



Interpreting Strategic Costing Management Based on the Awareness of Muslim Entrepreneurs: A Phenomenological Study

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ABSTRACT

This study aims to understand the implementation of strategic costing in alignment with Islamic values among Muslim entrepreneurs. Muslim entrepreneurs who pursue Falah business goals – achieving social, economic, and spiritual well-being – must possess a deep awareness of Islamic values that reflect ethical practices in their business operations. This research uses a phenomenological approach as its methodology. Data collection was carried out through interviews with Muslim entrepreneurs in Mataram City. The findings reveal that the application of Islamic concepts in current business practices is still lacking. Therefore, as one of the regions in Indonesia with a Muslim majority, it is important to explore how Muslim entrepreneurs in Mataram City implement contemporary strategic costing in accordance with Islamic business values.

INTRODUCTION

In an increasingly competitive and dynamic business world, effective and efficient cost management is one of the main keys to achieving business success and sustainability. Cost management strategies, also known as *strategic costing management*, play a crucial role in ensuring that every business expense can provide optimal added value (Muthmainnah et al., 2019). However, in the context of Muslim society, cost management is not only viewed from the point of view of economic efficiency, but must also be aligned with Islamic spiritual and ethical principles. For example, a manufacturing company run based on Islamic principles will conduct regular financial audits to ensure transparency and honesty in all transactions, implement strict budget controls to avoid waste, allocate budgets for employee training, and set aside some profits for charitable activities in accordance with the principles of zakat and sadaqah. By implementing cost management that is not only efficient but also in accordance with Islamic values, businesses not only achieve financial success but also sustainable blessings and well-being, creating harmony between economic achievement and adherence to high ethical and spiritual principles.

Islam, as a religion that guides all aspects of the lives of its people, offers comprehensive guidance on ethics and responsibility in running a business. Concepts such as justice, integrity, and blessings are not only spiritual teachings, but they also have direct implications in daily business practices (Amsari et al., 2024). Good financial management is very important in developing the financial performance of entrepreneurs. However, in Indonesia, many entrepreneurs still face various obstacles in managing their finances, especially related to limited access to financing and lack of knowledge about effective financial management (Suharlina et al., 2024). Therefore, it is important to understand how Islamic principles can be integrated into *strategic costing management* to achieve business goals that are not only financially profitable, but also in accordance with spiritual values. This integration can be done by adopting principles such as honesty and transparency (Shiddiq) in every transaction, ensuring fairness in pricing and payment, and avoiding waste (Israf) in cost management. In addition, employers must allocate a portion of the profits to zakat and sadaqah, as well as invest in employee welfare through training and health facilities. Thus, businesses can achieve success that is not only measured by financial gains but also blessings and sustainable social well-being, creating harmony between economic achievement and adherence to Islamic ethical and spiritual principles.

The theories that underlie the understanding of cost management in an Islamic context can refer to some basic concepts. According to (Kajian et al., 2024), Islamic values in cost management include the principles of halal (halal), thoyib (good and clean), and fairness in business transactions. These principles lead to cost management that not only prioritizes economic efficiency but also maintains blessings and integrity in every aspect of business operations. Furthermore, Islamic economic theory underlines the importance of avoiding riba (interest) and gharar (uncertainty) in financial transactions (Safitri, N. A., Maulana, A. F., & Aulia, 2023). In cost management, this means choosing

financing and expenditure methods that are in accordance with sharia principles, such as shirkah (partnership) which is more profitable and blessed than riba-based financing (Sari et al., 2023). Budi (2019) added that the concept of justice in Islam plays an important role in ensuring that all *stakeholders*, including suppliers and consumers, are treated fairly. This includes responsibility for product quality and positive impact on consumers, as well as cost management that considers the balance between the rights and obligations of labor.

In the city of Mataram, which is one of the centers of economic and business activities in Indonesia, there are a number of Muslim entrepreneurs who are trying to apply Islamic principles in the management of their businesses. Despite the high intention and awareness to run a business in accordance with Islamic teachings, challenges in implementation often arise. This can be caused by various factors, ranging from a lack of in-depth understanding of the application of Islamic principles in cost management to practical obstacles faced in running a business. Despite efforts and commitments to integrate Islamic values in business, entrepreneurs in Mataram need further education and support. With a better understanding and practical assistance in overcoming obstacles, it is hoped that Muslim entrepreneurs in Mataram can run their businesses in a way that is not only economically profitable but also in accordance with the teachings of Islam, bringing blessings and benefits to the wider community.

This phenomenological study aims to explore how Muslim entrepreneurs in Mataram City interpret *strategic costing management* based on their awareness of Islamic values. This research will identify how Islamic principles such as halal, thoyib, justice, and responsibility are integrated in managerial decisions regarding costs, as well as the challenges and solutions they face in the process. By examining the experiences and views of Muslim entrepreneurs in Mataram, this study is expected to provide deeper insights into cost management practices in accordance with Islamic principles and provide practical recommendations to increase awareness and implementation of spiritual values in business cost management. Through a better understanding of this phenomenon, it is hoped that a harmonious synergy between business efficiency and spiritual blessings can be created, which will ultimately support the success and sustainability of the business in the midst of the challenges of the times.

THEORETICAL REVIEW

Strategic Costing Management

Strategic costing management is an approach that focuses on managing and controlling costs strategically to support the organization's long-term goals. According to Kaplan and Atkinson (2018), this concept includes the use of techniques such as *Activity-Based Costing* (ABC) and *Balanced Scorecard* (BSC) to understand and manage costs more effectively. In the context of modern business, *strategic costing management* plays an important role in creating a competitive advantage through efficient and effective cost management.

Activity-Based Costing (ABC) allows organizations to identify and manage costs associated with each business activity, provide a more accurate picture of the cost of a product or service, and identify areas of inefficiency. *The Balanced Scorecard* (BSC) on the other hand, combines financial and non-financial indicators to provide a more balanced view of the organization's performance, thus helping to see the impact of cost management on other aspects of the business such as customer satisfaction and internal processes (Galih Wicaksono, Lesi Hertati et al., 2023). Additionally, Value Chain Analysis is used to understand how each activity in the value chain contributes to the cost and value created, allowing organizations to focus on optimizing activities that provide greater value (Klaiber & Klopfer, 2021). Target Costing, which sets prices based on what customers are willing to pay, drives efficient product design from the very beginning of development. Kaizen Costing focuses on continuous improvement in cost management through small, sustainable efforts, emphasizing the participation of the entire organization in finding ways to reduce costs and improve efficiency (Rahmiyati, 2013).

Finally, *Strategic Cost Analysis* involves a thorough evaluation of the cost structure and how those costs relate to the organization's competitive strategy, aiding in making more informed decisions about resource allocation and developing effective strategies (Susi et al., 2023). In the context of modern business, *strategic costing management* plays an important role in creating a competitive advantage through efficient and effective cost management, ensuring that every expense provides maximum value for customers and other stakeholders.

Integration of Islamic Values in Cost Management

Islamic values emphasize the principles of justice, honesty, and responsibility in all aspects of life, including in business management. Suaidi & Mawardi (2023) in the theory of Islamic Business Ethics emphasizes that the integration between Islamic values in cost management includes the principles of halal (allowed) and thoyib (good and clean). This means that entrepreneurs must ensure that the entire process of costs and financing in their business complies with sharia principles, avoiding haram activities such as riba and gharar.

Gani (2022) in their study on Islamic financial management emphasized the importance of transparency and fairness in the cost structure. They underlined that entrepreneurs must prioritize fairness in interactions with all *stakeholders*, including in the management of costs and profits. Transparency in financial statements and clarity in profit sharing are important aspects that entrepreneurs must pay attention to to ensure that all parties involved understand and agree on how profits and risks are shared. This not only increases trust among business partners, but also creates a more stable and sustainable business environment. Furthermore, Gani highlighted that the application of the principle of shirkah (partnership) as an alternative financing that is more in accordance with sharia compared to riba-based financing can provide many benefits. Shirkah allows for the fair distribution of profits and losses, according

to the contributions of each party, thereby reducing the injustices that often arise in the conventional interest-based financing system. By adopting the shirkah model, entrepreneurs can ensure that their efforts are not only profit-oriented, but also welfare and justice for all *stakeholders*.

In this context, the application of sharia principles in financial management is not only about avoiding usury, but also about creating a fair, transparent, and sustainable system. Entrepreneurs who adopt these principles are expected to build a stronger business, get blessings, and have a wider positive impact on society. Thus, the integration of Islamic values in cost and financial management is an important step towards ethical and sustainable business development.

Jumardi et al., (2021) in their work on sharia-based cost management explained that cost management in Islamic business must reflect a commitment to social and ethical responsibility. They suggest that employers should strike a balance between cost efficiency and social responsibility, ensuring that all cost decisions support the principles of justice and blessings set forth in sharia. Effective cost management focuses not only on reducing costs and increasing profitability, but also on how those costs are managed to create greater social value. Muslim entrepreneurs need to adopt a holistic approach to cost management, where cost efficiency must be achieved without compromising ethical principles and social responsibility. This means that cost-related decisions must consider the impact on employees, consumers, and the wider community. For example, choosing to use more expensive but high-quality and halal raw materials, or giving fair wages to employees, even if it may increase operating costs, are actions that support the principles of justice and blessings. In addition, transparency in cost management is also an important aspect in sharia-based cost management. Employers must ensure that all costs and expenses are clearly documented and accountable. This transparency not only builds trust among stakeholders, but also ensures that all parties understand and agree on how costs are set and shared.

Marketing Mix in Islamic Context

The marketing mix, which consists of products, prices, venues, and promotions, must be adapted to reflect Islamic values. According to Rahim & Mohamad (2021), the adaptation of the marketing mix in the Islamic context can increase the loyalty of Muslim customers who are increasingly aware of the importance of consumption in accordance with sharia. The product must meet halal and thoyib standards, which means that the product is not only halal in its raw materials and manufacturing process, but also good and beneficial to consumers (Muklis & Sari, 2020). The price must be fair and does not contain elements of *riba*, which means that the price must reflect justice for both parties without the practice of exploitation or excessive interest (Asri Jaya, 2023).

Distribution venues or channels must ensure that products remain halal during the delivery process, including maintaining cleanliness and separating halal products from non-halal products during transportation and storage (Isnaeni, 2020). It is important to maintain the integrity of halal products

and ensure that there is no cross-contamination that can damage the halal status of the product. Careful handling in the distribution chain also includes close monitoring and training for personnel involved in the delivery process to understand the importance of maintaining halal products.

According to Nabila A'yun et al., (2021), promotions must be carried out in an honest and non-deceptive manner, which means that all claims must be provable and there is no attempt to mislead consumers regarding the quality or benefits of the product. Transparency in marketing communications is essential for building consumer trust and ensuring that they get accurate and trustworthy information. Employers should avoid using hyperbolic language or unfounded claims that can give consumers false hope. In addition, promotion in the context of Islam must avoid the use of images or messages that are inappropriate or contrary to Islamic values. This means that advertisements and promotional materials must reflect decency and ethics in accordance with Islamic teachings. For example, ads that feature clothing should ensure that models dress modestly and don't flaunt their aura. Promotional materials must also be free from elements that can be considered as exploiting or degrading moral and spiritual values. By maintaining high standards in distribution and promotion, Muslim entrepreneurs can ensure that their entire business processes are in accordance with Islamic principles, from production to consumption. This not only increases consumer confidence but also brings blessings and sustainability to their businesses.

This approach not only ensures compliance with sharia but also builds trust and loyalty among Muslim consumers, who are more likely to value businesses that respect their religious values. By doing so, companies can create a sustainable competitive advantage in an ever-evolving market. Along with increasing awareness of the importance of consumption in accordance with sharia, the adaptation of this marketing mix has become increasingly relevant and crucial to reach and retain Muslim customers (Thoyib, 2023).

Related Research

Several previous studies relevant to this study have been conducted by various researchers. The results of these studies are an important reference for researchers in carrying out this study. Research by Rosyidah & Rofiah (2024) explains that Islamic business ethics play an important role in the expansion of retail industry franchises by emphasizing the principles of justice, transparency, social responsibility, and the environment. These principles ensure fair treatment between franchisors and franchisees, reduce conflicts through honesty, and increase trust and reputation of the company. Additionally, Islamic business ethics help identify and manage risks, improve business performance, and support long-term sustainability. Thus, Islamic business ethics become a strong foundation for building sustainable and successful business relationships.

According to Amrullah's research (2022), MSME actors, especially street vendors, comply with Islamic teachings in all aspects of trade, from product processing to marketing. They implement business development strategies that are in accordance with Islamic teachings, such as product

diversification, and provide the best service to customers with the principle of greetings and greetings. Additionally, they offer affordable prices to reflect social justice and well-being. MSMEs in Samalanga City also play an important role in creating job opportunities and improving community welfare. This research emphasizes the importance of managing businesses professionally in accordance with Islamic economic principles, avoiding the practice of capitalism, and creating a prosperous society based on Islamic ethical and moral values.

Another study identified some Islamic business ethics applied by micro-businesses, especially meatball traders and restaurants, during the livestock virus pandemic. These ethics include honesty that emphasizes honest practices in business transactions, as well as hospitality that provides friendly and respectful service to customers. In addition, business actors adhere to Islamic business principles such as Siddiq (truth), Amanah (trust), Tabliq (conveying messages), Fatahan (wisdom), and justice. The application of Islamic business ethics is also based on five core principles: unity (monotheism), balance (balanced justice), free will, responsibility, and truth/honesty. These principles guide business practices to ensure they are aligned with Islamic teachings and provide a moral framework for conducting business during difficult times (Solikhah, 2023).

METHODOLOGY

This study uses a qualitative approach with phenomenological methods to understand the subjective experience and meaning provided by Muslim entrepreneurs in Mataram City related to the implementation of *strategic costing management* based on awareness of Islamic values. The phenomenological approach is very appropriate to be used in this study because it allows researchers to explore how individuals experience and give meaning to certain phenomena in their lives, especially in the context of the application of Islamic principles in daily business practices (Wijaya, 2019).

Mataram City was chosen as the location for the research because it is one of the centers of economic and business activities in Indonesia with the majority of the population being Muslim. The subject of the study is Muslim entrepreneurs operating in various business sectors in Mataram City. The selection criteria for subjects include: entrepreneurs who are Muslims, run a business in Mataram City, and have knowledge and awareness of Islamic values in business practices. The data of the informant can be seen in the following table:

Table 1. Research Informant

No.	Informant's Name	Age of Informant	Type of Business
1.	Ahmad	25 year	Angkringan
2.	Surya	29 year	Fashion
3.	Bapak Hadi	41 year	Meubel

Data were collected through in-depth face-to-face interviews using semi-structured interview guidelines. The phenomenological approach in

interviews allows flexibility in digging up in-depth information according to the informant's experience and views (Tahir, 2023). This allows researchers to understand the essence of their experience related to the application of *strategic costing management* within the framework of Islamic values.

The data analysis in this study was carried out through five systematic stages. First, all interview recordings are transcribed into text form to ensure accuracy and ease of further analysis. Second, important statements from informants are inventoried and grouped into two main categories, namely noema (objective aspects) and noesis (subjective aspects). The third stage involves grouping important statements into units of meaning of noema and noesis based on the core themes that emerge from the data. Fourth, themes and units of meaning are synthesized into textual and structural descriptions that describe the essence of the informant's experience. Finally, the fifth stage is the construction of the meaning of the informant's experience in the form of a comprehensive narrative, which describes how Muslim entrepreneurs in Mataram City interpret and implement *strategic costing management* in accordance with Islamic values.

RESULTS

Business as Part of Worship

In business practice, it is very important for business actors to ensure that the materials and production processes used meet *halal and tayyib* standards. This is in line with the research (Sahib & Ifna, 2024) which confirms that the ingredients used must not only be *halal*, but also good and healthy to consume. In addition, the avoidance of unethical practices that only focus on reducing production costs without paying attention to the impact on consumers and product quality is a must. Islamic values teach that business is not just about making profits, but also part of worship that must be carried out with full social and moral responsibility.

As stated by Ahmad, an Angkringan entrepreneur:

"We always ensure that the ingredients we use for production {are halal certified} and do not harm health. We carefully research each ingredient and avoid ingredients that come from unclean or haram things. Even in the use of spices like MSG, we prefer {to choose healthier alternatives} even though the cost is higher. This is a form of our responsibility as Muslim entrepreneurs to provide the best products for consumers."

The concept of *halal* and *tayyib* in business, as explained by Sahib & Ifna (2024), emphasizes that every aspect of the business process must meet *halal* and *tayyib* standards. This includes the selection of ingredients that are not only *halal*, but also of good quality and do not harm the health of consumers. The production process must also be carried out in accordance with *tayyib principles*, including ensuring cleanliness, free from contamination, and maintaining the quality of materials during production.

Mr. Hadi, a furniture entrepreneur, added:

"We always strive to ensure that every ingredient we use in production meets halal standards. We are very careful in choosing suppliers and always check their halal certification. In addition, we also avoid the use of harmful chemicals and prefer natural ingredients even though the cost is higher. We do this as a form of our responsibility to consumers and also as an effort to run our business in accordance with Islamic principles. Efficiency is important, but it must not be at the expense of quality and consumer safety. We believe that by maintaining integrity and quality, God will bless our efforts."

However, the challenges in applying this principle are also acknowledged by Surya, a fashion business owner:

"In the selection of ingredients, especially to ensure that all materials used are completely free from non-halal elements, we have not paid too much attention. Although we know the importance of it, we are often tempted to choose cheaper materials to save on production costs."

This statement reflects the challenges faced by entrepreneurs in applying Islamic principles in their business practices. While there is an awareness of the importance of these values, there is still room for improvement, especially when it comes to the selection of truly halal and quality ingredients. Although awareness of the importance of Islamic values such as halal and business ethics has increased, many entrepreneurs still face difficulties in implementing these principles, especially in ensuring the selection of truly halal and quality ingredients. The main challenge is the lack of knowledge and support in adopting a production system that is fully in accordance with sharia (Barus, 2016).

In the context of strategic decision-making related to production costs, Muslim entrepreneurs in Mataram City try to integrate Islamic values in every step they take. They strive to achieve efficiency without sacrificing quality and ethics, utilizing efficiency to prevent unnecessary waste of costs, while a commitment to quality and care becomes a manifestation of their social responsibility (Setiowati, 2017). Within the framework of Islamic values, decisions related to *costing* are not only an effort to achieve economic efficiency, but also a tangible manifestation of moral and ethical commitment in running a sustainable and responsible business.

Early Alms Program and Ikhtiar Langit

These entrepreneurs in Mataram City have not fully integrated spiritual values in their business practices. Although many entrepreneurs understand that business is part of worship and the importance of evaluation of aspects of human resources (HR) worship, such as the implementation of *prayer* and *infaq*, the actual implementation of this concept is still limited. In the context of business as part of worship, some entrepreneurs try to implement alms programs at the beginning and strive for heaven through sacrificing production costs for the purposes of Islamic da'wah. The program reflects the understanding that

financial sacrifice in the form of alms at the beginning can be a means to obtain blessings and improve the spiritual quality of business.

As conveyed by Surya, a fashion business owner:

"We understand that business can be a means to get blessings, and one of the ways we try to apply is with the alms program at the beginning. However, the implementation of this program is still inconsistent. We often {plan to donate sales proceeds} from certain days, but sometimes we face financial constraints or operational issues that make it difficult for us to do so. Awareness of the importance of this program is also not completely evenly distributed among our employees, so there are challenges in implementing it effectively."

Surya's statement shows how entrepreneurs are trying to integrate spiritual principles in their business practices through the alms program at the beginning, although there are still obstacles in its implementation. It also reflects their commitment to running a business with a greater goal than just financial gain, which is to get blessings and make a positive contribution to society.

There is also a belief that acts of alms and worship such as *dhuha* prayers can increase "heavenly efforts," which are efforts and prayers made to get help and blessings from Allah. As stated by Ahmad, an angkringan entrepreneur:

"I know that the early alms program is very important, and we are trying to implement it. Even though sometimes the business is experiencing difficult times, we still allocate sales proceeds from the first three days of each period to alms. I am convinced that while this may have an impact on short-term profits, the blessings we have received are much greater. {Dhuha prayer and almsgiving} that we do is a form of heavenly effort that we believe will bring goodness and blessings in our business."

However, there are also different opinions expressed by Mr. Hadi, the owner of a furniture business:

"Alms is important, but we don't have a regularly scheduled program. We sometimes {donate to social activities}, but there is no fixed policy yet. Spiritual activities such as dhuha prayers are more private, there are no special programs at work."

From the various opinions expressed by entrepreneurs, it can be seen that there are efforts to integrate business activities with deep spiritual values, although not completely consistent and even. Entrepreneurs who implement the alms program at the beginning of business activities have a broader orientation than just looking for financial benefits (Pudyaningtyas et al., 2024). Many entrepreneurs consider business as a form of worship, and by allocating a portion of the proceeds of sales for da'wah purposes, they not only fulfill their social responsibilities, but also seek to get closer to Allah. Amarullah (2023), emphasized that entrepreneurs who apply spiritual principles in business practices tend to create a more ethical work culture. They believe that actions

based on these values can have a positive impact, both on society and the environment. The research shows that although many entrepreneurs are aware of the importance of this integration, there are still obstacles in implementing it consistently.

This integration between business and spiritual values not only reflects the practice of worship but can also shape a more ethical and responsible business culture. Sasongko & Budianto (2024) emphasized the importance of increasing awareness and understanding regarding the integration of spiritual values in business. They argue that a deeper understanding of Islamic concepts can help entrepreneurs maximize the potential blessings as well as achieve sustainable success. By adopting these principles, Muslim entrepreneurs can create business models that are not only financially successful but also have a significant positive impact on society and the surrounding environment. However, this research shows that there are still many entrepreneurs who have not fully implemented this Islamic concept, and there is a need to increase awareness and understanding of the importance of integration between spiritual values and business practices in order to achieve sustainable blessings and success.

Migration from Riba Financing to Shirkah

Although there is a deep understanding of the importance of moving from riba-based financing to partnership programs (*shirkah*) to achieve business blessings and cost efficiency, the real implementation of this concept still faces obstacles. Entrepreneurs in Mataram City try to direct all their operational costs only to activities that generate through mutually beneficial partnership programs. They took steps to avoid relying on financing from conventional banks, which were considered not to bring blessings. This understanding is rooted in the belief that riba (interest)-based financing is contrary to sharia principles and does not bring blessings.

As revealed by Surya, the owner of a fashion business:

"Previously, I used financing from conventional banks to develop my business. However, after studying the principles of sharia more deeply, I realized that riba is contrary to the teachings of Islam and does not bring blessings. Currently, I am {working with fellow Muslim entrepreneurs}, such as sharia cooperatives and Muslim business community partners in Mataram to get capital. We share the benefits and risks fairly, and this makes me feel more at ease because my efforts are in accordance with sharia principles."

In line with that, Mr. Hadi, a furniture businessman, revealed:

"In the past, when I relied on conventional bank loans, I felt uneasy. But now, I have switched to using {capital from Islamic banks and BMT (Baitul Maal wat Tamwil)}. The assets used are rented according to the use without the element of usury. This makes my business more blessed and increases my work spirit because it is in accordance with religious teachings."

Based on awareness of the importance of sharia financing, entrepreneurs in Mataram City are trying to divert all their operational costs into a mutually beneficial partnership (*shirkah*) program. They understand that *riba* is not only contrary to the teachings of Islam, but can also have a negative impact on business blessings. Therefore, they choose to use financing methods that are more in line with sharia principles, such as *shirkah*, where the benefits and risks are shared fairly between all parties involved.

However, Ahmad, an *angkringan* entrepreneur, revealed the challenges he faced:

"I know that the shirkah program is more in line with sharia principles and {actually wants to switch} to it. However, we still use some facilities from conventional banks because we have not fully found the right partner for the shirkah program. In addition, the process of getting a capital loan from fellow Muslims or Islamic banks is also not always easy and often takes longer than conventional banks."

Entrepreneurs who switch to *shirkah* often use capital loans from fellow Muslims or from Islamic banks as an alternative to conventional banks. The use of assets belonging to the leased partner in accordance with the use and principles of sharia, which avoids the element of *riba*, is also part of this practice. In addition, entrepreneurs also ensure that their transactions are in accordance with sharia principles, by paying attention to fairness in the distribution of profits and risks, as well as avoiding high uncertainty (*gharar*) in business deals.

Thus, it is important to obtain blessings in business and efficiency of cost structure through financing methods that are in accordance with Islamic principles (Susanti, 2020). This approach shows the commitment of entrepreneurs to run their business in a way that not only complies with the legality aspect but also in accordance with their religious values. They believe that by avoiding usury and practicing *shirkah*, they will not only gain better material benefits but also receive blessings from Allah. The adoption of *shirkah* also reflects efforts to create a more efficient cost structure, with fair sharing of risks and benefits that can drive operational and financial efficiency. Sharia financing, especially through *the shirkah model*, is increasingly in demand by Muslim entrepreneurs because this model avoids the elements of *riba* that are prohibited in Islam. *Shirkah* provides benefits in terms of justice, where benefits and risks are divided proportionally according to the contribution of each party (Alkalah, 2016).

However, despite a strong understanding of the benefits of *shirkah*, its implementation is still limited due to several practical challenges. Entrepreneurs often face difficulties in finding the right partner or gaining access to loans from Islamic banks, as well as a more complicated and time-consuming process compared to conventional banks. This shows that despite the goodwill and awareness of the importance of *shirkah*, there is still a need to improve access and understanding of sharia financing to facilitate a smoother transition.

By understanding the concept of *hijrah* from *riba* financing to *shirkah* in depth, entrepreneurs can design a business strategy that not only focuses on

financial benefits but also on blessings and adherence to spiritual values. This will help them strike a balance between business success and spiritual integrity and encourage more ethical and sustainable business practices. This approach emphasizes that despite the good intentions of entrepreneurs in Mataram to integrate Islamic values in their businesses, challenges in its implementation, such as the lack of the right partners and difficulties in obtaining capital loans from fellow Muslims or Islamic banks, still need to be overcome. This highlights the need for increased awareness and understanding of the importance of integration between spiritual values and business practices in order to achieve sustainable blessings and success (Amsari et al., 2024).

Accountability and Ethics in Stakeholder Relations

In an increasingly complex and dynamic business world, accountability and justice to *stakeholders* are the main foundation for a group of entrepreneurs. However, in the city of Mataram, there are still shortcomings in the application of Islamic concepts in business practices. Despite efforts to understand and integrate Islamic ethical values, entrepreneurs in the city have not fully implemented them in their business activities.

Entrepreneurs are expected to adhere to the principles of fairness and integrity in all their business interactions. In an Islamic context, this means that they are not only financially responsible, but must also ensure that all parties involved, such as suppliers, consumers, and employees, are treated fairly. Business people who apply the principle of fairness in transactions, including in relationships with suppliers, tend to be able to build stronger and more sustainable partnerships (Putritama, 2018). For example, employers should avoid *unjust* or unethical practices, such as delaying payments to suppliers or degrading product quality to reduce costs without paying attention to the impact on consumers.

In its implementation, employers must demonstrate a real commitment to treating suppliers fairly, which includes timely payment, fulfillment of contractual obligations, and avoiding exploitation of bargaining positions. In addition, entrepreneurs must prioritize product quality, ensuring that the products sold not only meet safety standards, but also provide tangible benefits for consumers. This includes avoiding practices such as deterioration in product quality or the use of materials that can endanger consumer health to minimize costs. Furthermore, entrepreneurs also need to pay attention to the positive impact of their products on consumers and the wider community, taking into account how their products affect the quality of life of consumers and the social impact of their business practices. Commitment to product quality, especially in the context of Islamic business, has a great influence on consumer trust. They emphasized that fairness and responsibility in business practices are at the core of Islamic principles, which focus not only on financial gain, but also on the well-being of all parties involved (Dwi Ramadhan et al., 2023).

As such, it is important for entrepreneurs to build sustainable business relationships based on integrity and fairness. The success of a business is not only measured by financial gain alone, but also by the extent to which they are able to

conduct the business in an ethical and responsible manner. Entrepreneurs who are committed to ethics and fairness tend to have more stable long-term relationships with suppliers and consumers. This can reduce the risk of conflict, improve business reputation, and create a more conducive environment for growth.

As expressed by Mr. Hadi, a furniture businessman:

"I always make sure that the products we produce are not only aesthetically beautiful but also sturdy and safe to use. We never use materials that can harm consumers, even though the price is cheaper. I also try to be {fair in payment} of employee salaries and repayment to suppliers. Fairness in business in my opinion is the key to creating lasting and mutually beneficial relationships."

The same opinion was conveyed by Ahmad, an angkringan entrepreneur, as follows:

"In running this business, I try to always pay suppliers on time. This is not only about business, but also for the sake of maintaining good relations and mutual trust. I also make sure that the ingredients I use are of high quality and safe for consumers. Although sometimes operational costs become higher, I believe that customer trust and satisfaction are the main thing."

Entrepreneurs who apply ethical principles in their relationships with stakeholders show that they value their social responsibility. This can increase public and consumer trust in their businesses, as well as contribute to the development of a fairer and more sustainable society. This approach reflects a commitment to conducting business with high moral principles, which in turn can inspire better and ethical business practices in the wider community. The implementation of Islamic values such as fairness in relationships with suppliers and commitment to product quality can improve the company's reputation in the eyes of consumers and encourage long-term success. By focusing on consumer satisfaction and trust, ethical businesses according to Islam tend to be more socially and economically sustainable (Dianto et al., 2023).

By understanding and applying the principles of accountability and ethics in relationships with stakeholders in depth, entrepreneurs in Mataram can overcome shortcomings in the implementation of Islamic values in their business practices. This will help them strike a balance between commercial success and moral integrity, as well as encourage the creation of more ethical and sustainable business practices.

The opinions expressed by Surya, a fashion business owner, are as follows:

"Basically, we always try to follow Islamic principles in every step we take. However, we recognize that {there is still room for improvement}, especially in terms of accountability and fairness to the relevant parties. For example, we try to pay all our suppliers on time, but there are some cases where we have to delay payments due to unforeseen financial constraints. We realize that this is not in accordance with Islamic values that value fairness in business transactions."

This illustrates that despite efforts to implement Islamic values in daily business practices in Mataram, there are still challenges and room for improvement in the aspects of accountability and fairness to stakeholders. This accountability is not only reflected in the relationship with suppliers, but also in their commitment to product quality. They believe that treating suppliers fairly is the key to building sustainable and mutually beneficial collaborations. In addition, responsibility for product quality is considered a long-term investment in maintaining consumer trust and building a good reputation. By prioritizing the interests of consumers in every business decision, they strive to not only achieve commercial success, but also improve their quality of life.

As such, it is important to maintain accountability and avoid injustice to *stakeholders*. This reflects their commitment to conducting business with high ethical principles, ensuring that every business interaction is built on a foundation of integrity and fairness (Pudyaningtyas et al., 2024). This approach is not only about earning profits, but also about building sustainable and meaningful relationships within the broader business ecosystem.

Challenges and Opportunities in the Implementation of Islamic Value-Based Strategic Costing Management

Challenges in the implementation of *strategic costing management* based on Islamic values include several aspects, one of which is limited access to sharia financing, which is also experienced by Ahmad, the owner of the *angkringan* business. Limited access to sharia financing is one of the main obstacles for small and medium entrepreneurs in applying sharia principles in business. Therefore, it is important to develop more inclusive Islamic financial institutions to support new entrepreneurs to be more advanced (Caron & Markusen, 2016). Many entrepreneurs, especially those who are just starting a business or in the small and medium sector, have difficulty obtaining financing in accordance with sharia principles. This is due to the limited number of Islamic financial institutions or strict requirements. These limitations highlight the reality that although many entrepreneurs have a strong desire to apply sharia principles in cost management, structural barriers such as access to appropriate financing are often significant constraints. This is in line with the points that have been discussed regarding the difficulties in finding partners or Islamic financial institutions that are able to support operational financing needs.

In addition, there are also challenges in ensuring consistent adherence to ethical principles, especially in maintaining fairness and transparency in cost management. In a competitive business context, the pressure to keep costs down can often lead to compromises on ethical values, such as delaying payments to suppliers or degrading product quality for efficiency. This often leads to Muslim entrepreneurs facing a dilemma between economic efficiency and adherence to Islamic ethical principles. This study notes that many entrepreneurs are forced to make decisions that are not in accordance with sharia values in order to maintain business continuity (Frank E. Vogel & Samuel L. Hayes, 2019). As stated by Surya, a fashion entrepreneur, that economic pressure sometimes makes them tempted to deviate from sharia principles in an effort to reduce costs. This shows

that these challenges are real on the ground, especially when entrepreneurs have to deal with an uncertain economic situation.

On the other hand, the implementation of *strategic costing management* based on Islamic values also offers various significant opportunities. One of the key opportunities is the increased reputation and trust of various stakeholders, including consumers, business partners, and the wider community. As conveyed by Mr. Hadi, the owner of the furniture business, that their business gains more trust from customers because they remain committed to the values of honesty and Islamic ethics in cost management. The application of Islamic values in cost management can improve the company's reputation and trust from consumers. Companies that integrate ethical principles and social responsibility in their business practices are more valued by society and have a greater opportunity to grow sustainably (Alviony Intania et al., 2021). In addition, the integration of Islamic values in cost management also paves the way for the creation of a more sustainable business model. By prioritizing blessings, ethics, and social responsibility, businesses not only focus on short-term financial gains, but also make a positive impact on society and the environment, creating balanced success.

Overall, both the challenges and opportunities that arise in the implementation of *strategic costing management* based on Islamic values are in accordance with the initial discussion. Challenges such as limited access to sharia financing and compliance with business ethics reflect conditions on the ground that need to be taken seriously. On the other hand, the opportunity to improve business reputation and sustainability through the application of Islamic values is also a force that can encourage positive change in the business world, as revealed by the informants.

CONCLUSION

Businesses that are run in accordance with Islamic values, such as *halal* and *tayyib* principles, not only aim to make profits, but also as a form of worship full of social and moral responsibility. Businessmen in Mataram, such as Ahmad and Mr. Hadi, have tried to ensure that the materials and production processes meet *halal* and *tayyib* standards. Despite the challenges in applying these principles, especially in the selection of cheaper materials or in terms of sharia financing, they remain committed to maintaining product quality and conducting ethical business.

In addition, entrepreneurs have also started to integrate spiritual values in their businesses through programs such as alms at the beginning and the use of sharia financing. However, the implementation of this concept is still limited due to practical challenges such as access to appropriate financing and operational constraints. However, with a commitment to Islamic values, they believe that businesses that are run with sharia principles will bring blessings and a good reputation in the eyes of consumers and the community and become a strong foundation for blessings and long-term success.

RECOMMENDATION

Based on the results of the research, there are several suggestions that are expected to be a guide for related parties to optimize the application of Islamic business principles in Mataram City more effectively, as follows:

1. An intensive and continuous education and training program is needed for entrepreneurs in Mataram City regarding Islamic business concepts. This training must include an in-depth understanding of the principles of *halal*, *tayyib*, alms, justice, and the application of the concept of *shirkah*. Educational institutions and religious organizations can collaborate to provide these programs.
2. The government and Islamic financial institutions need to provide further support to entrepreneurs in the form of incentives, easier access to capital, and business assistance. The partnership program between entrepreneurs and Islamic banks must be expanded and the process must be simplified.
3. The establishment and strengthening of the Islamic business community can help in sharing knowledge, experience, and resources. This community can also be a forum for discussion and development of practical solutions to the challenges faced in implementing Islamic business concepts.

FURTHER STUDY

Based on the results of the research, there are several limitations that need to be considered to support the integration of Islamic values in the business practices of entrepreneurs in Mataram City, as follows:

1. Despite the awareness of the importance of Islamic values, the level of understanding and in-depth knowledge is still uneven among entrepreneurs. Many entrepreneurs still struggle to understand and apply these principles as a whole.
2. The implementation of Islamic values in business often requires additional resources, either in the form of time, money, or manpower. Small and medium-sized entrepreneurs may face difficulties in providing sufficient resources to implement these changes.
3. There are cultural and structural barriers that prevent entrepreneurs from adopting Islamic business practices. For example, established business norms, business habits that are not in line with Islamic principles, and lack of support from the surrounding environment.
4. Despite efforts to improve the implementation of the Islamic business concept, systemic support from the government, financial institutions, and other institutions is still not optimal. This support is important to provide the framework and incentives needed by entrepreneurs.

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