

Innovation Using Islamic Values as Sustainable Competitive Advantage: Case study on Muslim Clothing MSMEs

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Accepted: 10 January 2023 | Published: 31 March 2023

DOI: <https://doi.org/10.55057/ijaref.2023.5.1.18>

Abstract: *This study explored how innovation using the approach of Islamic values was implemented among Muslim clothing MSMEs to gain a sustainable competitive advantage. The study employs qualitative case study. Data were obtained through observation, interviews and focus group discussions (FGD). Data were obtained from MSMEs in 4 cities in Indonesia, namely: Jakarta, Bandung, Depok and Tasikmalaya. The study found that all MSMEs in Muslim clothing involved in the study implement fundamental values and Islamic principles in business. The application of these values continues in the Covid-19 pandemic. This effort is considered as part of the innovations made to boost the competitiveness of the business in the market. Thus, Islamic values provide the foundation and guidance for Muslim clothing MSME owners in creating sustainable competitive advantage. This study was limited to MSMEs in Muslim Clothes business owners. It did not cover the fulfillment of criteria for fundamental values and Islamic principles on the supplier and retailer of the raw materials for Muslim clothing. Hence, it is suggested that study of innovation based on Islamic values on the supplier, retailer, producer, and distribution channels for raw materials can be carried out for further future research plan.*

Keywords: Innovation, Islamic value, Islamic principles, MSMEs, Sustainable Competitive Advantage.

1. Introduction

Muslim clothing in Indonesia in recent years has a high trend of increasing demand along with the increasing religiosity of the Indonesian Muslims. The main indicator of the increase of Muslims' religiosity can be seen in hijrah phenomena, which is currently experiencing significant growth, especially among millennials (Wicaksono, 2020). The increase of religiosity among Indonesian Muslims is also indicated by the increasing demand for halal products, as well as the development of halal products in Indonesia which on a global scale is ranked 5th (GIER, 2019).

In 2019, the Ministry of Trade and Industry reported that Indonesia was ranked third as an exporter of textile products to OIC countries with a value of USD 13.5 billion. The OIC countries that are the main export destinations for Indonesian textile products are Turkey with a value of USD 483.1 million, Bangladesh with a value of USD 194.2 million, Malaysia with a value of USD 164 million, and Pakistan with a value of USD 130.8 million. In mid-2022, Muslim clothing export was reported to experience a huge increase, as the it reaches 39.9

percent compared to 2021 with the value of USD 2.8 Billion (Republika, Tuesday, Aug 22, 2022). The increase was contributed by the massive growth of Muslim clothing business run by entrepreneurs ranging from home businesses, Micro, Small & Medium Enterprises (MSMEs) and corporations.

Referring to the provisions of the Law of the Republic of Indonesia No. 20 of 2008, the criteria for MSMEs can be divided into several categories, namely a) Micro-enterprises are productive businesses owned by individuals and/or individual business entities having a net asset of at most IDR 50,000,000. b) Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that have a net asset of more than IDR 50,000,000 to IDR 500,000,000 and c) Medium Business is a productive economic business that stands alone, which carried out by individuals or business entities that have a net asset of more than IDR 500,000,000 up to a maximum of IDR 10,000,000,000.

Muslim clothing has been regulated in the Quran, especially in relation to its functions, such as to cover the private parts (Surah al-A'raaf:26), ornaments (Surah al-A'raaf:31), and markers of protection and identity (Surah al-A'raaf:59). Most of those who are involved in the Indonesian Muslim garment industry are MSMEs that face many obstacles to innovate. Innovation is carried out as an attempt to maintain the existence and sustainability of economic agents. Bessant and Tid (2017) outline that the sources of innovation are inspiration, advances in knowledge, impacts on systems, and much more. Hence, inspired innovation can be derived from the spirituality of Islamic values as one of the driving forces of business innovation.

Innovation can occur in the process of manufacturing a product or delivering product value by the 'knowledge-push' and 'market-pull'. Innovation based on the process of delivering product value is more about how to position the company in which market segment category, while innovation based on the knowledge paradigm is more about how the company frames what it does (how we frame what we do) (Bessant & Tid, 2017). A study conducted in Semarang by Sugiyarti (2015) finds that there is a positive relationship between product innovation and competitive advantage in the apparel industry. Therefore, Product innovation in the apparel manufacturing industry is very important. In addition, to be able to compete in the market, the apparel industry with small and medium scale must always be consistent to produce quality products and always provide sufficient information of all the advantages of the value of its products to the costumers.

At the beginning of 2020, the Covid-19 virus attacked the business world massively. Although it did not have a direct impact on the clothing industry, the overall clothing industry around the world was also affected by the Covid-19 virus. A study conducted by Women Wear Daily (2020) finds that several brands in the world have temporarily closed their shops, boutiques, and postponed fashion shows to prevent the spread of this virus. This also has an impact on the supply chain of this industry from upstream to downstream. A report published by Clean Clothes (2020) revealed that garment factories around the world were forced to stop their production until a favorable time, even big brands like Zara and Mango had to temporarily suspend their production in Myanmar. Meanwhile, in Indonesia, a garment factory in Sukabumi stopped its operations for 14 days due to reduce supply of raw materials and cancellation of orders from clothing brands. In addition, many well-known brands such as Gap Inc, Gucci, 10 Corso Como and others decided to temporarily close their outlets, boutiques, and stores.

For their businesses to remain stable during the Covid-19 pandemic, MSMEs, including those producing Muslim clothing, need support and direction. Support can come in the form of knowledge, simple business permits, or capital funding assistance.

MSME including Muslim clothing MSMEs, need assistance and guidance to maintain business stability during the Covid-19 pandemic. Support can be in the form of capital funding assistance; ease of business permits or support in the form of knowledge. Training programs for MSMEs in the use of digital marketing strategies, like boosting marketing through social media, online advertising, and branding, have been effective in assisting MSMEs maintain business continuity (Raharja&Natari, 2021). In addition, the assistance of MSMEs by the Muslimahpreneur Community in Yogyakarta with series of Social and Charity (SC), Event Organizer (EO), Public Relations (PR) and Islamic Studies (IS) has proven to help MSMEs maintain business continuity with sharia values Islam (Hamidah et al, 2021).

This situation has forced MSMEs to maintain the sustainability of their business by making more room for innovations in various ways. MSMEs in Muslim clothing, that are supposed to run their business compliant with the values of Islamic sharia. These values provide a high spiritual effect in building a business and conducting company management based on Sharia Maqasid (Hadi, 2013). Hence, it raises the question of what kind of innovation is still relevant to the criteria of Islamic values. Based on the above, the authors are interested in conducting research on innovations carried out by Muslim clothing MSMEs by using the approach of Islamic values to obtain a sustainable competitive advantage during the Covid-19 pandemic.

In this study, the researchers attempted to explore how innovation using the approach of Islamic values was implemented among Muslim clothing SMEs to attain Sustainable Competitive Advantage.

2. Literature Review

2.1 Islamic Value Based Innovation

Innovation comes from the Latin, *in* and *novare* which means to form something new. The dimensions of innovation come in various ways, namely products, processes, positions, and paradigms (Tid & Besant,2017). Additionally, innovation in products involves alterations to the company's offerings of goods or services, whereas innovation in processes focuses more on adjustments to the way the company offers goods or services.

Islamic values and spirituality are very influential for Muslim clothing MSMEs in making innovations, especially in terms of building spirituality in the business they run. The MSMEs dressed in Muslim garb operate under the paradigm that the benefits attained are not just short-term gains for value, but also long-term gains for value in the hereafter. This advantage is associated with the value of the benefits provided to the people involved in the business they do. The concept of benefit in Islam can be interpreted as doing good or competing in goodness (*fastabiquil khairat*). In the Qur'an, the concept of goodness or competing in goodness is stated in surah al-Baqarah verse 148:

"For every nation there is a direction to which they face (in their prayers). So, hasten towards all that is good. Wheresoever you may be, Allah will bring you together (on the Day of Resurrection). Truly, Allah is Able to do all things." (Surat al-Baqarah 2: 148).

In the broader sense, Sadeq in Adham (2012) said that innovation in the Islamic perspective refers to search and research activities carried out by any human being after worshipping, even innovation is part of worship itself. In the verse of the Qur'an about the innovation process it is stated in surah al-Jumu'ah:10 which means:

"Then when the (Jumu'ah) Salat (prayer) is finished, you may disperse through the land, and seek the Bounty of Allah (by working, etc.), and remember Allah much, that you may be successful" (Surah Al- Jumuah:10).

According to Mohammed (2016), in its implementation, the innovation process in general, the concept of innovation and the search and research activities in Islam are always associated with several fundamental aspects that will lead to Islamic values based on the concept of monotheism, humans as caliphs, morality and optimization of product quality.

2.2 Halal Concept in Clothing

Clothes are simply textiles and fibers used as body coverings. Clothing, like food and shelter, is a human requirement. Clothing also serves as a form of beauty, has an impact on psychology, and is a cultural product, in addition to religious and moral demands (Shihab,2012). Clothing has a broader meaning in Islam, as it is part of the sharia, the rules of which have been limited by the Qur'an (Maknuna,2016). The concept of halal currently covers a wider aspect than food and beverages. Halal covers the travel, lifestyle, finance, clothing, media and recreation industries, as well as medicines, cosmetics and medical care products (Nirwandar in Murti, 2017).

The world's Muslim population, according to the Pew Research Center (2015) about 1.8 billion of the world's population or 24.1% of the world's citizens are Muslims. It is projected that the growth of the Muslim population will increase to 2.2 billion by 2030. This condition will become a distinct market and have an impact on the global economy. Halal clothing is still a relatively new concept in the clothing industry. In addition to focusing on clothing models, the concept of halal in clothing is a method of researching and investigating the possibility of using raw materials derived from lard fatty acid, which is processed into polycarbonate, in replacing coarse fibers in clothing (Murti, 2017).

When it comes to textile raw materials, naturally, animal and plant raw materials are used. Fur, skin, and other organs for jewels such as horns and teeth are commonly used as textile materials for animals. The use of animal-derived clothing materials is referred in Al Qur'an surah an-Nahl:80:

" And Allah has made for you in your homes an abode, and made for you out of the hides of the cattle (tents for) dwelling, which you find so light (and handy) when you travel and when you stay (in your travels), and of their wool, fur, and hair (sheep wool, camel fur, and goat hair), a furnishing and articles of convenience (e.g., carpets, blankets, etc.), a comfort for a while. " (surah an - Nahl:80).

This verse gives the impression that Allah SWT makes it easy for humans to perform activities and allows them to use the hair of sheep, camels, and goats to make tents, carpets, clothing, and other jewels. The use of fur from a good dead animal is permissible as long as the animal is not an impure animal (pig and dog). According to Imam Shafi'i, dog and pig skins cannot be tanned for their impurities. Skins that are permissible to be tanned are only from animals that are not considered impure by the sharia (Sari& Syatar, 2021). In addition, Imam Asy-Syarbini

ruled the verdict that fur that comes from an impure animal, both alive and dead, then the fur is considered as impure and if the fur comes from a pure animal, then the fur is pure (Royal Mufti of Brunei, 2007).

2.3 Fundamental Values and Islamic Principles in Business

The fundamental values and Islamic principles in business are based on the Qur'an and sunnah, which are regarded as primary guidelines and references for those who are involved in Muslim clothing MSME business. According to Zuhaili in Jaya (2019), the Qur'an serves as a guide in Islamic law which consists of creed law, ethical law and amaliyah (practical) law, while the sunnah is everything left by the Messenger of Allah in the form of words, deeds, taqir (approvals), physical characteristics, or morality, as well as good behavior. From these fundamental Islamic values and principles individual spirituality for Muslim clothing MSMEs are derived. In creating innovation based on Islamic fundamental values, there are four pillars of fundamental values and nine Islamic principles that must be referred to. These fundamental values are employed as the basis of business are Tawhid, humans as caliphate, morality, and quality of products (Mohammed, 2016).

According to Mohammed (2016) and Hijriyah (2016), there are nine criteria as derivatives of Islamic fundamental values, namely the principle of ownership (ownership), the principle of capital (capitalization), the principle of workers (workers), the principle of place of business (premises), the principle of equipment and equipment (tools and equipment), the principle of the source of raw materials (material resources), and the principle of the source of raw materials (material resources) (products).

2.4 Sustainable Competitive Advantage for MSMEs

Every business owner possesses resources and capabilities that place him ahead of his competitors. According to Thomson et al. (2017), business entities' resources can be both tangible and intangible. Intangible resources have characteristics that are difficult to see but are extremely valuable assets to a company. The resources and capabilities of a business entity make it superior to its competitors. Resources that give businesspeople a competitive advantage not just in one year, but over several years. If the company's resources and capabilities can sustain the company's existence and advantages over competitors, the company has a sustainable competitive advantage. However, not all business entities' resources and capabilities can provide competitive advantage.

According to Thomson et al. (2017), one method for assessing a company's resources and capabilities in order to provide a sustainable competitive advantage is to use the VRIN approach, which stands for valuable, rare, inimitable, and not easily replaced (no substitution). Sulistyandari and Handayani (2013) argue that the concept of sustainable competitive advantage in MSMEs is more of a survival tool than a growth tool. Sugiyarti (2015) stated the same thing, stating that small businesses should focus on added value in the production process and service innovation as a benchmark for competitive advantage rather than profit or market share.

3. Method

This study employed a qualitative method with a case study approach. The rationale for using a case study was that the study involved experiences that occurred in natural setting, like Muslim clothing MSMEs, in order to obtain a holistic interpretation of the situation being studied (Cresswell, 2007). A case study, according to Dooley (2002), is one method that excels

at helping us understand a complex issue and can add strength to what we already know from previous research. Furthermore, Yin (2003) adds that when the researcher cannot control events and the focus is on "contemporary phenomenon within some real-life context," a case study is a preferred strategy for answering "how or why questions."

Primary and secondary data were used. Primary data was collected from in-depth interviews and observations of the research subject, namely MSMEs in Muslim clothing. The sample of MSMEs in Muslim Clothing was chosen based on the criteria. Secondary data was collected from documents, books, journals, and scientific articles. The individual and the organization are the units of analysis in this study. Individuals include the owners of MSMEs in Muslim clothing, as well as MSMEs in Muslim clothing at the organizational level. The criteria for Islamic values, namely fundamental values and Islamic principles in the manufacturing industry that are applied to MSMEs in Muslim clothing.

To facilitate the flow of problem analysis, the research flow chart can be seen in Figure 1 below:

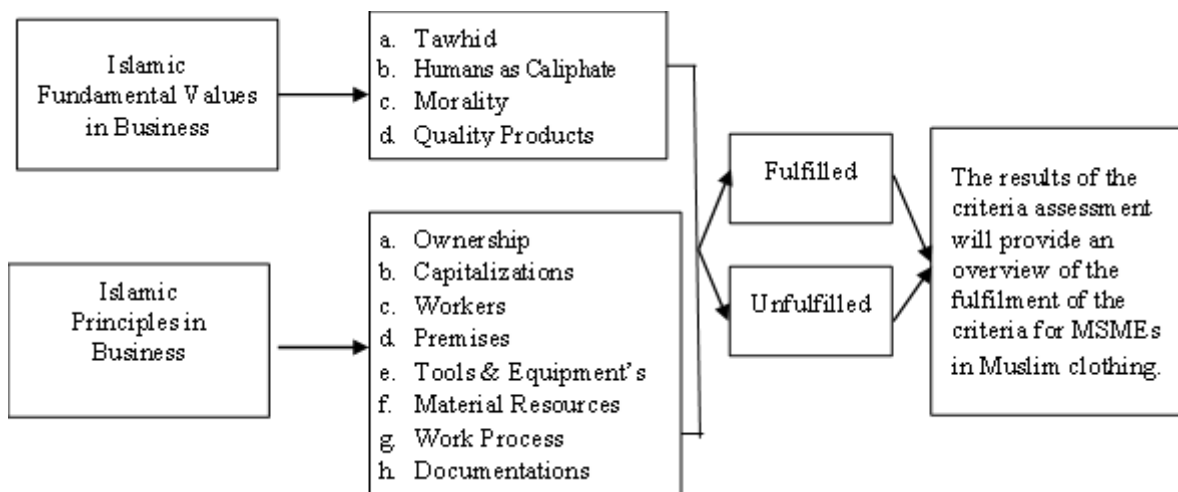


Figure 1: Research flow chart

4. Findings

Six MSMEs located in 4 cities in Indonesia were selected to be informants in this study, for the purpose of confidentiality the name of MSMEs is described as MSME 1 to MSME 6. The detail of the informants as follows:

Islamic Fundamental Values and Principles in Muslim Clothing MSMEs

Based on interviews and observation, it was found that innovation using the fundamental values and principles of Islam has been implemented by Muslim clothing MSMEs in this study. The findings from each MSME are summarized below:

MSME 1

MSME 1 located in Depok West Java, with IDR 100,000,000 after 7 years of experience, it has been managing the business very well. It makes innovations in terms of operational processes and understanding based on Islamic values. MSME 1 believes that the employees' awareness that business is a form of fulfilling human endeavors in the form of additional worship.

The owner has understood the fundamental of Islamic values related to monotheism, humans as caliphs, morality and optimizing product quality. He affirms that the most important value of monotheism is knowing the concept of sustenance. This is reflected in his faith that although currently there are many and varied distributors of Muslim clothing, he believes that Allah is the reason for customers to keep coming and transacting with his MSME. He also accepts the truth of the nature of the business which often experiences ups and down and many challenges. In addition, the fulfillment of the criteria that humans as caliphs is reflected in the MSME's view that humans are free to choose jobs and become business owners, making a very high attachment to God.

MSME 1 practices bonus profit policy to all employees to fulfill the criteria of morality. The policy applies that when income increases, the impact must be enjoyed by all parties, including employees. To fulfill product optimization criteria, MSME 1 as distributor, is very selective about the models and designs of clothes that are chosen to be sold. It only distributes garments that do not use thin and see-through materials and do not show the body shape of the users. This is in accordance with Maknuna(2016) that in Islam, clothing is not only a body protector, but has a broader meaning, clothing is part of the Shari'a whose rules have been given limitations in the Qur'an. This is part of the responsibility of MSME to adhere to the concept of faith.

To fulfill the criteria of Islamic values in their business, MSME 1 implemented the concepts of Islamic principles from its perspective by avoiding capital from the element of usury (capitalization). It is also observed that MSME 1 regulates and monitors activities of its employees including personal matters such as praying, reciting and other worship. In addition, the MSME seems to implement the Islamic teaching on cleanliness of the premise, as it keeps the place and equipment clean from dirt and things that can bring impurities to the product. In addition, the MSME maximizes the work process and documents all its business activities in a platform that is quite relevant and reliable. However, to fulfill the criteria of the source of raw materials, MSME 1 is still unable to ensure that the main raw materials of their clothing products meet the halal criteria, nevertheless, the MSME believes that its products are free from impurities and are obtained in good and appropriate ways in accordance to the law.

MSME 2

MSME 2 plays its role as producer and distributor for Muslim clothes ranging from robes, head scarves, cufflinks, and children wears. Located in Depok West Java, Indonesia, the MSME has been in the industry for 8 years, with average of monthly income IDR 150,000,000. In the concept of monotheism in general, MSME 2 affirms that business is a wasilah (medium) for sharing good values to all parties and as a mean to fulfil humans' responsibility as caliphs. Furthermore, the MSME believes that it is its responsibility to maintain its assets, and employees are in the MSME's view is the most important asset. It also believes that the MSME is morally responsibility to fulfill employees' both material and non-material needs. This is in line with Hijriah (2016) who states that the concept of morality in business aims at every human being in order to obtain happiness in life in this world and in the hereafter by maintaining their relationship with God, themselves, others and with nature.

It is observed that MSME 2 has almost met the criteria in terms of Islamic business principles in terms ownership, human resources, and others. However, in term of capital, MSME 2 has gained capital loaned from family without profit sharing system and usury.

Like MSME 1, in term the source of raw materials, MSME 2 is still unable to gain the guarantee of halal certification, nevertheless, the MSME believes that the product is clean, pure and free from impurities, and obtained in ways that are compliant with the Shari'a. This non-fulfillment has affected the fulfillment of the halal assurance certification, due to inability to fully meet the criteria. Although, currently MSME 2 is still unaware of halal certification procedure on clothing products, provided, it is a new thing in clothing business, nevertheless, the MSME is hopeful that there will be socialization and education regarding the necessity of halal assurance certification for all businesses, especially clothing.

MSME 3

MSME 3 is in Bandung West Java, plays its role as producer. It is considered as new player with only 4 years in the business with the average income of 50,000,000 per month. In carrying out innovations based on Islamic values related to their organizations, MSME 3 believes that the innovation is carried out more to do things that are in accordance with the Shari'a and Islamic guidelines in business. In addition, the MSME 3 believes that business must be done organically and naturally and not for social status.

MSME 3 believes that in Islam, business must be carried out as an effort to seek the pleasure of Allah and for that, all related elements must be strictly within the corridor of religion including business intentions, business processes and goals. This is in line with Gumusay (2015) who states in Islam, business is a mean to seek the pleasure of Allah. MSME 3 adheres to the value that business is more intended as a way to seek the pleasure of Allah, and it has to aim at the purpose of making impact on increasing piety for the owners and others who are involved in the business. Besides, it has to be is done according to the demands of the Shari'a.

In term of the value of morality, MSME 3 emphasizes on the concept of blessing in business. It implies that the goods sold must be halal and thayyib (good) in nature. In term of the value of quality, MSME 3 is making it effort as much as possible not to sell goods that have the indication of gharar (uncertainty) in term of ownership, as it does not acknowledge goods as long as they have not been received by the agents and selling partners, applies to all agents and selling partners.

It is observed that in term of the application of Islamic principles, MSME 3 has initiated the fulfilment of basic principles of faith and good worship practices as operational standard for all who are involved in the MSME. However, in terms of technical and administrative matters, the MSME seems not to have met the criteria. The unfulfillment of the criteria can be seen through the bookkeeping system which has not been recorded regularly, documentation of the company's vision and mission that are not found, and MSME's reliance on the owner himself for managerial matters such as marketing and company finances.

MSME 4

MSME 4 has been 12 years in the Muslim Clothes business as producer. It is in Depok West Java, with the average monthly income of 50,000,000. The MSME implemented the principle of tawheed (monotheism) in its business i.e., the belief that Allah alone is deity to be worshiped. Doing business according to this MSME's perspective is a form of worship as it must be based on the obedience to God. In term of morality, MSME 4 views that everyone been given responsibility by Allah. Therefore, the MSME bears the responsibility to provide accommodation for its employees, foods and religious lessons, especially about social etiquette.

In terms of application of the principles of Islamic values of the nine principles, it is observed that MSME 4 has almost met all of the criteria, especially regarding to human resources. All matters related to meeting employee's needs are prioritized, both material and non-material. For matters relating to capital, MSME 4 has fully gained its capital without involving usurious institutions and based on its owners' capital and with the help of their family funds. However, MSME 4 is still unable to provide regular record of financial transactions, as well as establishing profit sharing system for financiers.

For premise and equipment, MSME 4 is very careful about keeping the premise away from impurities and harmful effects to employees and the environment. This can be seen from the absence of pets, the schedules for duty roster, machine maintenance and transporting the remnants. However, the MSME has not been able to process and optimize the recycling of remnants of fabric.

MSME 5

MSME1 has been 5 years in the business, located in Jakarta with the average of IDR 10,000,000 monthly of income. The MSME's understanding of innovation based on Islamic values, is that the principle of business is the belief that business is a trust from God that must be carried out and maintained in accordance with sharia provisions. When God entrusted people with the business, it is believed that God provided them ability to run it. Therefore, MSME 5 believes that the outcome of business is how the business can benefit many people. Hence, it can be said that the spiritual motivation plays an important role for MSME 5 to run its business. This is in line with the opinion of Mubarak (2015) that spirituality is widely associated with the world of work, entrepreneurship, leadership and religion and plays an important role in the motivation and achievement of a Muslim.

In terms of the criteria for the principles of Islamic values in MSME business applications, MSME 5 has almost fulfilled all, especially for matters related to the concept of faith and piety for all parties involved, both MSME owners, employees, and all agents. This can be observed from the existence of an intensive program of worship practices such as the obligation to pray in congregation at the mosque on time for employees, fostering the correct way of reciting the Koran for employees and encouraging sunnah (voluntary) worship practices.

In terms of capital, MSME 5 does not involve usurious institutions in gaining the funds, in addition, it keeps the online record of financial transactions which makes it easier for owners to monitor transactions. While for the criteria of premise and equipment, MSME 5 has almost met all criteria, except for the issue of production equipment MSME 5 does not fully carry out detailed supervision of production, and it has negative impact on the products as they may be to indirectly be exposed or even contaminated with impurities.

MSME 6

MSME 6 located in Bandung, started the business 9 years ago, and currently is having the average of IDR 50,000,000 monthly income. It started its business with sewing skills with insufficient capital funds. Therefore, it affected the decision taken by MSME 6 in the beginning of business, in partnering with financial institutions that contain elements of usury for both working capital and soft loans. The process has had less impact on the sustainability of MSME 6 business. At this time, therefore, MSME 6 is trying to grow organically based on the remaining business results obtained.

This capital problem became the lesson learnt by MSME 6 in grasping the meaning of the concept of monotheism to run a business. MSME 6 has learned that no matter how much profit they get, if the basic capital violates the Shari'a, the result will remain zero or empty. Hence, change in the capital scheme of MSME 6 becomes a way of getting new start for the business processes. This is in line with the opinion of Adham, et al (2012) that in general the concept of innovation and the search and research in Islam is always associated with several fundamental aspects that will lead to values based on the concept of monotheism.

In terms of fulfilling the criteria for morality, MSME 6 prioritizes employee development through family-friendly approach by teaching sunnah practices to employees such as how to perform ablution and take a major bath properly according to the demands of Islamic law. It also fulfilled the criteria of the principles of Islamic values in business applications, as MSME 6 gradually fosters faith and devotion both personally for the owners and employees.

In terms of premise and equipment, MSME 6 is still running its business in residential premise, which creates in conduciveness and inconveniences such as large number of fabric remnants that have not been handled properly, piles of cloth which are stored close to the bathroom, raw materials and product build-up that are exposed to possible rat droppings and low-standard production site that is difficult to prevent work accidents from the process of cutting, sewing, attaching buttons, steaming and finishing. The only preventive measures taken by the MSME is providing first aid kits.

5. Discussion

From the data, the researchers found that all 6 Muslim clothing MSMEs that participated in this study share same idea on the centrality of tawhid as the focal point of spirituality of the business. All participants believe in the concept of rizq (provision) which comes from Allah. MSME 6 emphasized on the implication of tawhid in the practical aspect of the business by avoiding capital from the element of usury due to the belief that doing business is an act of worship, therefore, it is mandatory to free the worship from elements that are prohibited by God.

On the value of belief that human as caliph of Allah, MSME 1 viewed the experience of ups and downs situation as an indicator of the close attachment to God. While MSMEs 2, 3, 4 and 5 viewed business as a mandate to share value. In addition, MSME 5 linked the God's trust to the growth of business. This shows that all participants believe that MSMEs are considered as tool to upgrade human beings in order to prepare them to carry the function of caliph of Allah. MSME 6 linked employees' responsibility and accountability to afterlife consequences. To maintain employee's morale, they are provided with housing and food. In addition, employees are given directions and teachings on religious practices such as how to perform ablution and purification.

On optimization and Quality Products all participants share same concern on maintaining the quality of their product. They all ensured that their costumers get the best product possible, as they have variety of ways to maintain the quality of goods sold to their customers, MSME no 6 for example, which provides finishing area to check the stitching results, the quality of the button installation as well as labelling and branding the product. This section is not yet a full quality control area, because certain brands send quality control to check the quality of the stitches and labels. As tailor, MSME no 6 got orders from some well-established brands that

are strict in quality control, as they send their quality control officers to check the quality of goods ordered.

On the principles value, there were 9 criteria observed in this study, namely: ownership, capitalization, human resource, premises, tool and equipment, material resources, work process, documentation, and product. All participants share the vision on the connectedness of their business to Allah. On capitalization, all participants share same view on the prohibition of usury as all of them avoid usurious capitals for their business. In maintaining the quality of human resource, all participants stress on fostering the practice of sunnah among employees. Some participants provide Qur'an lesson and encourage employees to get involved in social activities initiated by the company. Business premise is very important element of MSMEs, all participants keep the cleanliness and purity of their premise by arranging duty rooster for employees. In addition, all MSMEs provide prayer room for employees to perform prayer, furthermore, participant no 5 encourage employees to pray at the mosque close by. While on tools and equipment all MSMEs seem to share objective to provide better tool and equipment by properly maintaining them. On material resources, all of MSMEs share same concern on providing best raw material they can from local producer, nevertheless, all of them unable to verify the halal status of the materials, however, they ensured that all muamalah processes done are halal. In order to ensure the quality of work, all MSMEs share their concern on distributing jobs to all employees by dividing work tasks based on their functions. On documentation, some MSMEs have not documented all of their transactions properly, some of them have documented them, whether using simple spread sheet or specific computer application. Finally, all participants produced various clothing product which are sharia compliant.

6. Conclusion

The finding of this study implied that implementation of fundamental values and Islamic principles in business among MSMEs in Muslim clothing is visible. This practice continues in the Covid-19 pandemic. As part of innovations, it was prepared to boost the competitiveness of the business in the market. Thus, Islamic values provide the foundation and guidance for Muslim clothing MSME owners.

Every MSME must continue to innovate as an attempt to be more competitive. Almost all MSMEs have limited capital, therefore, by basing innovation on Islamic values, it is hoped that all MSMEs can generate more capital so that they can survive competition during the Covid-19 pandemic. To increase the competitiveness of MSME products in Muslim clothing in Indonesia, the authority should provide the Halal Guarantee Act for all products circulating in the community, especially for MSMEs engaged in manufacturing clothing and convection services.

This study was limited to MSMEs in Muslim Clothes business owners. It did not cover the fulfillment of criteria for fundamental values and Islamic principles on the supplier and retailer of the raw materials for Muslim clothing. Hence, it is suggested that study of innovation based on Islamic values on the supplier, retailer, 1 producer and distribution channels for raw materials can be carried out for further future research plan.

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