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Exploring the Dimensions and Determinants of Islamic Ethical Marketing in SMEs in Promoting Sustainable Entrepreneurship: A Systematic Literature Review

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Abstract

This study explores the conceptual development and dimensions of Islamic Ethical Marketing in small and medium-sized enterprises (SMEs), identifies its key determinants, and examines its relationship with business performance and sustainable entrepreneurship. A non-systematic literature review of 36 Scopus-indexed journal articles was conducted using thematic and comparative analyses. The findings reveal that Islamic Ethical Marketing has evolved from a normative concept into a multidimensional framework encompassing Amanah, honesty, justice, transparency, Shariah compliance, halal integrity, social responsibility, stakeholder welfare, and maslahah orientation. Its implementation is shaped by multilevel determinants, including financial and Shariah literacy, religiosity, ethical leadership, innovation capability, Islamic social capital, digital capability, institutional support, regulation, and Shariah governance. The evidence indicates that Islamic ethical practices are associated with SME performance and sustainability through direct and indirect mechanisms involving corporate social responsibility, financial capability, innovation, motivation, knowledge application, and adaptive capacity. However, several studies report non-significant or differentiated relationships, suggesting that Islamic values alone do not automatically generate sustainable outcomes without effective operationalization. This study concludes that Islamic Ethical Marketing represents a potential strategic mechanism linking Islamic ethical foundations with sustainable entrepreneurship through the integration of ethical values and individual, organizational, social, technological, and institutional capabilities.

Keywords: *Islamic ethical marketing, SMEs, financial literacy, innovation, ethical leadership, digitalization, sustainable entrepreneurship*

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1. Introduction

The dynamics of global business are becoming increasingly competitive and complex. This reality demands that Micro, Small, and Medium Enterprise (SME) actors not only orient themselves toward profit but also prioritize ethical values and sustainability in every aspect of their business activities. The concept of ethical marketing grounded in Islamic values is becoming increasingly relevant as an approach that emphasizes economic benefit while simultaneously underscoring barakah (divine blessing), justice, and social responsibility. SMEs occupy a strategic role in driving inclusive and sustainable economic growth. At the same time, however, they face considerable challenges in implementing ethical marketing practices. A primary challenge lies in the limitations of understanding and integrating Islamic values into marketing activities. Prior research has demonstrated that the application of ethical marketing in the SME context cannot be separated from structural factors such as regulation, access to halal certification, and the internal capacity of business actors (Fathoni et al., 2025). The advancement of digital technology presents an additional challenge to maintaining marketing ethics, particularly with regard to consumer data usage and algorithm-based communication strategies (Gorian & Osman, 2024). As the concept of Islamic-based ethical marketing continues to evolve toward effective implementation within SMEs and sustainable entrepreneurship, a systematic literature review approach becomes essential for integrating the existing body of research findings so as to provide a comprehensive and in-depth understanding of this phenomenon.

Conceptually, ethical marketing within an Islamic perspective is firmly grounded in Qur'anic values that emphasize the principles of justice (al-'adl), trustworthiness (al-amānah), and social responsibility (mas'ūliyyah ijtimā'iyyah). These values constitute the foundation of every business activity (Akilah et al., 2026), functioning simultaneously as a moral guide for individuals and as a principle of sustainable organizational governance. The principle of amanah is reflected in the provision of honest product information, while the principle of justice pertains to equitable conduct toward consumers and business partners. In addition, the Maqāṣid al-Sharīʿa framework offers a broader normative foundation by emphasizing the protection of fundamental aspects of human life, including wealth and intellect—principles that are directly relevant to transparent and consumer-beneficial marketing (Habib, 2025). Nevertheless, prior research has also indicated that the implementation of these values in modern business practice continues to exhibit a gap between the ideal conceptual framework and real-world application (Riaz, 2016). On the other hand, the development of the literature demonstrates that ethical marketing has transcended its understanding as a purely normative concept and has evolved into an integrative approach that synthesizes spiritual values, regulatory systems, and modern business strategies (Hatta et al., 2022). This indicates that a conceptual evolution in the understanding of Islamic-based ethical marketing is underway, one that warrants systematic scholarly examination to arrive at a comprehensive understanding.

The determinant factors that influence the implementation of Islamic-based ethical marketing in SMEs represent an important area of inquiry. A growing body of research indicates that financial literacy is one of the key factors influencing the capacity of business actors to engage in ethical and sustainable business practices (Rekha et al., 2025). Financial literacy—encompassing knowledge, awareness, and practical skills—enables business actors to manage resources efficiently and to avoid unethical practices.

Additionally, innovation serves as a critical factor in enhancing competitiveness and internalizing ethical values within organizations, as evidenced by research demonstrating that innovation exerts a dominant influence on Islamic ethics-based leadership (Judijanto et al., 2023). With respect to leadership, the ethical commitment of top management has been shown to have a significant influence on the formation of an organizational ethical climate, which in turn affects marketing practices and business performance (Islam & Alharthi, 2020). Digital transformation plays a role in shaping contemporary marketing practices while simultaneously giving rise to new ethical challenges related to data utilization and consumer privacy (Kahveci et al., 2024). Other research further demonstrates that digital media can serve as an effective vehicle for communicating Islamic values and shaping consumer perceptions (Putri & Astutik, 2021; Wijayati & Khafidhoh, 2022). The implementation of ethical marketing in Islamic-based SMEs is therefore shaped by a multidimensional array of mutually interacting factors, thereby necessitating an integrative approach to its scholarly examination.

The relationship between Islamic-based ethical marketing and business performance and sustainability also constitutes a significant issue in the literature. Research indicates that business ethics carries not only normative value but also produces a significant impact on corporate performance, both financially and non-financially (Islam & Alharthi, 2020). Islamic practices such as Islamic work ethics and Islamic social finance have been demonstrated to influence business performance through corporate social responsibility (CSR) mechanisms (Aziz et al., 2020). This suggests that ethical marketing operates through multiple, complex, and mutually reinforcing mechanisms. In the context of SMEs, business sustainability is determined not solely by economic performance but also by the capacity of business actors to integrate ethical values, innovation, and technology into their business activities (Hartanto et al., 2023). Other research further demonstrates that financial literacy and access to financing play an important role in enhancing SME performance and sustainability (Kurniasari et al., 2025). An Islamic value-based approach has likewise been shown to enhance consumer trust and customer loyalty (Hatta et al., 2022). To date, however, no integrative model exists that comprehensively combines all of these factors in explaining the relationship between Islamic-based ethical marketing and business sustainability. Accordingly, research capable of synthesizing these various findings within a unified conceptual framework is critically needed.

Although numerous studies have examined business ethics, financial literacy, innovation, and digitalization in the SME context, the majority of such studies remain partial in their scope. Research on Islamic-based ethical marketing remains largely confined to conceptual approaches while falling short in its application of systematic literature review methodology to synthesize existing findings (Rokhlinasari et al., 2025; Suginam et al., 2025)—particularly with respect to examining how the concepts, determinants, and implications of Islamic-based ethical marketing can be integrated within the SME context toward sustainable entrepreneurship. This study is therefore important in its aim to provide both theoretical and practical contributions to the development of an ethical marketing model grounded in Islamic values and oriented toward business sustainability. Specifically, this study seeks to explore the conceptual development and dimensions of Islamic value-based ethical marketing in the literature, to identify the primary determinant factors in its implementation within SMEs, and to analyze the relationship between ethical marketing and business performance and sustainability through a systematic literature review approach. It is anticipated that this study will yield a more comprehensive understanding and serve as a basis for the development of more ethical and sustainable business policies and practices.

In alignment with these objectives, the research questions of this study are formulated as three principal inquiries: (1) How has the concept and dimensions of Islamic value-based ethical marketing evolved in the literature, and what is its relationship to sustainability principles? (2) What are the primary determinant factors in the implementation of Islamic-based ethical marketing in SMEs, particularly those pertaining to financial literacy, innovation, ethical leadership, and digital transformation? And (3) What is the nature of the relationship between Islamic-based ethical marketing and business performance and sustainability, and what integrative models have been developed in the existing literature? By addressing these three questions, this study is expected to make a significant contribution to enriching the scholarly literature on Islamic-based ethical marketing while also providing practical implications for the development of sustainable SMEs.

2. Research Methods

The research method employed in this study adopts a non-systematic literature review (non-SLR) approach. This method was selected with the aim of comprehensively examining the conceptual development, determinants, and implications of Islamic-based ethical marketing in SMEs within the context of sustainable entrepreneurship. The data sources consist of 36 Scopus-indexed journal articles selected for their relevance to the subject matter. The research design is qualitative-descriptive in nature with an integrative approach, enabling the researcher to synthesize diverse empirical and conceptual findings from prior studies with the objective of constructing a holistic understanding of the phenomenon under investigation.

The sample in this study comprises 36 scholarly articles selected purposively based on the following inclusion criteria: (1) articles indexed in Scopus; (2) articles addressing the topics of ethical marketing, Islamic business ethics, SMEs, financial literacy, innovation, ethical leadership, or digitalization; (3) articles demonstrating relevance to the concept of business sustainability; and (4) articles published within the past five years. The article selection process was carried out through sequential stages of identification, screening, and eligibility assessment, with consideration given to the alignment of each article's content with the research focus, consistent with the approach employed in prior literature reviews (Hartanto et al., 2023).

The research instrument employed was a data extraction form designed to identify key information from each article, encompassing the research objectives, methodology, variables examined, principal findings, and contribution to the development of Islamic-based ethical marketing. The data collection procedure was conducted by searching scientific databases using relevant keywords, followed by in-depth reading of each article to ensure the validity and relevance of the information gathered.

Subsequently, data analysis was carried out through thematic analysis techniques, whereby research findings were categorized into several primary themes: the conceptual dimensions of ethical marketing, determinant factors, and the relationship with business performance and sustainability—consistent with the literature synthesis approach employed in prior research (Rekha et al., 2025). In addition, a comparative analysis was conducted to identify patterns, similarities, and differences across studies, as well as to formulate an integrative model capable of comprehensively explaining the interrelationships among variables. To enhance the validity of the findings, source triangulation was performed by comparing findings from multiple articles representing different contexts and methodological approaches (Fathoni et al., 2025). Through this approach, the study is expected to yield a synthesis that is systematic, transparent, and replicable by other researchers in comparable contexts.

3. Results & Discussion

Results

Table 1. Classification of Reviewed Articles According to Their Alignment with the Research Propositions

No.	Author(s), Year	Main Focus	Main Finding	Relevant Proposition	Classification
1	Ichsan et al. (2025)	Islamic economic principles and MSME sustainability	Islamic economic principles positively affect Islamic business ethics, performance, and MSME sustainability; Islamic economic literacy strengthens these relationships.	P1, P2, P3	Directly Aligned
2	Alkasasbeh et al. (2024)	Islamic fintech competitiveness and sustainability	Shariah compliance strengthens the contribution of fintech adoption to competitiveness and sustainability.	P2, P3	Partially Aligned
3	Munawaroh et al. (2025)	Digital empowerment and e-commerce adoption	Digital transformation requires technological readiness alongside justice, transparency, and Islamic ethical compliance.	P1, P2	Directly Aligned
4	Norvadewi et al. (2025)	Collaborative strategy and Islamic marketing	Collaboration based on Amanah, Ukhuwwah, Shura, and Ihsan positively contributes to SME growth and business sustainability.	P1, P3	Directly Aligned

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No.	Author(s), Year	Main Focus	Main Finding	Relevant Proposition	Classification
5	Fathoni et al. (2025)	Halal certification barriers	Financial support, regulatory simplification, and education facilitate halal certification among micro and small enterprises.	P1, P2	Directly Aligned
6	Akilah et al. (2026)	Qur'anic sustainable work ethics	Amanah and integrity provide a Qur'anic foundation for sustainable organisational governance and resilience.	P1	Directly Aligned
7	Rekha et al. (2025)	MSME financial literacy	Financial literacy affects decision-making, innovation, performance, and sustainability.	P2, P3	Partially Aligned
8	Islam and Alharthi (2020)	Ethical commitment and SME performance	Ethical commitment strengthens ethical climate, sustainable practices, and SME performance.	P2, P3	Directly Aligned
9	Habib (2025)	AI ethics and Maqāṣid al-Sharīʿah	Maqāṣid al-Sharīʿah provides normative principles for ethical, transparent, and beneficial AI governance.	P1	Partially Aligned
10	Gorian and Osman (2024)	Digital ethics and AI governance	Islamic ethical governance is required to protect privacy, transparency, and public trust in digital environments.	P1, P2	Partially Aligned
11	Maiga (2025)	AI and Maqāṣid al-Sharīʿah	AI can contribute to human welfare when governed according to Islamic ethical and Maqāṣid principles.	P1	Partially Aligned
12	Al Hadi et al. (2021)	Marketing ethics in Islamic banks	A gap exists between ideal Islamic marketing ethics and actual practices across product, price,	P1	Directly Aligned

No.	Author(s), Year	Main Focus	Main Finding	Relevant Proposition	Classification
			promotion, and distribution.		
13	Muhammad et al. (2020)	Islamic business ethics in SMEs	Tawhid, Khilafah, Amanah, and Adalah constitute ethical foundations for long-term SME success.	P1, P3	Directly Aligned
14	Ishak and Abdullah (2012)	Islamic marketing mix	Product, price, promotion, place, and people should be governed by justice, honesty, maslahah, and moral responsibility.	P1	Directly Aligned
15	Awalluddin et al. (2025)	Islamic brotherhood and business social responsibility	Religiosity and Islamic brotherhood encourage ethical, socially responsible, and welfare-oriented business practices.	P1, P2, P3	Directly Aligned
16	Azizah et al. (2023)	Halal-based MSME sociopreneurship	Religiosity and halal branding positively affect halal purchasing behaviour, while institutional and digital support facilitate MSME development.	P1, P2, P3	Directly Aligned
17	Hatta et al. (2022)	Islamic banking brand perception	Islamic values have the strongest influence on perceptions of Islamic bank performance, followed by regulation.	P1, P3	Partially Aligned
18	Wijayati and Khafidhoh (2022)	Islamic values in digital learning media	Digital technology can communicate Islamic values effectively when content is appropriately designed.	P2	Not Directly Aligned

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No.	Author(s), Year	Main Focus	Main Finding	Relevant Proposition	Classification
19	Putri and Astutik (2021)	TikTok and Islamic religious communication	Social media can effectively communicate Islamic knowledge and values through audience-appropriate digital content.	P2	Not Directly Aligned
20	Misman et al. (2021)	Islamic ethics for new media	Digital communication should follow truthfulness, responsibility, privacy, justice, and avoidance of harm.	P1, P2	Partially Aligned
21	Moursellas et al. (2024)	SME sustainability enablers and barriers	External enablers and internal barriers influence sustainability practices, which are associated with SME performance.	P2, P3	Partially Aligned
22	Afdawaiza et al. (2025)	Islamic social capital and halal MSME performance	Islamic social capital improves Islamic financial literacy and inclusion, which subsequently strengthen MSME performance.	P2, P3	Directly Aligned
23	Judijanto et al. (2023)	Islamic ethical leadership in microenterprises	Islamic ethical leadership is positively associated with business ethics, innovation, and financial inclusion.	P1, P2	Directly Aligned
24	Rokhlinasari et al. (2025)	Ethical finance and MSME resilience	Financial literacy has a strong positive effect on MSME sustainability, alongside Islamic fintech and Shariah governance.	P2, P3	Directly Aligned
25	Suginam et al. (2025)	Shariah financial strategy and MSME performance	Shariah financial literacy, compliance behaviour, and strategic financial management improve performance,	P2, P3	Directly Aligned

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No.	Author(s), Year	Main Focus	Main Finding	Relevant Proposition	Classification
			strengthened by Islamic entrepreneurial orientation.		
26	Hartanto et al. (2023)	Islamic finance practices in MSMEs	Islamic finance, business ethics, innovation, and moral considerations contribute to MSME development.	P1, P2, P3	Directly Aligned
27	Jundulloh and Nasution (2024)	Innovation and sustainable organisational performance	Innovation capability mediates the effects of entrepreneurial leadership and competence on sustainable performance.	P2, P3	Partially Aligned
28	Sulhan et al. (2025)	Islamic financial behaviour	Literacy, attitude, intention, and personality influence the implementation of Shariah-oriented financial behaviour.	P2	Partially Aligned
29	Rangkuti (2023)	Holistic Islamic business ethics	Islamic business ethics integrates justice, transparency, Shariah compliance, ethical leadership, stakeholder engagement, and social responsibility.	P1, P2, P3	Directly Aligned
30	Hardin et al. (2019)	Green marketing and innovative SME products	Environmentally friendly product innovation and marketing contribute to demand and marketing performance.	P3	Partially Aligned
31	Krara et al. (2025)	Sustainability innovation and entrepreneurial success	Sustainability innovation improves entrepreneurial success through knowledge application, strengthened by	P2, P3	Partially Aligned

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No.	Author(s), Year	Main Focus	Main Finding	Relevant Proposition	Classification
			environmental awareness.		
32	Abdelwahed et al. (2025)	Islamic leadership and employee performance	Islamic leadership positively influences organisational values, culture, motivation, and performance, but values and culture do not significantly predict or mediate performance.	P2; mixed evidence for P3	Partially Aligned / Mixed
33	Aziz et al. (2020)	Islamic practices, CSR, and SME performance	Islamic practices affect financial and environmental performance through different pathways, while CSR provides partial mediation.	P1, P3	Directly Aligned with Mixed Relationships
34	Riaz (2016)	Islamic marketing ethics	Islamic marketing emphasises justice, honesty, transparency, fair dealing, and value maximisation, while actual practices may diverge from these ideals.	P1	Directly Aligned
35	Kurniasari et al. (2025)	Financial literacy, FinTech, and SME sustainability	Financial literacy strengthens FinTech adoption and access to finance; business performance subsequently supports sustainability.	P2, P3	Partially Aligned
36	Kahveci et al. (2024)	Digitalisation and SME crisis response	Digitalisation and strategic flexibility contribute to adaptive strategies through crisis-response mechanisms.	P2, P3	Partially Aligned

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The reviewed literature provides strong but heterogeneous support for the proposed Islamic Ethical Marketing framework across P1, P2, and P3. Regarding P1, Islamic Ethical Marketing emerges as a multidimensional construct grounded in justice, honesty, transparency, Amanah, Shariah compliance, social responsibility, maslahah, halal integrity, Qur'anic work ethics, Islamic brotherhood, digital responsibility, and stakeholder welfare, although gaps remain between these ethical ideals and actual marketing practices (Ishak & Abdullah, 2012; Riaz, 2016; Muhammad et al., 2020; Al Hadi et al., 2021; Rangkuti, 2023; Akilah et al., 2026; Awalluddin et al., 2025; Fathoni et al., 2025). Regarding P2, its implementation is shaped by multilevel determinants encompassing individual factors such as financial and Shariah literacy, religiosity, attitudes, and entrepreneurial orientation; organisational factors such as ethical leadership and innovation; social factors including Islamic social capital and stakeholder relationships; institutional factors such as halal certification and Shariah governance; and technological factors including digitalisation and FinTech adoption (Islam & Alharthi, 2020; Judijanto et al., 2023; Afdawaiza et al., 2025; Rokhlinasari et al., 2025; Kurniasari et al., 2025). However, several studies provide only indirect conceptual support because they examine digital ethics, education, innovation, or sustainability outside the specific context of Islamic Ethical Marketing in SMEs, indicating that direct empirical validation of P2 remains limited (Wijayati & Khafidhoh, 2022; Putri & Astutik, 2021; Habib, 2025; Maiga, 2025; Gorian & Osman, 2024; Moursellas et al., 2024; Krara et al., 2025; Kahveci et al., 2024). Regarding P3, the evidence generally indicates that Islamic ethical principles and related capabilities contribute to SME performance and sustainable entrepreneurship through both direct and indirect pathways involving financial literacy, Islamic social capital, financial inclusion, entrepreneurial orientation, and other organisational mechanisms (Ichsan et al., 2025; Norvadewi et al., 2025; Afdawaiza et al., 2025; Rokhlinasari et al., 2025; Suginam et al., 2025). Nevertheless, mixed findings show that Islamic practices do not automatically produce superior performance, as their effects vary across financial and environmental outcomes and may depend on mediating mechanisms such as CSR and Islamic work motivation, indicating that Islamic ethical values must be translated into actionable organisational capabilities, motivations, and stakeholder practices to generate measurable and sustainable outcomes (Aziz et al., 2020; Abdelwahed et al., 2025).

a. Conceptual Development and Dimensions of Islamic-Based Ethical Marketing

A synthesis of the research findings indicates that the concept of Islamic-based ethical marketing has undergone a significant evolution, transitioning from a normative approach toward an integrative one that encompasses the dimensions of values, regulation, and modern business practice. The study by Fathoni et al. (2025) demonstrates that ethical marketing in SMEs is intrinsically linked to moral values and closely associated with the halal certification system as an indicator of market credibility. Akilah et al. (2026) identify three principal dimensions of Islamic business ethics—namely justice, trustworthiness (amanah), and social responsibility—which serve as the foundational basis for marketing practice. Riaz (2016) posits that Islamic ethical marketing is oriented toward value maximization, encompassing financial profit, divine blessing (barakah), and social welfare. Habib (2025) further introduces the dimension of Maqāṣid al-Sharīʿa, which extends the scope of ethical marketing to include the protection of fundamental human values. Gorian and Osman (2024) demonstrate that ethical marketing also encompasses aspects of data privacy and algorithmic fairness within the digital domain. Hatta et al. (2022) find that Islamic values exert an influence on brand perception within the Islamic finance and sharia-compliant industry. Wijayati and Khafidhoh (2022) as well as Putri and Astutik (2021) demonstrate that digital media can serve as an effective medium for the internalization of ethical values in marketing. Accordingly, the dimensions of ethical marketing as represented in the literature encompass spiritual, regulatory, social, and technological aspects that are mutually integrated and interdependent.

b. Financial Literacy as a Determinant of Ethical Marketing

The synthesis of findings indicates that financial literacy constitutes a primary determinant in the implementation of Islamic-based ethical marketing in SMEs. Rekha et al. (2025) identify three core components of financial literacy—namely knowledge, awareness, and skill in financial management. Kurniasari et al. (2025) demonstrate that financial literacy influences business performance through the enhancement of access to financing. Rokhlinasari et al. (2025) find that financial literacy functions as a mediating variable between Islamic financial technology (fintech syariah) and SME sustainability. Suginam et al. (2025) demonstrate that Islamic financial literacy contributes to improvements in business performance through strategic financial management. Sulhan et al. (2025) reveal that financial literacy shapes the financial behavior of SME actors in the context of business decision-making. Hartanto et al. (2023) demonstrate that financial literacy supports the implementation of business ethics and facilitates financial access within SMEs. Additional findings indicate that limited financial literacy constitutes a significant barrier to the implementation of transparent and accountable business practices. Taken collectively, financial literacy functions as a foundational capacity in sustaining the effective implementation of ethical marketing.

c. The Role of Innovation in Ethical Marketing

A synthesis of the research findings demonstrates that innovation constitutes a critical factor in strengthening the implementation of Islamic-based ethical marketing in SMEs. Judijanto et al. (2023) find that innovation exerts the most dominant influence on Islamic ethics-based leadership. Jundulloh and Nasution (2024) demonstrate that innovation functions as a mediating variable between entrepreneurial leadership and organizational performance. Hartanto et al. (2023) identify that innovation supports SME growth through improvements in competitiveness and operational efficiency. Kahveci et al. (2024) demonstrate that digital innovation enhances flexibility and responsiveness to changes in the business environment. Additional findings indicate that innovation is not confined to products alone but extends to processes and marketing strategies as well. Innovation is further found to play a role in the internalization of ethical values within organizations. Moreover, technology-based innovation enables SMEs to reach broader and more diverse markets. In general terms, innovation functions as a linking mechanism between values, ethics, and adaptive business practices.

d. Ethical Leadership and the Implementation of Ethical Marketing

The research findings demonstrate that ethical leadership plays a significant role in shaping ethical marketing practices within SMEs. Islam and Alharthi (2020) find that the ethical commitment of top management exerts a considerable influence on the organizational ethical climate. Judijanto et al. (2023) demonstrate that Islamic ethics-based leadership is influenced by innovation and financial inclusion. Suginam et al. (2025) find that Islamic entrepreneurial orientation strengthens the relationship between financial practices and business performance. Rangkuti (2023) identifies that the principles of justice, transparency, and social responsibility constitute the foundational basis of ethical leadership. Additional findings indicate that ethical leadership influences organizational behavior in the conduct of honest and transparent marketing practices. Leadership further plays a role in shaping a value-oriented organizational culture. Moreover, ethical leadership contributes to the enhancement of stakeholder trust. Taken as a whole, ethical leadership emerges as a key factor in the consistent implementation of ethical marketing.

e. Digital Transformation in Ethical Marketing

The synthesis of findings indicates that digital transformation constitutes an important factor in contemporary ethical marketing practice. Gorian and Osman (2024) demonstrate that digital ethics encompasses aspects of privacy and fairness in the use of technology. Kahveci et al. (2024) find that digitalization enhances operational efficiency and market access. Putri and Astutik (2021) demonstrate that social media can be utilized as a medium for value-based education and marketing. Wijayati and Khafidhoh (2022) find that Islamic value-based digital media enhances the effectiveness of marketing communication. Additional findings indicate that digitalization enables more effective and targeted marketing personalization. However, digitalization also gives rise to challenges related to data security and the ethics of information use. Furthermore, limited digital skills continue to pose a significant barrier for SMEs. Taken collectively, digital transformation has become an integral component of Islamic-based ethical marketing practice.

f. The Relationship Between Ethical Marketing and Business Performance

The synthesis of findings indicates that Islamic-based ethical marketing bears a significant relationship to business performance, both directly and indirectly. Islam and Alharthi (2020) find that organizational ethics exerts a meaningful influence on corporate performance. Aziz et al. (2020) demonstrate that Islamic practices affect performance through the mediation of corporate social responsibility (CSR). Hartanto et al. (2023) find that business ethics and Islamic finance contribute to SME growth. Kurniasari et al. (2025) demonstrate that financial literacy enhances business performance. Hatta et al. (2022) find that Islamic values influence brand perception and customer loyalty. Additional findings indicate that ethical practices enhance consumer trust. Furthermore, ethics is also found to exert an influence on corporate reputation. Taken as a whole, ethical marketing contributes to the improvement of business performance across multiple dimensions.

g. Ethical Marketing and Business Sustainability

The synthesis demonstrates that Islamic-based ethical marketing is associated with business sustainability through a variety of mechanisms. Aziz et al. (2020) demonstrate that CSR mediates the relationship between Islamic practices and sustainability. Rokhlinasari et al. (2025) find that financial literacy influences the resilience of SMEs. Kahveci et al. (2024) demonstrate that adaptive strategies enhance business sustainability. Suginam et al. (2025) find that Islamic entrepreneurial orientation strengthens sustainability outcomes. Habib (2025) demonstrates that Maqāṣid al-Sharīʿa supports value-based sustainability. Additional findings indicate that sustainability encompasses economic, social, and environmental dimensions simultaneously. Furthermore, ethical marketing is found to enhance long-term customer loyalty. Taken collectively, ethical marketing plays a substantive role in supporting business sustainability.

Discussion

a. Conceptual Development and Dimensions of Islamic Value-Based Ethical Marketing

The findings indicate that Islamic Ethical Marketing has evolved from a predominantly normative concept into an integrative and multidimensional framework that operationalises Islamic ethical principles within marketing relationships and activities. Its ethical core comprises Amanah, honesty, justice, transparency, Shariah compliance, halal integrity, social responsibility, stakeholder welfare, and maslahah orientation (Ishak & Abdullah, 2012; Riaz, 2016; Muhammad et al., 2020; Al Hadi et al., 2021; Rangkuti, 2023). Fathoni et al. (2025) further highlight the institutional role of halal certification, while Akilah et al. (2026) emphasise Amanah and integrity as foundations of sustainable organisational conduct. These findings distinguish substantive Islamic Ethical Marketing from the symbolic use of Islamic identities or halal labels without corresponding ethical behaviour. Indeed, the gap between Islamic ethical ideals and actual marketing practices identified by Riaz (2016) and Al Hadi et al. (2021) suggests that Islamic Ethical Marketing should be assessed through observable conduct, including truthful communication, fair pricing, responsible promotion, transparent product information, halal integrity, equitable stakeholder treatment, and avoidance of manipulation.

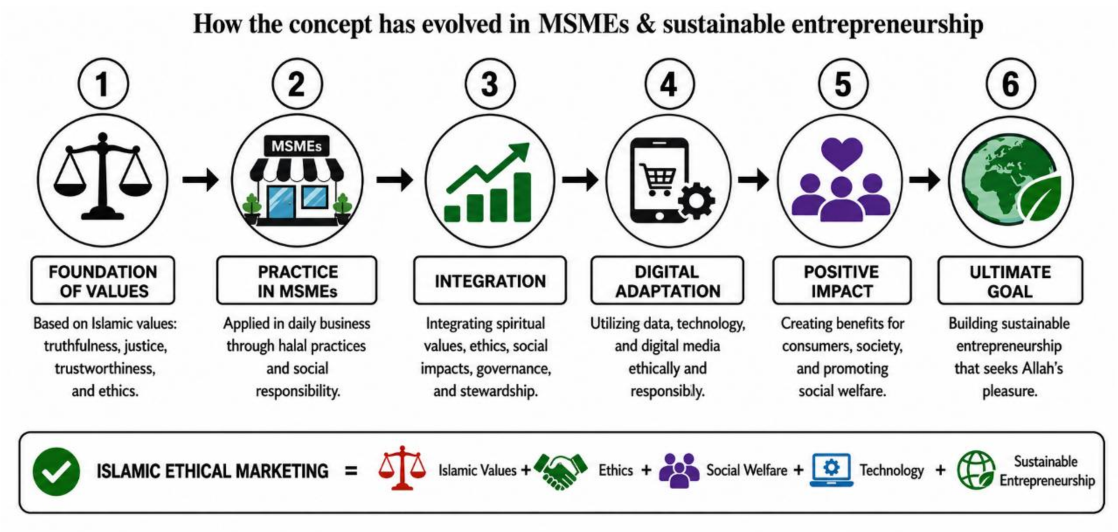

Figure 1. Islamic Based Ethical Marketing

Technological development further extends Islamic Ethical Marketing into the digital domain. Gorian and Osman (2024) highlight privacy, transparency, and responsible digital governance, while Hatta et al. (2022) demonstrate the importance of Islamic values in shaping brand perceptions. Wijayati and Khafidhoh (2022) and Putri and Astutik (2021) also show that digital media can effectively communicate Islamic values, although their findings provide indirect rather than direct evidence for SME marketing. Overall, these findings answer RQ1 by conceptualising Islamic Ethical Marketing as a multidimensional construct integrating spiritual, ethical, social, institutional, regulatory, and technological dimensions. The principal theoretical contribution lies in positioning Islamic Ethical Marketing as the operational manifestation of Islamic ethical values in relationships between SMEs, consumers, and stakeholders rather than merely as religious positioning.

b. Determinants of Ethical Marketing in Islamic Based SMEs

The findings demonstrate that Islamic Ethical Marketing does not emerge from ethical knowledge or religious orientation alone but is shaped by multilevel determinants that enable or constrain the translation of Islamic values into marketing behaviour. At the individual level, financial and Shariah literacy, religiosity, ethical attitudes and intentions, and Islamic entrepreneurial orientation influence responsible business decision-making (Rekha et al., 2025; Rokhlinasari et al., 2025; Suginam et al., 2025; Kurniasari et al., 2025). At the organisational level, ethical leadership, ethical climate, innovation, and entrepreneurial capability facilitate the implementation of ethical and sustainable practices (Islam & Alharthi, 2020; Judijanto et al., 2023; Jundulloh & Nasution, 2024). Social determinants include Islamic social capital, trust, reciprocity, Ukhuwwah, and stakeholder relationships (Awalluddin et al., 2025; Afdawaiza et al., 2025), while institutional determinants include halal certification, regulation, institutional support, and Shariah governance (Fathoni et al., 2025; Rokhlinasari et al., 2025).

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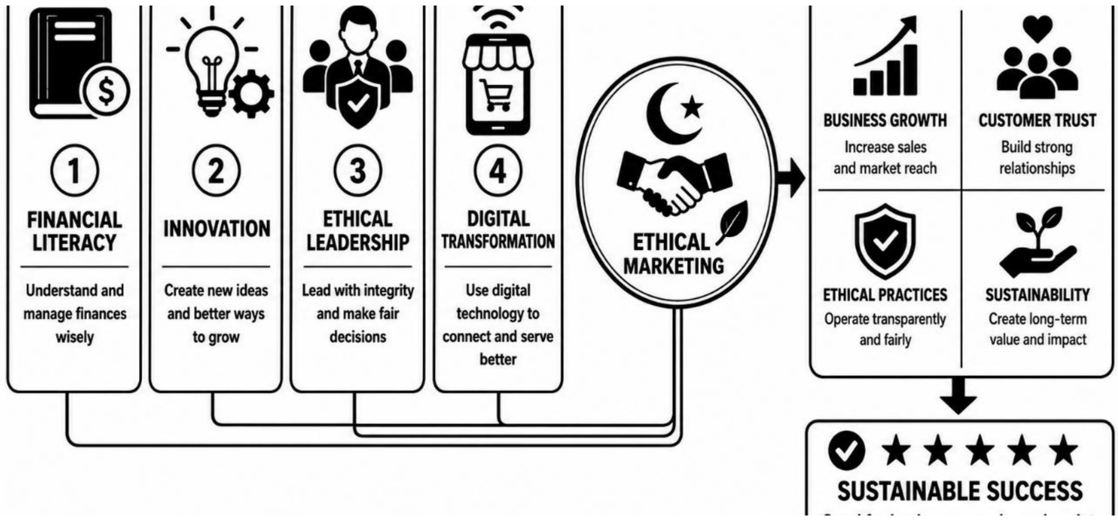

Figure 2. Determinants of Ethical Marketing in Islamic Based SMEs

Technological determinants include digital capability, FinTech adoption, e-commerce readiness, and responsible digital governance. Munawaroh et al. (2025) demonstrate that digital transformation requires technological readiness alongside Islamic principles of justice, transparency, and maslahah, while Kahveci et al. (2024) emphasise digitalisation and strategic flexibility as important adaptive capabilities. However, evidence from studies outside the specific context of Islamic Ethical Marketing should be interpreted as conceptual rather than direct empirical support. Accordingly, RQ2 is answered through five interconnected categories of determinants: individual, organisational, social, institutional, and technological factors. This integrated classification connects previously fragmented research streams and suggests that effective Islamic Ethical Marketing requires not only ethical awareness but also adequate organisational capabilities and a supportive business ecosystem.

c. The Relationship Between Ethical Marketing and Business Performance and Sustainability

The findings indicate that Islamic ethical practices are associated with SME performance and sustainable entrepreneurship through complex direct and indirect mechanisms. Islamic values and ethical practices may contribute to trust, stakeholder relationships, organisational performance, social responsibility, environmental performance, resilience, and long-term sustainability. However, the evidence does not support a universal direct-effect relationship. Aziz et al. (2020), for example, found that Islamic work ethics and Islamic social finance significantly influenced environmental but not financial performance, while religiosity significantly influenced financial but not environmental performance; CSR partially mediated these relationships. Similarly, Abdelwahed et al. (2025) found that Islamic organisational values and culture did not significantly predict or mediate employee performance, whereas Islamic work motivation represented a significant mechanism. These findings demonstrate that Islamic values alone do not automatically generate superior performance but must be translated into actionable capabilities and organisational practices.

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Other studies identify several mechanisms through which ethical foundations and related capabilities may contribute to performance and sustainability. These include Islamic social capital and financial inclusion (Afdawaiza et al., 2025), financial and Shariah literacy (Rokhlinasari et al., 2025; Suginam et al., 2025), innovation capability (Jundulloh & Nasution, 2024), access to finance (Kurniasari et al., 2025), knowledge application (Krara et al., 2025), and adaptive capability (Kahveci et al., 2024). The integrated relationship can therefore be represented as Islamic ethical foundations → enabling determinants and organisational capabilities → Islamic Ethical Marketing practices → intermediate stakeholder and organisational outcomes → sustainable entrepreneurship.

Figure 3. The Relationship Between Ethical Marketing and Business Performance & Sustainability

This framework answers RQ3 by demonstrating that the contribution of Islamic Ethical Marketing to sustainable entrepreneurship should be understood as a process of ethical value operationalisation rather than an automatic consequence of Islamic identity or religiosity. The relationship may be direct, mediated, or moderated depending on organisational capabilities and contextual conditions. The principal research gap is that most previous studies examine only selected components of this relationship, while relatively few directly operationalise Islamic Ethical Marketing as a multidimensional SME construct and simultaneously examine its antecedents and sustainability outcomes. Future empirical research should therefore develop and validate a multidimensional Islamic Ethical Marketing measurement model and test its contribution to the economic, social, and environmental dimensions of sustainable entrepreneurship.

d. Theoretical, Practical, and Policy Implications

The principal theoretical contribution of this study is an integrated framework comprising three interconnected layers: the ethical core, multilevel determinants and enabling conditions, and outcomes toward sustainable entrepreneurship. This framework integrates previously fragmented perspectives on Islamic ethics, financial and Shariah literacy, leadership, innovation, social capital, digital capability, institutional support, and governance while recognising that CSR, innovation, financial capability, motivation, knowledge application, and adaptive capacity may function as intermediate mechanisms.

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Practically, SMEs should translate Islamic ethical principles into observable marketing practices, including truthful communication, fair pricing, responsible promotion, transparent information, halal integrity, privacy protection, and equitable stakeholder relationships. At the policy level, SME development programmes should combine ethical and Shariah literacy with financial education, leadership development, innovation, digital competence, halal certification support, and Shariah governance.

e. Limitations and Future Research

This study has several limitations. The non-systematic literature review approach introduces potential selection bias, while restricting the literature to Scopus-indexed articles may exclude other relevant evidence. The reviewed studies are also heterogeneous in geographical context, methodology, theoretical perspective, and outcome measures, limiting direct comparison and generalisation. Moreover, several studies originate from adjacent fields, including Islamic finance, digital ethics, education, leadership, and sustainability, and therefore provide indirect rather than direct empirical evidence for Islamic Ethical Marketing. Future research should empirically validate the proposed framework, develop a multidimensional Islamic Ethical Marketing scale, and examine whether individual, organisational, social, institutional, and technological determinants influence ethical marketing practices and sustainable entrepreneurship. Longitudinal and cross-country studies are also required to assess the stability and generalisability of these relationships.

5. Conclusion and Suggestion

Based on the synthesis and discussion, this study demonstrates that Islamic Ethical Marketing in SMEs has evolved from a normative approach into an integrative and multidimensional framework encompassing spiritual, ethical, social, institutional, regulatory, and technological dimensions. Its core principles include justice, Amanah, honesty, transparency, Shariah compliance, halal integrity, social responsibility, stakeholder welfare, consumer protection, and maslahah orientation, while its implementation is shaped by multilevel determinants such as financial and Shariah literacy, ethical leadership, innovation, digital capability, Islamic social capital, institutional support, regulation, and Shariah governance. Comparative evidence generally supports the relationship between Islamic ethical principles, responsible business practices, SME performance, and sustainable entrepreneurship; however, the evidence is conditional rather than universal, involving direct and indirect mechanisms such as CSR, innovation, financial capability, motivation, knowledge application, and adaptive capacity. Mixed and non-significant findings (Aziz et al., 2020; Abdelwahed et al., 2025) further indicate that Islamic values do not automatically generate sustainable outcomes unless effectively operationalised through appropriate individual, organisational, social, technological, and institutional capabilities. Accordingly, this study positions Islamic Ethical Marketing as a potential strategic mechanism linking Islamic ethical foundations → multilevel determinants and organisational capabilities → Islamic Ethical Marketing practices → intermediate stakeholder and organisational outcomes → sustainable entrepreneurship, while highlighting the need for further empirical validation.

This study contributes theoretically by integrating previously fragmented perspectives on Islamic business ethics, SME capabilities, and sustainability into a more holistic conceptual framework that bridges Islamic ethical principles with contemporary business practices. Practically, the findings encourage SMEs to operationalise Islamic values through truthful communication, fair pricing, responsible promotion, transparent information, halal integrity, and equitable stakeholder relationships. From a policy perspective, SME empowerment programmes should integrate ethical and Shariah literacy, financial capability, leadership, innovation, digital competence, halal certification, and institutional governance. Future research should empirically validate the proposed framework and examine the direct, mediating, and moderating mechanisms through which Islamic Ethical Marketing contributes to the economic, social, and environmental dimensions of sustainable entrepreneurship.

Recommendations for Future Research

Based on the findings and limitations of this study, future research should employ quantitative or mixed-methods approaches to empirically validate the relationships between Islamic Ethical Marketing, business performance, and sustainable entrepreneurship, while developing integrative models incorporating mediating or moderating factors such as organisational culture, religiosity, and technological readiness. Further studies should examine the roles of digitalisation and artificial intelligence in Islamic Ethical Marketing and empirically investigate the operationalisation of Maqāṣid al-Sharīʿa principles in contemporary marketing practices. Expanding research across countries with different cultural and economic contexts is also necessary to enhance the generalisability of findings. In addition, future studies should explore the roles of government, Islamic financial institutions, and community organisations in supporting ethical marketing practices and examine how financial literacy, innovation, and ethical leadership can be integrated into SME capacity-building programmes. These research directions are expected to strengthen the empirical foundation of Islamic Ethical Marketing and advance the development of sustainable business practices grounded in Islamic values.

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