Jurnal Lemhannas RI (JLRI)
e-ISSN : 2830-5728
Vol. 13 No. 3, September 2025: 367-381
DOI: 10.55960/JLRI
https://jurnal.lemhannas.go.id/index.php/jkl

Spiritual Leadership, Sustainable SMEs, and Economic Resilience in Asian Emerging Economies

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Article Info:

Keywords:
Spiritual Leadership;
SMEs;
Sustainable Performance;
Economic Resilience;
Asian Emerging Economies.

Article History:
Received : 03-March-2025
Revised : 11-09-2025
Accepted : 30-09-2025

Article DOI :
10.55960/jlri

Abstract

Purpose: This study examines how spiritual leadership strengthens the sustainable performance and economic resilience of MSMEs in emerging Asian economies facing post-pandemic disruption, climate-related risks, and increasingly stringent ESG requirements. Guided by the *Tawhid String Relationship* (TSR) and *Maqasid Sharia* frameworks, the study analyses the relationships between spiritual leadership, workplace spirituality, innovative work behaviour, organisational citizenship behaviour (OCB), and crisis responsiveness.

Study Design/Methodology/Approach: The study adopts a structured narrative literature review by synthesising scholarly publications; institutional reports from the ADB, OECD, World Bank, and ASEAN; and practitioner documents. Content and thematic analyses are employed to examine the evidence within the TSR and *Maqasid Sharia* frameworks, integrating the vertical dimension (*habluminallah*) and the horizontal dimension (*habluminannas*) into MSME governance and sustainable business practices.

Findings: The findings indicate that spiritual leadership, characterised by vision, hope or faith, altruistic love, meaningful work, and a sense of community, strengthens MSME resilience by fostering intrinsic motivation, workplace spirituality, organisational citizenship behaviour (OCB), innovative work behaviour, and crisis responsiveness. Sustainable performance is further conceptualised through the Prophetic Economy (Quad P: Prophet, Profit, People, and Planet), which aligns with the principles of *Maqasid Sharia*. Viewed through the *Asta Gatra* framework, MSME resilience reflects the interaction between natural and social dimensions, indicating that spiritual leadership strengthens not only internal organisational values but also the broader strategic capacity required to sustain long-term business resilience.

Originality/Value: This study contributes by extending Spiritual Leadership Theory within TSR and *Maqasid Sharia* paradigms, positioning spirituality as a strategic nonmaterial asset to achieve *falah*, sustainability, and long-term competitiveness under ESG pressures.

How to cite: Janiah, S., Siswanti, I., Arijanto, A., & Herminingsih, A. (2026). Spiritual Leadership, Sustainable SMEs, and Economic Resilience in Asian Emerging Economies. Jurnal Lemhannas RI, 13(3), 367-381. https://doi.org/10.55960/jlri.v13i3.1288

e-ISSN: 2830-5728

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) constitute a fundamental pillar of economic stability across emerging Asian economies. According to the Asian Development Bank (ADB), MSMEs accounted for an average of 99.8% of all business establishments across 26 Asia-Pacific economies, employed 67.6% of the workforce, and generated 38.7% of national economic output in 2024 (ADB, 2025). Despite this substantial contribution, MSMEs remain highly vulnerable to external shocks (Miklian & Hoelscher, 2021). During the 2024-2025 period, business conditions became increasingly uncertain owing to tighter monetary policies in advanced economies, the slowdown of China's economy, which disrupted regional supply chains, and the persistence of geopolitical conflicts. Climate-related risks further intensified these challenges by disrupting critical infrastructure, while a significant protection gap persisted, with approximately 95% of MSMEs across South and Southeast Asia remaining uninsured against natural disasters and market disruptions (UNDP, 2025). At the same time, sustainable performance based on Environmental, Social, and Governance (ESG) principles has become an essential requirement rather than a voluntary corporate initiative. Regulatory developments, including the European Union's Carbon Border Adjustment Mechanism (CBAM) and the ASEAN Simplified ESG Disclosure Guide (ASEDG) Version 2, released in November 2025, increasingly require MSMEs participating in global supply chains to strengthen emissions transparency and environmental compliance in order to remain internationally competitive (ACMF, 2025).

Although governments and development agencies continue to promote digital transformation, with digital adoption among ASEAN MSMEs reaching 51% by 2024, alongside broader access to finance, implementation gaps remain substantial (ACCMSME, 2024). Many MSMEs across Southeast Asia continue to perceive sustainability as an administrative obligation or a short-term philanthropic activity rather than an integral component of long-term business strategy (Rani et al., 2023). Consequently, conventional resilience models that prioritise financial performance alone have provided limited intrinsic motivation for business owners to sustain adaptation during prolonged and overlapping economic, environmental, and geopolitical crises.

Growing uncertainty has consequently shifted attention towards leadership approaches that strengthen organisational resilience through meaningful work, ethical commitment, and psychological stability, thereby complementing conventional economic resources (Nguyen et al., 2024). Recent evidence further indicates that organisational resilience requires the integration of sustainability, adaptive organisational capability, digital transformation, and strategic governance to strengthen long-term competitiveness under conditions of increasing uncertainty (Kasmo et al., 2025; Doktoralina et al., 2025). Spiritual Leadership (SL), introduced by Fry (2003), emphasises vision, hope or faith, and altruistic love as the principal values that strengthen employees' intrinsic motivation and organisational commitment. Within resource-constrained MSMEs, particularly those characterised by relatively flat organisational structures, these values encourage innovative work behaviour and knowledge sharing while reinforcing organisational adaptability. Workplace spirituality further strengthens employees' emotional attachment and organisational citizenship behaviour (OCB), which collectively improve resilience under conditions of market uncertainty. Digital technologies and financial resources undoubtedly support organisational development; however, long-term economic sustainability ultimately depends on leadership that integrates ethical values,

e-ISSN: 2830-5728

collaborative relationships, and shared organisational purpose into everyday business practice.

This study dissects this phenomenon using the lens of TSR and *Maqasid Sharia*. The TSR theory views management not only as a worldly affair, but as an integration between the vertical relationship with the Creator (*habluminallah*) and the horizontal relationship between humans and nature (*habluminannas*). In TSR's view, every business decision is a mandate that must be accounted for ethically and transparently, in line with the dynamic sources of Islamic law (the Qur'an and Hadith) against the changing times. The implementation of spiritual leadership ultimately aims to achieve Maqasid Sharia, which is comprehensive well-being encompassing the protection of religion, soul, intellect, descendants, property, and the environment (Shompa et al., 2024). Through this integration, the performance of MSMEs is no longer measured partially through profits, but holistically through spiritual, financial, social, and environmental pillars to achieve *falah* (success in this world and the hereafter).

Furthermore, based on this background, this study formulates the following problems:

- How is the development of research on spiritual leadership in MSMEs in developing countries in Asia?
- How have previous studies defined and operationalized spiritual leadership in the context of MSMEs?
- How is the sustainable performance of MSMEs (economic, social, environmental) conceptualized and measured, and what indicators are most used in the economies of developing Asian countries?
- Through what main mechanism does spiritual leadership affect the economic resilience of MSMEs?
- What are the contextual factors that moderate the influence of spiritual leadership on the resilience and sustainable performance of MSMEs in developing Asian countries?

The purpose of this structured narrative literature review is to analyse the development, definition, measurement, and underlying mechanisms of spiritual leadership (SL) in Asian MSMEs, with particular emphasis on its contribution to sustainable performance and economic resilience. The review also identifies the contextual factors that moderate these relationships across developing Asian economies. Furthermore, the study contributes to leadership scholarship by extending the application of Spiritual Leadership Theory (SLT) and the TSR framework within the context of MSME resilience. Attention is given to the mediating role of workplace spirituality, which remains underexplored in the managerial literature on Asian MSMEs.

The study also offers practical implications for MSME leaders by providing a conceptual roadmap for developing more collaborative, ethical, and people-centred organisational cultures through concepts such as Pentagraph Responsibility. The findings support efforts to strengthen employee engagement, organisational commitment, and operational effectiveness without relying exclusively on external financial incentives. Methodologically, the study advances the literature by integrating a structured narrative literature review with the TSR framework to explain economic resilience from a broader perspective. Unlike conventional technical and secular approaches, the analysis positions spirituality and Islamic business ethics as the principal explanatory foundation for strengthening the resilience and long-term sustainability of MSMEs operating in an increasingly competitive global environment.

e-ISSN: 2830-5728

LITERATURE REVIEW

Grand Theory

This research draws on two main theoretical foundations, integrated to dissect the phenomenon of spiritual leadership and the sustainable performance of MSMEs, namely Tawhid String Relationship (TSR) and *Maqasid Sharia*.

Tawhid String Relationship (TSR)

The Tawhid String Relation (TSR) theory is a management concept based on the belief of monotheism in Islam, which encourages the dual relations of human beings, whereby with Allah SWT, it has a vertical relationship (Habluminallah), and a horizontal relationship with the environment/nature (*Habluminannas*). Economically, suffice it to say that TSR means all human activities, including those of finance and industry, shall be predicated on the teachings of monotheism as laid out in the Qur'an and Hadith. At the core of this theory is the idea that all wealth and sustenance emanate from Allah, and humans act as his caliphs (managers) on earth with a duty to look after these resources for the ultimate benefit of collective society. This study uses the TSR theory as it enables a synchronisation of business practices with spiritual and social expectations. TSR offers a complete ecological and sustainable model for the MSMEs to work ethically in terms of which, every decision of business is not judged on the basis of economic results alone but ethical considerations also bear their share (Nugroho & Mariyanti, 2021). Through the adoption of TSR, MSME management in developing countries in Asia can change work motivation from only seeking profit to become a form of worship which gives blessedness (*barakah*).

Maqasid Sharia

Maqasid Sharia refers to the purposes and wisdom behind the establishment of Islamic law, aimed at bringing benefits (*maslahah*) and preventing harm (*mafsadah*) to humankind. Conventionally, five main elements must be maintained in Maqasid Shariah: protection of religion (*hifz ad-din*), soul (*hifz an-nafs*), intellect (*hifz al-'aql*), heredity (*hifz an-nasl*), and property (*hifz al-mal*) (Nugraha et al., 2020). In modern developments, protecting the environment (*hifz al-bi'ah*) is also recognized as an important part of Maqasid Sharia (Nindyar & Nugroho, 2025). The research topic on the sustainable performance of MSMEs is closely aligned with *Maqasid Sharia*, as this theory guides the achievement of a balanced welfare between material and spiritual needs. The use of *Maqasid Sharia* as a foundation allows the measurement of MSME performance to be carried out holistically, covering financial, social, and environmental dimensions to achieve success in this world and the hereafter (*falah*). This provides a strong moral basis for applying Environmental, Social, and Governance (ESG) principles to MSMEs in Asia.

Definition and Basic Concept of Variables

Spiritual Leadership

Spiritual leadership refers to a leadership approach that integrates vision, hope or faith, and altruistic love to foster intrinsic motivation among leaders and followers (Fry, 2003). The approach addresses employees' spiritual needs by creating meaningful work

e-ISSN: 2830-5728

and strengthening a sense of community within the organisation. Spiritual leaders translate spiritual values into ethical leadership practices that cultivate trust, purpose, and commitment in the workplace (Udahemuka et al., 2023). Within MSMEs, this leadership approach becomes particularly relevant because relatively flat organisational structures and close interpersonal relationships enable leaders' values to influence organisational culture more directly and consistently.

SME Sustainable Performance

Sustainable performance extends beyond conventional financial outcomes, such as profitability and business growth, by incorporating environmental and social dimensions of organisational performance (Fauzi et al., 2010; Tjahjadi et al., 2021). Environmental performance includes initiatives such as emissions reduction, efficient resource utilisation, and waste management, whereas social performance emphasises employee well-being, community engagement, and broader stakeholder interests. Within Asian MSMEs, sustainable performance is commonly assessed through the Environmental, Social, and Governance (ESG) framework, which integrates economic viability with environmental stewardship and social responsibility. Organisations that effectively balance these dimensions are better positioned to meet stakeholder expectations while creating sustainable organisational value. Contemporary scholarship further emphasises that sustainability should be embedded within broader organisational strategy by integrating ESG principles, digital transformation, and adaptive governance to strengthen resilience under conditions of geopolitical uncertainty (Kasmo et al., 2025).

Economic Resilience

Economic resilience describes the capacity of an organisation or region to absorb external shocks, adapt to changing conditions, and recover while maintaining long-term growth and stability (Bruneckienė et al., 2019). Rather than representing a static condition, resilience develops through continuous learning, strategic adaptation, and accumulated experience in responding to crises. Within the MSME context, economic resilience refers to the ability to withstand market disruptions, sustain business performance under pressure, and identify new opportunities in changing economic environments. Flexibility, continuous innovation, and responsive leadership therefore strengthen organisational capacity to adapt to environmental change while maintaining sustainable business growth.

Previous Research

Several recent studies highlight the strategic role of spirituality-based leadership and values in strengthening MSME performance and employee behaviour. Alamimi & Nasaj (2025) demonstrate that spiritual leadership directly enhances innovative work behaviour, while knowledge sharing with workplace spirituality mediates knowledge sharing through workplace spirituality. Pertiwi et al. (2025) further show that spiritual leadership, combined with Islamic work ethics, significantly improves organisational citizenship behaviour among Generation Y and Z employees, fostering loyalty and voluntary engagement. Daryono et al. (2024) reveal that social, economic, value, and environmental drivers enhance MSME performance through professional culture and employee attachment. Setiawan (2025) finds that Muslim entrepreneur characteristics,

 e-ISSN: 2830-5728

particularly spirituality, directly influence post-pandemic resilience, with responsiveness acting as a key mediator between technology, environment, and resilience. Nugroho et al. (2023) emphasise that TSR and Itsar-driven altruism support value creation and social problem-solving in Islamic finance during crises.

Research Conceptual

If illustrated, the research conceptual framework in this study is as follows:

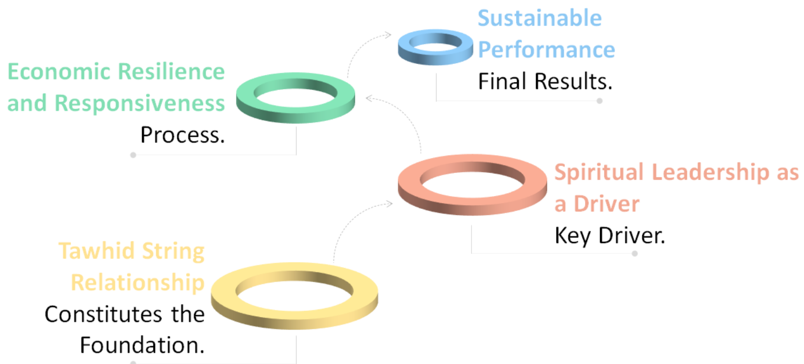

Figure 1. Research Conceptual Framework

As illustrated in Figure 1, the proposed research framework positions spiritual leadership (SL) as a principal determinant of sustainable performance among MSMEs. Internalisation of Tawhid String Relationship (TSR) values encourages MSME leaders to pursue economic prosperity while strengthening ethical conduct, organisational commitment, and a shared sense of community. Greater alignment with these values encourages organisational citizenship behaviour (OCB), innovative work behaviour, and collaborative engagement throughout the organisation.

Under conditions of economic uncertainty across emerging Asian economies, spiritual leadership strengthens MSME economic resilience by improving organisational responsiveness to external disruption. Leaders grounded in spiritual values demonstrate greater psychological stability, optimism, and strategic judgement when responding to crises, enabling organisations to adapt more effectively to changing business conditions. Continuous adaptation subsequently develops resilience as a dynamic organisational capability that transforms environmental challenges into opportunities for sustainable growth.

Alignment between economic resilience and sustainable performance further reflects the principles of Maqasid Sharia, which integrate economic prosperity with social responsibility and environmental stewardship. Protection of MSME livelihoods therefore extends beyond financial sustainability by generating broader social value and ecological responsibility that collectively strengthen regional economic resilience. Spirituality consequently represents a strategic organisational resource rather than a purely personal belief, enhancing the long-term competitiveness of MSMEs within an increasingly demanding global business environment.

DOI: 10.55960/jlri.v13i3.1288

e-ISSN: 2830-5728

METHODS

This study examines how Spiritual Leadership strengthens the sustainable performance of MSMEs in emerging Asian economies through a descriptive qualitative approach using a Structured Narrative Literature Review (SNLR). The analysis draws exclusively on secondary sources, including peer-reviewed journal articles, books, dissertations, government statistics, institutional reports, and publications from the Asian Development Bank (ADB), OECD, World Bank, and ASEAN. Literature was selected based on its relevance to spiritual leadership, economic resilience, and sustainable MSME performance.

Data were collected through systematic literature searches and document analysis using predefined keywords. Content analysis and thematic analysis were applied to identify recurring concepts, synthesise evidence, and develop thematic interpretations through data reduction, narrative synthesis, and conclusion drawing. Comparative assessment of policy documents and previous empirical studies strengthened the analytical rigour and interpretive validity of the findings. The final synthesis employed the Tawhid String Relationship (TSR) framework and the Maqasid Sharia perspective to explain the integration of spiritual values, social relationships, organisational resilience, and sustainable business performance.

RESULTS AND DISCUSSION

Research Developments on Spiritual Leadership in MSMEs in Developing Countries in Asia

Research on Spiritual Leadership (SL) within Micro, Small, and Medium Enterprises (MSMEs) across developing Asian economies has evolved from conceptual and theological discussions towards empirical investigations of organisational resilience, innovation, and sustainable performance. A review of studies published between 2021 and 2025 indicates a clear transition from secular leadership perspectives towards value-driven approaches that integrate spirituality into organisational sustainability. Publication trends have increased across the United Arab Emirates (UAE), Indonesia, and Malaysia, reflecting growing scholarly interest in organisational contexts characterised by collectivism, religiosity, and close interpersonal relationships. Evidence reported by Alamimi and Nasaj (2025) indicates that spiritual leadership strengthens innovative work behaviour through workplace spirituality among MSME managers, whereas Pertiwi et al. (2025) associate spiritual leadership with organisational citizenship behaviour among Generation Y and Z employees in Indonesia. Within resource-constrained MSMEs, intrinsic motivation derived from spiritual values strengthens psychological safety, encourages knowledge sharing, and promotes innovative work behaviour.

Concurrently, research increasingly integrates Spiritual Leadership with the *Tawhid String Relationship* (TSR) framework, which positions knowledge derived from the *Qur'an* and *Hadith* as the ethical foundation of organisational practice. Empirical evidence indicates that MSME leaders translate spiritual values into managerial decisions by integrating *habluminallah* and *habluminannas*, thereby strengthening ethical behaviour, psychological stability, and organisational resilience. Contemporary studies also broaden the assessment of MSME performance beyond financial outcomes by incorporating the objectives of *Maqasid Sharia*, including the protection of religion (hifz ad-din), life (*hifz an-nafs*), intellect (*hifz al-'aql*), lineage (*hifz an-nasl*), property (hifz al-

e-ISSN: 2830-5728

mal), and the environment (*hifz al-bi'ah*). Accordingly, sustainable performance reflects the integration of economic, social, environmental, and spiritual dimensions within a unified framework.

Growing international sustainability requirements have further redirected scholarly attention towards the contribution of Spiritual Leadership to MSME resilience. Regulatory initiatives such as the Carbon Border Adjustment Mechanism (CBAM) and the ASEAN Simplified ESG Disclosure Guide (ASEDG) have increased attention to responsible business practices, while the COVID-19 pandemic, China's economic slowdown, climate-related risks, and widening protection gaps have reinforced the need for adaptive organisational capabilities. Within this context, Sari et al. (2025) position Pentagraph Responsibility as a framework that places spirituality at the centre of economic, social, and environmental responsibility, whereas Setiawan (2025) identifies religiosity and Islamic work ethics as important determinants of entrepreneurial resilience, optimism, and strategic judgement during periods of crisis. Although earlier studies primarily emphasised business environments and technology adoption as drivers of resilience, more recent evidence identifies responsiveness and Spiritual Leadership as stronger explanatory mechanisms. Nugroho et al. (2022) and Nugroho and Mariyanti (2021) further extend this perspective through the Quad P framework (Prophet, Profit, People, and Planet), in which the Prophet dimension provides the ethical foundation for economic prosperity, social responsibility, environmental stewardship, and barakah, enabling MSMEs to align Islamic values with evolving global sustainability expectations.

Definition and Operationalisation of Spiritual Leadership in the Context of MSMEs in Previous Studies

Previous studies define spiritual leadership (SL) as a leadership approach that integrates spiritual values with intrinsic motivation to strengthen organisational sustainability. Within MSMEs, SL has evolved from a conceptual perspective into a practical managerial approach for enhancing economic resilience amid growing business uncertainty. Fry (2003) conceptualises SL through three dimensions, namely vision, hope or faith, and altruistic love, which foster meaningful work, strengthen organisational commitment, and reinforce employees' sense of belonging. Operationalisation of these dimensions enables leaders to communicate a clear organisational purpose, cultivate optimism and perseverance during uncertainty, and promote care, integrity, forgiveness, and mutual respect. Collectively, these values strengthen ethical behaviour, intrinsic motivation, and long-term organisational sustainability, particularly in Asian MSMEs characterised by flat organisational structures, limited bureaucracy, and close interpersonal relationships where leadership influence depends more on trust and shared values than on formal managerial authority.

Recent studies further extend Fry's framework by incorporating local religious and cultural values. Within the Indonesian context, spirituality closely interacts with religiosity, entrepreneurial orientation, social capital, and Pentagraph Responsibility, thereby strengthening ethical decision-making, organisational resilience, and social responsibility. Growing interest in SL also reflects the limitations of profit-orientated management in addressing economic uncertainty, climate-related risks, digital disruption, inflation, and broader socio-economic challenges confronting MSMEs. Leadership grounded in moral values strengthens emotional attachment, organisational citizenship behaviour, and voluntary contributions beyond formal responsibilities, thereby improving

e-ISSN: 2830-5728

organisational adaptability and long-term resilience. Integration with the *Tawhid String Relationship* (TSR) framework further positions the *Qur'an* and *Hadith* as the principal sources of ethical business values by linking habluminallah with habluminannas, allowing spiritual values to guide organisational decisions and sustainable economic development.

Alignment with *Maqasid Sharia* further broadens the operationalisation of SL by promoting the protection of religion, life, intellect, lineage, property, and the environment. Sustainable MSME performance therefore extends beyond financial achievement through the Quad P framework comprising Prophet, Profit, People, and Planet, where the Prophet dimension provides the ethical foundation guiding economic, social, and environmental objectives. Prophetic values, including integrity, trustworthiness, wisdom, and effective communication, strengthen the capacity of MSMEs with limited organisational and financial resources to improve resilience, maintain ethical governance, and achieve sustainable performance while responding to increasingly demanding ESG and environmental sustainability requirements.

Conceptualization and Measurement of Sustainable Performance of MSMEs Through the Quad P (Prophet, Profit, People, Planet) Mechanism in Asian Emerging Economies

Sustainable performance among MSMEs in emerging Asian economies has progressively evolved beyond the conventional Triple Bottom Line (TBL) towards a framework that integrates ethical and spiritual values with economic, social, and environmental objectives. Recent studies indicate that sustainability extends beyond risk management and compliance with Environmental, Social, and Governance (ESG) requirements by balancing economic prosperity with spiritual accountability (Diani & Nugroho, 2024). One of the principal developments identified in this review is the replacement of the Prosperity pillar in the traditional Tetra Helix model with the Prophet dimension proposed by Nugroho et al. (2023). The resulting Quad P framework positions spirituality and prophetic ethics as the moral foundation guiding the remaining dimensions of Profit, People, and Planet.

The Prophet dimension evaluates leadership integrity, ethical business conduct, and adherence to *Tawhid* principles. Within MSMEs, implementation includes creating workplaces that enable employees to practise worship in kaffah while conducting business in accordance with Islamic principles that avoid riba, gharar, and maysir (Saidah et al., 2024). The Profit dimension regards financial performance as a prerequisite for business continuity and measures organisational sustainability through profitability, market share growth, and operational efficiency (Daryono et al., 2024). The People dimension assesses employee welfare, occupational health and safety protection, and relationships with local communities based on the principle of *habluminannas* (Walecka-Jankowska et al., 2025). Supporting evidence indicates that 68% of MSMEs in Southeast Asia identify fair wages and employment security as key social performance indicators (UNDP, 2023). The Planet dimension evaluates environmental responsibility through waste management, energy efficiency, and greenhouse gas emission reduction, with reported adoption rates of 58%, 41%, and 34%, respectively (Hossain et al., 2025).

Evidence synthesised in this review indicates that the Quad P framework aligns more closely with the institutional and cultural characteristics of Asian MSMEs than the conventional Western Triple Bottom Line, which often requires greater organisational

e-ISSN: 2830-5728

capacity and financial resources (Sari et al., 2025). Positioning the Prophet dimension as the ethical foundation strengthens intrinsic motivation, stakeholder trust, and organisational commitment, thereby reinforcing economic performance during periods of uncertainty (Nugroho, 2023). Recent ESG reporting across 26 ADB member economies further reinforces this perspective, indicating that MSMEs account for 99.8% of all business establishments while increasingly operating within international sustainability frameworks. Consistent with this development, recent national resilience studies emphasise that sustainability initiatives become more effective when integrated with strategic governance mechanisms that strengthen institutional resilience and adaptive organisational capacity (Kasmo et al., 2025). Manufacturing and electrical-electronics firms increasingly comply with the Global Reporting Initiative (GRI) standards and export-market requirements that encourage the adoption of Sustainability Accounting Standards Board (SASB) practices, whereas locally developed initiatives, including Indonesia's Pentagraph Responsibility, place greater emphasis on cooperation, community responsibility, and environmental stewardship. The implementation of the Carbon Border Adjustment Mechanism (CBAM) has further increased the importance of greenhouse gas emission reporting, positioning environmental accountability as an essential component of sustainable performance for MSMEs participating in global value chains.

A study by Setiawan (2025) on MSMEs in Yogyakarta supports this finding by showing that the spiritual characteristics of entrepreneurs are the foundation for the use of more ethical performance indicators. In line with Le et al. (2019) in Vietnam, MSMEs that adopt tangible environmental indicators are proven to achieve higher financial performance through cost efficiency. The "protection gap," in which 95% of South and Southeast Asian MSMEs lack insurance against market shocks (UNDP, 2025), calls for a redefinition of sustainable performance measurement. Performance is no longer measured only by "growth", but by "adaptability".

The emergence of the ASEAN Simplified ESG Disclosure Guide (ASEDG) Version 2 in November 2025 reflects the growing need to simplify global sustainability standards while maintaining the competitiveness of Asian MSMEs. This development reinforces the argument that sustainable performance should incorporate responsiveness, defined as an organisation's ability to recognise changes in monetary policy, economic slowdowns among major trading partners such as China, and evolving sustainability requirements, and to translate these developments into timely strategic responses (ACMF, 2025; Setiawan, 2025). Continuous performance measurement through the Quad P mechanism finds its theoretical foundation in the Tawhid String Relationship (TSR) framework. The TSR formulation $\{\Omega,s\}\rightarrow *\theta\rightarrow\theta\rightarrow x\theta\rightarrow W\{\theta,x\theta$, explains that all performance dimensions emerge from the implementation of revealed knowledge ($x\theta$) into practical economic actions (Choudhury, 2018). Within the TSR framework, the vertical relationship with the Creator, represented by the Prophet dimension, guides economic activities (Profit) to strengthen social responsibility (People) and environmental stewardship (Planet). Alignment between the Prophet, Profit, People, and Planet dimensions ultimately supports the achievement of Maqasid Sharia, encompassing the protection of religion (*hifz ad-din*), soul (*hifz an-nafs*), intellect (*hifz al-'aql*), heredity (*hifz an-nasl*), property (*hifz al-mal*), and modern additions, namely environmental protection (*hifz al-bi'ah*) (Ridwan et al., 2023).

e-ISSN: 2830-5728

The Main Mechanism of Spiritual Leadership in Influencing the Economic Resilience of MSMEs

The findings identify spiritual leadership (SL) as a key driver of the economic resilience of MSMEs by strengthening psychological stability, ethical commitment, and adaptive organisational behaviour. Economic resilience develops through continuous adaptation, organisational learning, and recovery rather than remaining a fixed organisational capability. Vision, hope, and altruistic love strengthen psychological safety, encourage innovative work behaviour (IWB), and stimulate creativity, particularly in MSMEs characterised by simple organisational structures and less formal human resource systems. Stronger innovation capacity subsequently improves organisational adaptability and supports long-term economic resilience.

Spiritual leadership also strengthens intrinsic motivation, encouraging employees to contribute beyond their formal responsibilities. Greater organisational commitment promotes organisational citizenship behaviour (OCB), collaborative problem-solving, and voluntary knowledge exchange, enabling MSMEs to respond more effectively to economic uncertainty, climate-related risks, and market disruption. Workplace spirituality (WPS) further reinforces this relationship by mediating the influence of Islamic Work Ethics (IWE) on knowledge-sharing behaviour (KSB) and sense of community (SOC). Shared spiritual values encourage employees to exchange knowledge voluntarily, strengthen interpersonal trust, and pursue common organisational goals. Internalisation of spiritual values consequently transforms individual commitment into collective organisational capability, strengthening resilience and sustainable performance.

Entrepreneurial resilience further depends on the interaction among spirituality, religiosity, and entrepreneurial orientation. Spiritual values strengthen leaders' psychological stability, reinforce ethical judgement, and improve strategic responsiveness to changing market conditions. Digital transformation and technological innovation contribute to long-term competitiveness only when organisational values reinforce collaborative leadership and responsible decision-making. Consistent with the *Tawhid String Relationship* (TSR) framework, the *Qur'an* and *Hadith* provide the principal source of values that guide business practices towards prosperity by integrating habluminallah and habluminannas. Spiritual leadership translates Islamic values into ethical business decisions that balance economic objectives with *maslahah* and *falah*, extending organisational success beyond financial performance.

Achievement of sustainable performance also reflects the principles of Maqasid Sharia, which promote the protection of religion, life, intellect, lineage, property, and the environment. The Quad P framework comprising Prophet, Profit, People, and Planet positions spirituality as the foundational dimension integrating economic performance, social responsibility, and environmental sustainability. Growing global expectations regarding ESG implementation and environmental regulation further strengthen the strategic importance of these values, enabling MSMEs to improve long-term competitiveness while maintaining ethical governance and sustainable development.

e-ISSN: 2830-5728

Contextual Factors that Moderate the Influence of *Spiritual Leadership* on the Resilience and Sustainable Performance of MSMEs in Asian Developing Countries

Sustainable performance has evolved from the traditional Triple Bottom Line towards a framework grounded in spiritual, ethical, and intrinsic values among MSMEs in developing Asian economies. Recent research indicates that sustainability extends beyond technical risk management, ESG compliance, and administrative obligations by integrating economic objectives with spiritual accountability. Accordingly, the conventional Corporate Social Responsibility pillar of "Prosperity" is redefined as "Prophet," forming the Quad P framework of Prophet, Profit, People, and Planet, where the Prophet dimension provides the moral foundation that guides economic viability, social responsibility, and environmental sustainability.

However, spiritual leadership does not automatically strengthen economic resilience or sustainable performance because its effectiveness depends on ownership structure, participation in global value chains, institutional support, and local cultural values. Family-owned MSMEs, which dominate Indonesia and Malaysia, generally reinforce spiritual leadership through long-term orientation, mutual trust, emotional attachment, and shared values, thereby facilitating ethical conduct and ESG implementation with fewer bureaucratic constraints. Conversely, unclear managerial responsibilities, weak governance structures, and succession challenges reduce professionalism and constrain the effective implementation of spiritual leadership within organisational decision-making.

Global market integration and institutional support further shape this relationship. MSMEs participating in multinational value chains or export markets experience stronger pressure to adopt sustainability standards than enterprises serving domestic markets alone. Regulatory developments, including the European Union's Carbon Border Adjustment Mechanism, encourage environmental responsibility and transparent data management, transforming spiritual leadership from an administrative obligation into a moral commitment. Government support also determines whether spiritual values can strengthen organisational resilience. Access to finance, digital infrastructure, regulatory certainty, financial literacy, and Islamic financial services enables MSMEs to adopt sustainable business practices, whereas ethical commitment alone cannot sustain long-term investment, including green technology adoption, without sufficient financial resources and institutional support.

Cultural values provide another important moderating condition. National philosophies such as Pancasila reinforce cooperation, shared responsibility, and social justice, while value-homogeneous environments enable religiosity and Islamic work ethics to strengthen organisational cohesion across generations. Growing global economic uncertainty, climate-related risks, inadequate insurance protection, and rapid digitalisation further increase the importance of institutional support and global market integration within the Tawhid String Relationship framework for transforming spiritual values into economic and social outcomes. Integration between habluminallah and habluminannas ultimately positions the Quad P framework as a balanced approach that aligns economic viability, social responsibility, environmental sustainability, and *maslahah* within the principles of *Maqasid Sharia*.

e-ISSN: 2830-5728

CONCLUSIONS AND SUGGESTIONS

The study finds that spiritual leadership research in MSMEs within emerging Asian economies has been markedly more developed, focusing increasingly on empirical associations of spiritual leadership (via vision, hope/faith, altruistic love, meaningful work and community) with innovation/resilience alongside extra-role behaviors. Maqasid Sharia thus extends the sustainability of MSME, which in Europe and everywhere else is framed through ESG with a more holistic dimension of protection. Spiritual leadership promotes resilience through intrinsic motivation, workplace spirituality, OCB, innovation and crisis responsiveness especially when organizations are exposed to external pressures such as economic downturns, climate changes and green regulations. With the combination of TSR and *Maqasid Shariah*, leaders translate monotheistic values into moral principles that enhance competitive advantage with cultural, regulatory and digital factors (moderating variables). Having noted several limitations pertaining to secondary data, restricted geographical coverage, and a causal inference perspective (issues which we acknowledge), the study provides not only is a conceptual basis and practical path forward but also points towards fruitful avenues of future empirical, instrument development and longitudinal research that could help validate this work and extend these findings.

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