergence and divergence between positive law and Sharia principles, especially in terms of fairness, transparency, accountability, and sustainability.

To maintain analytical rigor, the study explicitly distinguishes between descriptive findings (based on empirical and regulatory data) and normative arguments (based on Islamic legal reasoning and maqāṣid al-shari'ah). The maqāṣid framework is employed as an evaluative benchmark to assess whether existing legal and business practices align with broader objectives of Islamic law, namely the protection of religion, life, intellect, lineage, and wealth. This integrative analytical approach ensures that the study not only examines formal compliance but also evaluates the ethical and social dimensions of Islamic business feasibility in a comprehensive and systematic manner.

The thematic analysis identified four dominant dimensions that consistently emerged across regulations, fatwas, and academic literature. These dimensions form the basis of the proposed Islamic business feasibility framework.

Table 1. Main Themes Identified from Thematic Analysis

Theme	Key Finding	Implication
Legal Complience	Business legality, lecensing, halal certification	Legal legitimacy
Sharia Comlience	Prohibition of riba, gharar, maysir	Sharia validity
Governance Effectiveness	DPS supervision, sharia audit	Organizational trust
Maqasid Sustainability	Welfare, justice, social benefit	Long-term sustainability

Result and Discussion

Findings from Thematic Analysis

Business feasibility from an Islamic perspective is not only assessed from economic and financial aspects, but also includes moral, spiritual, and legal compliance dimensions. In the Islamic economic paradigm, the success of a business is not solely measured by the level of profitability or capital efficiency, but also by the extent to which the business activity is in line with sharia values such as justice ('adl), honesty (sidq), benefit (maslahah), and sustainability. These principles are based on the concept of maqasid al-syari'ah, which aims to maintain five main things: religion (al-din), soul (al-nafs), reason (al-'aql), descendants (al-nasl) , and property (al-mal). Therefore, the concept of feasibility in Islam is integrative, encompassing formal legal, sharia, social, and economic aspects that are interrelated and reinforce each other (Azzahra et al., 2025). Based on the results of the thematic analysis of the selected literature and regulatory documents, this integrative concept consistently appears as a dominant pattern across academic studies and fatwa frameworks, indicating a convergence between doctrinal Islamic jurisprudence and contemporary regulatory discourse.

According to this framework, Islamic ethical principles that regulate social and economic interactions are inextricably linked to the viability of sharia-compliant enterprises. When conducted in compliance with sharia law, business operations are seen as a form of worship ('ibadah ghair mahdhah), or social charity with spiritual significance. Every business decision must therefore make sure that there are no practices that go against sharia principles, such as

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maysir (gambling or transactions based on chance), gharar (uncertainty or excessive speculation), and riba (interest or prohibited additions). The doctrinal analysis further confirms that these prohibitions are systematically embedded in classical fiqh muamalah as well as codified within DSN-MUI fatwas, demonstrating normative continuity between traditional jurisprudence and modern sharia governance instruments.

The Islamic approach views ethics, blessings, and social responsibility as essential to business success, in contrast to traditional business feasibility studies that emphasize economic rationality and capital efficiency. In this regard, a company that complies with sharia not only generates profits but also long-term social and spiritual benefits. Mayanti & Dewi (2021) assert that in order for economic activity to truly contribute to distributive justice, environmental sustainability, and the welfare of the populace, the Islamic business feasibility approach must be based on a balance between benefit (maslahah) and justice (‘adl). This finding reflects a clear thematic linkage between maqasid al-shari’ah and modern sustainability discourse, as identified through comparative analysis of academic and regulatory sources.

Therefore, Islamic business viability places a strong emphasis on integrating worldly and eternal values, where financial choices are made with long-term sustainability and benefits in mind rather than just short-term profits. A more thorough business assessment is made possible by this feasibility model, which is founded on the maqasid al-syar'i'ah (obligatory objectives) and considers legality, sharia compliance, social values, and business ethics as a single, integrated assessment system.

Development of the Dual Complience Feasibility Model

In the context of positive law in Indonesia, every business activity must comply with regulatory provisions regarding licensing, taxation, consumer protection, and good corporate governance. Compliance with legal aspects is a fundamental foundation for business sustainability because it provides legal certainty, protects the rights of parties, and increases investor and consumer confidence. For Sharia-based business entities, compliance with positive law is not only an administrative obligation, but also part of the implementation of the values of trust and justice (‘adl) in Islam. The content analysis of national legal instruments confirms that regulatory compliance constitutes a formal prerequisite for business legitimacy, which operates alongside sharia compliance as a parallel normative framework.

In this context, all operational activities must be in line with national regulations, including Law Number 21 of 2008 concerning Sharia Banking (Law Number 21 Tahun 2008 concerning Sharia Banking, 2008), Law Number 33 of 2014 concerning Halal Product Guarantees (Law Number 33 Tahun 2014 concerning Halal Product Guarantee, 2014), and various Financial Services Authority (OJK) Regulations governing the sharia financing system . The alignment between state law and Islamic principles reflects the integration of the national legal system with sharia values, as emphasized by Munthe (2025). Comparative regulatory review further shows that these laws are substantively aligned with key sharia principles, particularly in ensuring fairness, transparency, and consumer protection, although differences remain at the level of technical implementation.

Furthermore, the integration of legal and sharia aspects forms a crucial foundation for the development of a healthy and competitive sharia business ecosystem. Clear regulations help create a conducive investment climate and encourage transparent and ethical business practices. From an Islamic legal perspective, fulfilling legal obligations is also seen as part of the principle of obedience to ulil amri (those in authority) as long as it does not conflict with sharia. Thus, compliance with positive law is not merely administrative but also has a religious dimension that strengthens the moral and spiritual legitimacy of sharia businesses in the eyes of society.

However, in practice, various challenges remain in harmonizing positive legal provisions and sharia principles. Some sharia businesses still tend to focus on halal certification or formal

sharia compliance aspects, without ensuring compliance with contractual, administrative, and business licensing regulations. This gap creates potential legal risks, contractual discrepancies, and a decline in public trust in the credibility of sharia businesses. According to Khoirunnisa (2025), weaknesses in fulfilling legal aspects often lead to an imbalance between "halal" status according to sharia and "legal" status according to positive law, which ultimately impacts the stability and legitimacy of the national halal industry. This misalignment was identified as a recurring theme during the coding process, particularly within categories related to business legality and contract compliance.

Therefore, the concept of dual compliance, namely compliance with both positive law and Sharia law, is a key pillar in Islamic business feasibility studies. This approach ensures that all business processes, from business establishment and financing mechanisms to financial reporting, meet both formal legal standards and substantive Sharia principles. Compliance is not only a risk management tool, but also a strategy for building business sustainability based on fairness, integrity, and social responsibility. Thus, the application of this principle strengthens the position of Islamic businesses not only as economic entities but also as representatives of Islamic ethics and values within the modern legal system.

Implications for Islamic Business Governance

Sharia compliance is at the heart of Islamic business feasibility, as it is the primary determinant of whether a business activity is legitimate under Islamic law. A business is considered legitimate if all processes, products, and contracts are in accordance with Sharia principles. Key components of this compliance include the use of valid contracts, transactions free from usury (riba), the absence of gharar (uncertainty or fraud), and the application of transparency (trustworthiness and fairness) in business management. Thematic analysis indicates that sharia compliance is consistently positioned not only as a legal requirement but also as a value-based governance mechanism across the reviewed literature.

Within an institutional context, the Sharia Supervisory Board (SSB) plays a central role in ensuring that all business activities consistently comply with sharia requirements. The SSB serves not only as a formal supervisor but also as a guardian of sharia integrity through internal audit mechanisms, contract verification, and fatwa recommendations. According to research (Widiyanto & Selasi, 2024), Sharia compliance not only impacts a company's religious image but also significantly increases consumer loyalty, investor confidence, and long-term business sustainability. This finding is reinforced by comparative examination of DSN-MUI fatwas, which provide standardized guidance for ensuring uniformity of sharia compliance across institutions.

More than just a legal or administrative aspect, Sharia compliance is also a moral and spiritual measure for Islamic businesses. According to Haqi & Muchlis (2024), Sharia compliance should not be understood merely as a formality of halal certification or administrative procedures, but rather must be internalized within the organizational culture and reflected in the ethical behavior of stakeholders. This means that every managerial decision, company policy, and marketing strategy must be based on the values of honesty, justice, and social responsibility as taught in Islamic jurisprudence (fiqh muamalah).

Furthermore, Sharia compliance also has a strategic and global dimension, as the principles of Islamic business ethics align with ESG (Environmental, Social, and Governance) standards widely adopted by international companies. Both emphasize the importance of sustainability , accountability, and social ethics in conducting economic activities. In this regard, the concept of maqasid al-syari'ah serves as a universal framework linking moral, social, and environmental aspects as a basis for assessing the viability of modern businesses. The comparative analysis highlights a conceptual convergence between maqasid al-shari'ah and ESG principles, particularly in areas of sustainability, accountability, and social welfare.

Thus, Sharia compliance can be understood as both an indicator of moral worthiness and an instrument for sustainable business strategy. Its implementation not only provides religious

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legitimacy but also enhances reputation, strengthens trust with stakeholders, and creates long-term competitiveness. Therefore, in the context of an Islamic business feasibility study, the aspect of Sharia compliance cannot be separated from economic, social, and legal analyses, as they form a unified assessment system that reflects the integration of spiritual values and business professionalism.

Development of the Dual Compliance Islamic Business Feasibility Model

Based on the thematic analysis and comparative regulatory review, this study identifies four interconnected dimensions that determine Islamic business feasibility: legal compliance, sharia compliance, governance effectiveness, and maqasid-based sustainability. These dimensions are synthesized into an integrated Dual Compliance Islamic Business Feasibility Model as presented in Figure 1:

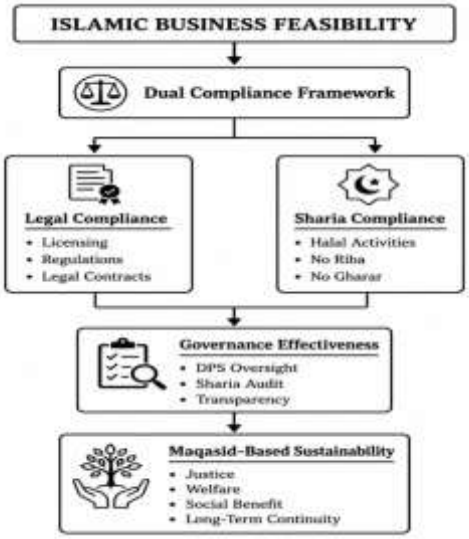

Figure 1. Dual Complience Islamic Business Feasibility Model

Unlike previous studies that discuss legal compliance, sharia governance, or halal certification separately, the proposed model integrates these dimensions into a unified feasibility assessment framework. The model demonstrates that Islamic business feasibility is achieved only when legal legitimacy, sharia validity, governance effectiveness, and maqasid-based sustainability operate simultaneously.

Synchronization between Legal and Sharia Aspects

The integration of legal aspects and Sharia compliance is both unique and challenging in the development of modern Islamic businesses. In practice, not all state regulations are directly aligned with fatwas or Islamic jurisprudence (fiqh) principles. Therefore, synergy between regulators, academics, and Sharia authorities is needed to build a harmonious and equitable business feasibility model. According to Panjaitan et al. (2025), a multi-dimensional compliance approach that combines elements of positive law, DSN-MUI fatwas, and the principles of maqasid al-syar'i'ah is an important foundation for comprehensively analyzing the feasibility of Islamic businesses. Findings from the comparative regulatory review reveal partial alignment rather than full harmonization, particularly in emerging sectors such as fintech and halal digital ecosystems.

This integration is increasingly relevant in the context of fintech , sharia startups , and halal MSMEs, where regulatory dynamics and technological innovation often create potential conflicts between legal and sharia aspects. These sectors were identified during thematic coding as areas with the highest potential for regulatory–sharia tension. The main challenge lies in creating an adaptive legal system while still upholding sharia principles. The integrative

model proposed in this study emphasizes close collaboration between legal experts, sharia auditors, and regulators to ensure business sustainability, accountability, and blessings. Thus, the viability of an Islamic business is measured not only by economic performance but also by its ability to create a balance between law, morality, and social welfare (Makki & Hasan, 2025).

From an Islamic perspective, business feasibility emphasizes the balance between economic profit and moral conformity to Sharia principles. A business is considered feasible if it can provide financial benefits while upholding the values of justice, honesty, and social sustainability. According to Pratama et al. (2025), businesses that contain elements of usury, maysir, or gharar not only lack blessings but also have the potential to harm society in the long term. Therefore, feasibility in Islam is not solely measured by profitability, but also by the level of adherence to the moral and spiritual values that are at the core of Islamic economics.

The principle of maqasid al-syari'ah serves as an ethical guideline in determining the feasibility of a business, as it aims to safeguard five main aspects: religion, life, reason, lineage, and wealth. A business that does not support the public good, even if economically profitable, is still considered sharia-compliant. Therefore, Islamic business feasibility studies must integrate economic analysis with social and spiritual dimensions to produce a just and sustainable business model (Wafaretta , 2019). Normatively, this principle functions as the evaluative benchmark used in this study to assess alignment between legal provisions and sharia objectives.

The legal aspect is a key pillar ensuring that sharia businesses operate in accordance with national law and sharia fatwas. Legality in the Islamic context encompasses business permits, the validity of contracts, contract compliance, and compliance with regulations from Islamic financial authorities such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). According to Munthe (2025), the legal aspect provides legal protection while strengthening the credibility and transparency of sharia businesses before the public. Without a strong legal basis, sharia economic practices are vulnerable to abuse and lose their social legitimacy.

Furthermore, sharia compliance is an essential element in assessing business feasibility. A business is considered feasible if all its activities, from capital sources and transaction contracts to profit distribution, avoid prohibited elements such as usury (riba), gharar (gharar), and maysir (gambling). Research by Saputra & Rohman (2024) shows that a high level of sharia compliance is positively correlated with a company's reputation, consumer trust, and performance. The implementation of sharia audits and the active role of the Sharia Supervisory Board (DPS) are crucial instruments in maintaining the integrity and consistency of sharia principles (Nurjannah et al., 2023). These empirical findings were categorized under the theme of governance effectiveness, supporting the argument that compliance contributes to institutional performance.

The integration of legal aspects and Sharia compliance forms a more comprehensive and realistic model for assessing the feasibility of Islamic businesses. This model emphasizes that business feasibility must encompass two main dimensions: legal certainty and Sharia validity. The synergy between these two aspects not only prevents exploitative economic practices but also ensures a balance between economic profit and social welfare. In line with the findings of Saputra & Rohman (2024), harmonization between positive law and Islamic law has been proven to strengthen market stability and public trust in Islamic business institutions.

Empirical research in Indonesia also shows that the profit sharing ratio (PSR) and the effectiveness of the Sharia Supervisory Board significantly influence the profitability of Islamic financial institutions. However, other indicators, such as the zakat ratio and non-halal income, do not always have a direct impact on profitability. This finding confirms that the application of Sharia values in business is not solely for financial purposes, but is oriented towards long-term moral sustainability and reputation. This evidence strengthens the analytical conclusion that dual compliance is not only normatively required but also empirically relevant for business

sustainability. Furthermore, research by Wijaya et al. (2023) shows that good governance and transparency of sharia reports have an important role in maintaining the credibility and public trust in Islamic business entities. Overall, the findings demonstrate a consistent pattern of interdependence between legal compliance, sharia adherence, and governance quality, confirming the validity of the integrative feasibility model proposed in this study.

The analysis generated three principal findings:

1. Islamic business feasibility cannot be assessed solely through profitability indicators but requires simultaneous fulfillment of legal legitimacy and sharia validity.
2. Governance effectiveness, particularly through Sharia Supervisory Boards and sharia audits, acts as a mediating mechanism connecting legal compliance and sharia compliance.
3. Maqasid-based sustainability emerges as the ultimate criterion distinguishing Islamic business feasibility from conventional feasibility assessments.

Conclusion

This study concludes that Islamic business feasibility should be assessed through an integrated dual-compliance perspective that extends beyond conventional profitability measures by incorporating legal legitimacy, sharia validity, governance effectiveness, and maqasid-based sustainability as interconnected dimensions of business evaluation. The findings demonstrate that business feasibility in Islam is achieved not merely through compliance with national regulations and sharia principles independently, but through their systematic integration within a comprehensive framework that promotes justice, transparency, accountability, and long-term social welfare. Theoretically, this study contributes to the development of Islamic business law and Islamic economics literature by proposing a Dual Compliance Islamic Business Feasibility Model, which synthesizes legal compliance, sharia compliance, governance effectiveness, and maqasid al-shariah into a unified evaluative framework, thereby addressing the fragmentation commonly found in previous studies that examine these dimensions separately. Practically, the proposed model provides a structured reference for stakeholders in assessing and strengthening Islamic business sustainability. For regulators, the model offers a foundation for developing integrated assessment standards and policies that harmonize legal requirements with sharia governance principles. For Islamic financial institutions, the framework can be utilized as an additional screening and risk assessment instrument in evaluating financing proposals, particularly for halal-oriented enterprises and Islamic MSMEs. For sharia business actors, the model serves as a practical guideline for aligning business operations with legal obligations, sharia requirements, and ethical sustainability objectives, thereby enhancing organizational credibility, stakeholder trust, and long-term competitiveness. Overall, the study affirms that the integration of legal and sharia dimensions is essential for establishing a sustainable Islamic business ecosystem capable of generating not only economic value but also social benefit and moral legitimacy in accordance with the objectives of maqasid al-shariah.

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