Economics Studies and Banking Journal
Vol 2 (1) 2025 : 295-309

THE INFLUENCE OF MAQASID AL-SHARIAH ON SUSTAINABLE INVESTMENT DECISIONS IN ISLAMIC FINANCE

PENGARUH MAQASID AL-SHARIAH TERHADAP KEPUTUSAN INVESTASI BERKELANJUTAN DALAM KEUANGAN ISLAM

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ABSTRACT
Islamic finance is increasingly developing with an emphasis on sustainability, but the integration of Maqasid principles al-Shariah in sustainable investment decisions remains underexplored. This research aims to fill this gap by analyzing the influence of Maqasid al-Shariah on sustainable investment decisions in the context of Islamic finance. This research aims to explore how the principles of Maqasid al-Shariah can be used as guidelines in making investment decisions that are not only financially profitable but also consider social and environmental aspects. This research uses a Systematic Literature Review (SLR) approach by collecting and analyzing relevant articles from the Scopus and Web of Science databases. Inclusion and exclusion criteria were applied to ensure the quality and relevance of the analyzed articles. The findings show that the integration of Maqasid al-Shariah in sustainable investment decisions can increase positive impacts on society and the environment, and support the achievement of sustainable development goals. This research also identifies challenges in implementing these principles. These findings make a significant contribution to the Islamic finance literature by highlighting the importance of Maqasid al-Shariah in sustainable investment practices, as well as offering guidance for Islamic financial institutions to develop more inclusive and sustainable products.
Keywords: Maqasid al-Shariah, Sustainable Investment, Islamic Finance, Systematic Literature Review, Social Impact.

ABSTRAK
Keuangan Islam semakin berkembang dengan penekanan pada keberlanjutan, namun integrasi prinsip Maqasid al-Shariah dalam keputusan investasi berkelanjutan masih kurang dieksplorasi. Penelitian ini bertujuan untuk mengisi kesenjangan tersebut dengan menganalisis pengaruh Maqasid al-Shariah terhadap keputusan investasi berkelanjutan dalam konteks keuangan Islam. Penelitian ini bertujuan untuk mengeksplorasi bagaimana prinsip-prinsip Maqasid al-Shariah dapat digunakan sebagai pedoman dalam pengambilan keputusan investasi yang tidak hanya menguntungkan secara finansial tetapi juga mempertimbangkan aspek sosial dan lingkungan. Penelitian ini menggunakan pendekatan Systematic Literature Review (SLR) dengan mengumpulkan dan menganalisis artikel-artikel relevan dari database Scopus dan Web of Science. Kriteria inklusi dan eksklusi diterapkan untuk memastikan kualitas dan relevansi artikel yang dianalisis. Temuan menunjukkan bahwa integrasi Maqasid al-Shariah dalam keputusan investasi berkelanjutan dapat meningkatkan dampak positif terhadap masyarakat dan lingkungan, serta mendukung pencapaian tujuan pembangunan berkelanjutan. Penelitian ini juga mengidentifikasi tantangan dalam penerapan prinsip-prinsip tersebut. Temuan ini memberikan kontribusi signifikan terhadap literatur keuangan Islam dengan menyoroti pentingnya Maqasid al-Shariah dalam praktik investasi berkelanjutan, serta menawarkan panduan bagi lembaga keuangan Islam untuk mengembangkan produk yang lebih inklusif dan berkelanjutan.
***Kata Kunci: Maqasid al-Shariah,* Investasi Berkelanjutan, Keuangan Islam, Systematic Literature Review, Dampak Sosial.**

1. INTRODUCTION

Islamic finance has seen considerable advancements, particularly concerning sustainability, which is increasingly characterized by ethical investment practices and social responsibility guided by Shariah principles. Central to the notion of Islamic finance are the avoidance of riba (interest) and gharar (excessive uncertainty), which steer financial activities towards fairness and transparency, as well as prioritizing social welfare through mechanisms like Maqasid al-Shariah, outlining the overarching objectives of Islamic law aimed at human well-being (Sunarya & Rusydiana, 2022; Harahap et al., 2023).

The integration of Maqasid al-Shariah within sustainable investment frameworks reveals a significant opportunity for promoting both financial returns and positive societal impacts. Research indicates that Islamic finance principles align with wider sustainability goals, emphasizing social, economic, and environmental factors (Sunarya & Rusydiana, 2022; Tok & Yesuf, 2022). This connection gains relevance as sustainability in finance gathers momentum due to rising awareness of ecological and social issues, where sustainable investment considerations often extend beyond mere profitability to include community empowerment and natural resource conservation (Sunarya & Rusydiana, 2022; Widiastuti et al., 2022; Shahid et al., 2023). Such investments resonate with the values of Islamic finance, which emphasize social justice and environmental stewardship, making it a potential paradigm for responsible investment (Khan et al., 2023; (Tok et al., 2022; .

Despite these alignments, the direct examination of how Maqasid al-Shariah principles specifically influence sustainable investment decisions remains an emerging field of study (Tijjani et al., 2020; Adinugraha et al., 2023). A notable gap exists in empirical research assessing how these guiding principles shape investment strategies toward enhanced social and ecological outcomes. Additionally, while numerous scholars have explored Islamic finance's ethical underpinnings and their connection to corporate social responsibility (CSR) practices, further work is necessary to delineate the practical implications and challenges of integrating Maqasid al-Shariah into sustainable investment frameworks (Franzoni & Allali, 2018; Shahid et al., 2023).

Furthermore, Islamic social finance instruments, such as zakat and waqf, are increasingly recognized for their roles in sustainable development initiatives that align with the United Nations Sustainable Development Goals (SDGs). They provide funding mechanisms for projects aimed at uplifting communities socially and economically, thereby fostering the welfare objectives central to Islamic finance (Tok et al., 2022; Jan et al., 2021; Adinugraha et al., 2023). The emphasis on Islamic social finance as a potential driver for sustainable development illuminates opportunities for creating positive societal impact through Shariah-compliant financial practices (Notolegowo et al., 2023). In conclusion, there exists a synergy between Islamic finance, particularly through the lens of Maqasid al-Shariah, and the principles of sustainable investment. The path forward necessitates comprehensive research that empirically investigates how these frameworks can coalesce to foster solutions that are not only financially viable but also socially and environmentally beneficial.

The existing research gap regarding the influence of Maqasid al-Shariah on sustainable investment decisions is very real. Although there is a large body of literature discussing the relationship between Islamic finance and sustainability principles, research explicitly linking Maqasid al-Shariah with sustainable investment decisions is still very limited. Most studies only discuss the concept of sustainability in a more general framework, without exploring in depth how sharia principles, especially Maqasid al-Shariah, can be used as a basis for directing sustainable investment decisions.

In addition, existing studies often focus more on the basic theories of Islamic economics without paying sufficient attention to practical applications in investment decisions, especially in the context of sustainability. Further research is needed to explain how Maqasid al-Shariah—which includes five main objectives (protecting religion, soul, mind, offspring, and property)—can be translated into sustainable and responsible investment decisions.

Furthermore, although there is a fairly good understanding of the importance of sustainable investment in a global context, there is still a lack of clarity about how these sharia principles can be applied in modern investment practices, especially in the increasingly rapidly developing financial industry.

Based on existing research gaps, the main questions in this research are: **How does Maqasid al-Shariah integration influence sustainable investment decisions in Islamic finance?** This question aims to dig deeper into the relationship between Maqasid al-Shariah and the practice of sustainable investment decisions in the context of Islamic finance. Specifically, this research will try to answer how the five main objectives of Maqasid al-Shariah can be used as a guide to evaluate and direct investment decisions that are not only economically profitable but also consider social and environmental aspects.

By answering this question, this research aims to provide deeper insight into the application of sharia principles in a sustainable investment framework, as well as making a contribution to the currently limited Islamic finance literature in this regard.

This research is expected to make a significant contribution to the field of Islamic finance and sustainable investment. Through a deeper understanding of the influence of Maqasid al-Shariah on investment decisions, this study will fill existing gaps in the literature, especially regarding the application of sharia principles in a sustainable investment framework. Thus, this research can provide practical guidance for decision makers in the Islamic finance sector, as well as offering a theoretical framework that can be used to encourage investments that are not only financially profitable but also beneficial to society and the environment. Furthermore, this research will enrich academic discussions regarding the importance of Maqasid al-Shariah in the context of the modern economy, as well as show the relevance of sharia principles in supporting long-term sustainability, both in economic, social and environmental dimensions. Thus, the contribution of this research is expected to provide new insights for the development of sustainable investment theory and practice in Islamic finance in the future.

2. METHODS

2.1. Research Design

This research adopts a Systematic Literature Review (SLR) approach, which is designed to identify, assess and synthesize relevant research regarding the influence of Maqasid al-Shariah on sustainable investment decisions in Islamic finance. SLR is a methodology used to systematically collect and analyze existing literature, compile the findings in that literature, and provide conclusions that can provide a more comprehensive understanding of the topic being studied. SLR ensures that the article search and selection process is carried out to strict standards and high levels of transparency.

The PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) methodology will be used to guide the article selection and reporting process. PRISMA offers clear steps in the systematic review process, from identification of relevant articles to synthesis of final results. By using PRISMA, this research aims to provide a clear and comprehensive overview of the existing literature, as well as identifying research that is relevant to this research.

2.2. Inclusion and Exclusion Criteria

To ensure the relevance and quality of the articles used in this research, the following inclusion and exclusion criteria will be applied:

- Type of Article: Articles included in the analysis must be in the form of scientific journals, conference proceedings, or books published in accredited journals or publishers. Research that is theoretical and practical, as well as relevant to Islamic finance and the principles of Maqasid al-Shariah, will be included in the analysis.
- Year of Publication: Only publications published within the last 10 years (e.g. 2013–2023) will be considered. These criteria ensure that the literature used is relevant to the latest developments in Islamic finance and investment sustainability.

- Topic or Main Keywords: The selected article must contain one or more of the following keywords: "Maqasid al-Shariah", "Sustainable Investment", "Islamic Finance", and other dependent variables such as ethical investment, socially responsible investment (SRI), and green finance. Articles that focus on analysis related to the influence of sharia principles in sustainable investment will be the main focus.

These inclusion criteria aim to screen articles that can make a real contribution to the understanding of the relationship between Maqasid al-Shariah and sustainable investment decisions in Islamic finance. Articles that do not meet these criteria or are not relevant to the research topic will be excluded from the analysis process.

2.3. Data source

To collect comprehensive and high-quality data, this research will rely on several leading academic databases that are often used in Islamic finance and sustainability research, namely:

- Scopus: A database that provides access to peer-reviewed scientific journals from various disciplines, including finance and economics.
- Web of Science: A platform that offers scientific literature from various fields, with an emphasis on high quality and peer-reviewed articles.

Apart from that, other databases that are relevant in the study of Islamic finance will also be considered if necessary, such as Emerald Insight or SSRN (Social Science Research Network).

2.4. Search and Selection Process:

The search strategy will involve the use of Boolean search techniques to ensure that the articles selected are appropriate to the research topic. The use of logical operators such as AND, OR, and NOT will allow for a more structured and focused search. As an example:

- "Maqasid al-Shariah" AND "Sustainable Investment"
- "Islamic Finance" AND "Maqasid al-Shariah" AND "Socially Responsible Investment"
- "Sustainable Finance" AND "Islamic Finance" AND "Ethical Investment"

After the initial search, a selection process will be carried out by identifying relevant articles based on abstracts and keywords. Articles that do not meet the inclusion criteria or that are not directly related to the research question will be eliminated. This selection and filtering process will be described belowusing the PRISMA diagram, which will show the number of articles found, screened, assessed for eligibility, and ultimately included in the analysis.

This PRISMA diagram will also provide a clear visualization of the stages in the selection process, starting from the literature search to the articles selected for further analysis. This ensures transparency in every step of the research and facilitates replication of the methodology by other researchers.

2.5. Data Analysis Techniques

To analyze the data that has been collected, this research will use a coding and categorization approach. The first stage of analysis was to categorize articles based on main themes relevant to the research topic, such as Maqasid al-Shariah, sustainable investment, and ethical principles in Islamic finance. Each article will be coded with these main themes to facilitate the compilation of results.

After coding, framework analysis techniques or thematic analysis will be applied. This technique is used to identify key patterns in the existing literature and to relate the findings to research questions. By using thematic analysis, this research will be able to assess the relationship between Maqasid al-Shariah and sustainable investment decisions, as well as identify the influence of sharia principles on sustainable investment practices in Islamic finance.

The entire analysis process will be carried out systematically and transparently to ensure that the findings produced can be accounted for and are relevant to the research objectives.

3. RESULTS

3.1. Characteristics of Reviewed Studies

At this stage, the research will describe the characteristics of the articles that have been analyzed in this systematic literature review, which include the number of articles reviewed, publication trends, distribution of affiliated countries, and dominant research methods. This information will help illustrate the general picture and relevance of the existing literature regarding the relationship between Maqasid al-Shariah and sustainable investment decisions in Islamic finance.

3.1.1. Number of Articles Analyzed

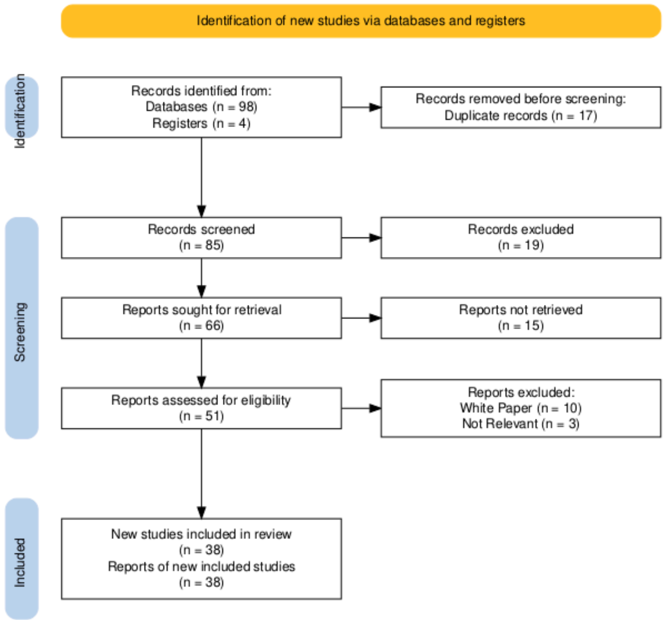

Figure 1. Prisma Diagram

Source: Processed Data, 2025

The literature identification and selection process in this study followed the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) guidelines. A total of 102 initial articles were identified from two main sources, namely scientific databases (a total of 98 articles) and registers (a total of 4 articles). Of these, 17 duplicate articles were removed before initial screening, leaving 85 articles for the screening process.

At the screening stage, 19 articles were excluded because they did not meet the initial inclusion criteria, both in terms of topic focus and relevance to the Maqasid al-Shariah and sustainable investment framework. Thus, 66 articles continued to the full-text retrieval stage. However, 15 articles could not be accessed in full due to limited access or not being available online.

A total of 51 articles that were successfully accessed in full were then evaluated for eligibility based on stricter inclusion criteria. At this stage, 13 articles were further eliminated, consisting of 10 articles in the form of white papers that did not meet the established academic publication criteria, as well as 3 articles that were deemed irrelevant after an in-depth review of the main content.

Ultimately, 38 articles met all selection criteria and were included in this systematic review. These articles form the basis of a synthesis of findings regarding the integration of Maqasid al-Shariah principles in sustainable investment practices in Islamic finance.

3.1.2. Distribution of Publications per Year

Tabel 1. Trending Articles by Year

Year	Number of Articles
2015	1
2016	1
2017	2
2018	3
2019	4
2020	5
2021	6
2022	5
2023	5
2024	2

Source: Processed Data, 2025

This table shows the number of articles published each year from 2015 to 2024. The trend indicates a gradual increase in the number of publications, particularly in 2021, which saw the highest output with 7 articles. This suggests a growing interest in Islamic finance topics over the years.

3.1.3. Affiliate Country Distribution:

Table 2. Author Affiliations by Country

Country	Number of Articles
Indonesia	24
Malaysia	5
Kuwait	1
Egypt	1
Others	5

Source: Processed Data, 2025

The table summarizes the affiliations of authors by country. Indonesia leads with 24 articles, indicating it as a significant hub for research in Islamic finance. Other countries like Malaysia, Kuwait, Egypt also contribute, but to a lesser extent.

3.1.4. Research Methods Used

Tabel 3. Research Methods Used

Research Method	Number of Articles
Qualitative	14
Quantitative	8
Mixed Methods	5
Descriptive	6
Systematic Literature Review	5

Source: Processed Data, 2025

This table categorizes the research methods employed in the articles. Qualitative methods are the most common, used in 14 articles, reflecting a preference for in-depth analysis of Islamic finance topics. Quantitative and mixed methods are also utilized, indicating a diverse approach to research.

3.1.5. Journal Database Sources

Tabel 4. Journal Database Sources

Database	Number of Articles
Scopus	25
Web of Science	13

Source: Journal Database Source

The table lists the databases where the articles are indexed. Scopus and Web of Science are the primary sources, highlighting the academic rigor and visibility of the research in Islamic finance.

3.1.6. Theories Used in Research

Tabel 5. Theories Used in Research

Theory	Number of Articles
Maqasid al-Shariah	14
Corporate Social Responsibility	9
Behavioral Finance	9

Islamic Economics	6

Source: Processed Data, 2025

This table outlines the theories applied in the articles. The Maqasid al-Shariah theory is the most frequently referenced, used in 14 articles, which emphasizes its importance in the context of Islamic finance. Other theories like Corporate Social Responsibility, Behavioral Finance, Islamic Economics also play significant roles in the research.

3.2. Key Findings

The main findings of this research will provide insight into current research trends on the influence of Maqasid al-Shariah in sustainable investment decisions. Some of the main findings that emerge from the literature that have been analyzed are as follows:

1. **Recent Research Trends**

Recent research indicates a growing alignment between the principles of Maqasid al-Shariah and the framework of sustainable investment, reflecting a significant shift in the investment landscape. As awareness of sustainability's importance expands, scholars increasingly advocate for integrating Maqasid al-Shariah principles, enhancing investments not solely for financial gain but also for positive social, economic, and environmental outcomes. For instance, the study by Hardana et al. highlights how perceived behavioral control influences investment decisions within Sharia principles, which underscores the ethical dimension essential for sustainable investment practices (Hardana et al., 2024). Similarly, Mustafida and Fauziah propose the integration of Environmental, Social, and Governance (ESG) considerations into Sharia stock screening processes, emphasizing the intersection of sustainable practices and Islamic finance (Mustafida & Fauziah, 2021).

Moreover, the notion that Sharia-compliant investments can provide a viable alternative model for sustainable finance is gaining traction. Widyastuti et al. illustrate how market discipline within Sharia mutual funds aligns with ethical investment strategies that promise not only profitability but also adherence to moral standards (Widyastuti et al., 2021). Additionally, research by Julia and Kassim discusses the importance of green banking in complementing these principles, showing how financial institutions can satisfy both economic and ethical imperatives (Julia & Kassim, 2020). This integration can facilitate investments that are cognizant of their environmental and social impacts, embodying the broader objectives of Maqasid al-Shariah.

However, implementing these principles is not without challenges. Reports emphasize that the sustainable investment field still grapples with ambiguous standards and inadequate tools for measuring compliance with both sustainability metrics and Sharia law. Anisa and Kholid point out that investor confidence and intent to engage with Sharia-compliant stocks are heavily influenced by perceived trust levels, an aspect that remains tenuous amid ongoing uncertainty within the sector (Anisa & Kholid, 2022). Furthermore, Murod and Santoso assert that establishing clear regulatory frameworks is essential for actualizing a Sharia economic system that can navigate and reconcile these complexities (Murod & Santoso, 2023).

In summary, while the interplay between Maqasid al-Shariah and sustainable investment practices shows promise for fostering ethical and socially responsible investment landscapes, substantial challenges related to clarity in standards and regulatory support persist.

Bridging these gaps will be critical for realizing the full potential of Sharia-compliant investments as sustainable financial solutions.

2. Main Concepts or Theories Used

The integration of the fundamental concepts of Maqasid al-Shariah—principles such as justice, welfare, and community benefit—into sustainable investment decisions is a key aspect of contemporary Islamic finance. These concepts not only inform the ethical underpinnings of Islamic economic practices but also serve as a benchmark for evaluating both financial performance and social impact. Alhammadi et al. emphasize the necessity for Islamic banks to adopt performance metrics that reflect social justice, aligning with the principles of Maqasid al-Shariah, instead of relying solely on conventional profitability ratios (Alhammadi et al., 2020). This highlights the dual focus on ethical imperatives alongside financial viability, promoting an investment philosophy that prioritizes societal welfare and communal prosperity.

Moreover, the theory of sustainability within Islamic finance operates on the premise of achieving equilibrium between economic gains and social responsibilities. Studies by Mardini et al. Mardini et al. (2023) and Amin (Amin, 2021) highlight that Islamic banking institutions are expected to align their operational strategies with Maqasid al-Shariah, which includes not only compliance with Shariah law but also the broader objectives of social good, environmental stewardship, and equitable wealth distribution. For example, Amin elucidates that principles such as justice and promoting welfare are essential in consumer financing decisions within Islamic contexts (Amin, 2021). By weaving these principles into their operational frameworks, Islamic financial institutions can better serve the needs of their communities while fostering sustainable economic growth.

The role of Islamic finance in enhancing financial inclusion further exemplifies the application of Maqasid al-Shariah in promoting social welfare. Prastowo and Putriani assert that Islamic banking practices are designed to bridge societal gaps by catering to underprivileged segments of the community (Prastowo & Putriani, 2019). This aligns with Islamic tenets focused on social equity and supports the growth of sustainable economic structures that benefit all societal strata. Furthermore, Karimullah's research emphasizes the moral obligation embedded within Islamic finance to generate inclusive welfare as a central tenet of its economic practices (Karimullah, 2023).

Additionally, the complexity of modern economic challenges necessitates that Islamic finance practitioners innovate products that embody the spirit of Maqasid al-Shariah. Tumanggor notes that integrating Islamic principles into financial products aids in poverty alleviation and supports broader goals of economic sustainability (Tumanggor, 2024). This adaptability is crucial for ensuring that Islamic finance remains relevant and capable of addressing contemporary economic dilemmas, including those exacerbated by crises such as the COVID-19 pandemic (Alhammadi, 2022).

In conclusion, the emphasis on justice, welfare, and community benefit as articulated through Maqasid al-Shariah is foundational for guiding sustainable investment in Islamic finance. This alignment fosters a financial ecosystem that is not merely profitable but also responsible, reflecting a holistic approach to economic activities that transcends traditional business frameworks. The developing body of literature supports these assertions, reiterating the transformative potential of integrating ethical principles into financial practices.

3. Emerging Patterns of Findings in the Literature

The interplay between Maqasid al-Shariah and sustainable investment has gained significant attention in contemporary literature. Maqasid al-Shariah, representing the overarching objectives of Islamic law aimed at achieving welfare for humanity, serves as a guiding framework for ethical finance practices. This connection is increasingly recognized as vital for fostering development in green finance and socially responsible investments (SRI).

One critical aspect is the alignment of Maqasid al-Shariah with environmental, social, and governance (ESG) principles, which has emerged as a significant trend among investors. Studies indicate that integrating ESG criteria into investment strategies aligns with the ethical foundations of Islamic finance, ensuring that financial activities do not compromise societal and environmental welfare. For instance, Erragragui and Revelli assert that adherence to both Shariah and socially responsible principles can enhance portfolio performance without incurring financial costs, thereby offering a viable pathway for Islamic investors who are increasingly prioritizing social responsibility(Erragragui & Revelli, 2016). This alignment is further supported by the work of Zain et al., who propose a framework that integrates ESG principles with Maqasid al-Shariah, aiming to elevate the operative practices of Takaful operators towards a more sustainable model(Zain et al., 2024).

Moreover, the concept of sustainable investment is further echoed in literature that highlights how Islamic banks can leverage Maqasid al-Shariah to develop solutions that encompass both ethical investing and corporate social responsibility. Karimullah emphasizes the significance of Maqasid al-Shariah in addressing modern socio-economic challenges and promoting social justice through financial interventions, creating synergies between profit-making and public good(Karimullah, 2023). The focus on ethical compliance is not only a theoretical pursuit but is increasingly operationalized within business strategies, prompting a shift towards investments that uphold social and environmental values.

Additionally, the concept of sustainable development within an Islamic framework is approached through the lens of green banking and socio-economic equity. Research illustrates that initiatives such as green banking, which mirror the objectives of Maqasid al-Shariah, are crucial for achieving sustainability goals on a global scale(Julia & Kassim, 2020). The emphasis on reducing environmental impacts and promoting financial products that adhere to both ethical and sustainable criteria is fundamental for contemporary Islamic financial practices(Harahap et al., 2023).

Overall, the literature conveys that Maqasid al-Shariah not only serves as a moral compass for Islamic finance but also propels the sector towards innovations in sustainability and social responsibility. This evolving paradigm resonates with a global shift towards investments that prioritize social impact alongside financial returns, marking a significant development in how Islamic finance is perceived and practiced in the context of sustainable investment.

4. DISCUSSION

4.1. Synthesis of Results

The principle of Maqasid al-Shariah plays a vital role in guiding sustainable investment decisions within the framework of Islamic finance. It embodies fundamental goals such as justice, community welfare, and environmental sustainability, which serve as key pillars for developing investment instruments that encompass broader social and environmental impacts beyond mere financial benefits. This dual focus on profitability and societal benefit aligns with the holistic approach required for sustainable investments, as emphasized by multiple scholars in the field.

The systematic literature review by Shinkafi and Ali highlights the pressing need to understand and implement Maqasid al-Shariah effectively within Islamic economics, noting that its principles guide ethical and socially responsible investment decisions (Shinkafi & Ali, 2017). Alhammadi et al. support this view by suggesting that Islamic banking performance should reflect the ethical identity of Islamic economics, as represented by the principles of Maqasid al-Shariah, rather than solely conventional profitability metrics (Alhammadi et al., 2020). Furthermore, Siddiqui et al. advocate for the integration of Maqasid al-Shariah into stakeholders' well-being frameworks in Islamic banking, asserting that it is instrumental in aligning financial practices with social welfare goals (Siddiqui et al., 2019).

A critical finding across the literature is the acknowledgment that adherence to Maqasid al-Shariah can encourage the development of investment strategies prioritizing ethical, social, and environmental values. For example, the research conducted by Zain et al. investigates the integration of Environmental, Social, and Governance (ESG) principles with Maqasid al-Shariah, proposing a framework for sustainable Takaful operations that harmonizes these often disparate concepts (Zain et al., 2024). This framework not only facilitates compliance with Shariah but also enhances the overall impact of financial products on society and the environment. Muhamad et al. further elucidate this point by detailing how Islamic banks can develop performance metrics that encapsulate their true mission of promoting public interest alongside financial objectives (Muhamad et al., 2022).

The emphasis on sustainable long-term benefits versus short-term profits is another key theme illuminated in the literature. It is argued that investors who integrate Maqasid al-Shariah into their decision-making processes tend to prioritize strategies that yield sustainable outcomes, ultimately benefiting society and the environment more comprehensively. Hernaus discusses how socially responsible investment (SRI) strategies can be adopted within the framework of Islamic finance, thereby reflecting the underlying ethical imperatives of Maqasid al-Shariah (Hernaus, 2019). Furthermore, Karimullah's examination of Maqasid al-Shariah in the context of Islamic economic policy development highlights its efficacy as a moral guide, reinforcing its role in fostering not just economic growth but also social welfare and environmental sustainability (Karimullah, 2023).

In summary, the integration of Maqasid al-Shariah into sustainable investment strategies results in the development of comprehensive models that respond to the needs of society and the environment, beyond mere profit generation. This literature strongly posits that investments aligned with Maqasid al-Shariah can lead to more sustainable and ethically conscious financial practices that address various societal challenges.

4.2. Theoretical and Practical Implications

4.2.1. Theoretical Implications

The findings from this research provide an important contribution to Islamic finance theory by showing that Maqasid al-Shariah is not only relevant in the context of religious obligations, but also has deep relevance in forming a theoretical framework for sustainable investment. This research confirms that sustainability in Islamic finance does not only refer to halal financial instruments, but also considers broader social benefits that can have a positive impact on society.

Apart from that, this research also increases understanding regarding the application of Islamic principles in sustainable financial practices, which has not previously been studied in depth. Thus, these findings can enrich the literature on sustainable finance in the context of Islamic finance and open up opportunities to develop new theories that integrate moral and social values into investment practices.

4.2.2. Practical Implications

From a practical side, the results of this research show that Islamic financial institutions can utilize the principles of Maqasid al-Shariah to develop more inclusive and sustainable investment products. For example, financial institutions can develop investment instruments that not only meet halal standards, but also promote social and environmental sustainability, such as investing in projects that support renewable energy or community empowerment programs.

Islamic financial institutions can also utilize these findings to design deeper internal policies related to the implementation of Maqasid al-Shariah in their investment portfolios. This could include increasing transparency in reporting the social and environmental impacts of each investment, as well as reassessing project selection criteria in accordance with the sustainability principles set out in Maqasid al-Shariah.

4.3. Comparison with Previous Studies

The study of the relationship between Maqasid al-Shariah and sustainable investment reveals critical insights that differentiate it from previous research in the field. Previous works often emphasize the financial dimensions of investments with limited attention to the social and environmental implications. In contrast, recent findings stress the integration of Maqasid al-Shariah as a holistic approach, which interlaces ethical and social considerations into investment decisions, ultimately leading to more comprehensive sustainability outcomes.

For instance, Siddiqui et al. highlight the essence of Maqasid al-Shariah as inherently aimed at human welfare, positing that its principles should extend beyond profit maximization to include social well-being and environmental stewardship (Siddiqui et al., 2019). This aligns with the findings of Zain et al., who propose a framework that merges ESG principles with Maqasid al-Shariah for sustainable operations, emphasizing the importance of ethical finance and overarching socio-environmental goals (Zain et al., 2024). Furthermore, Shinkafi and Ali discuss how sustainable investment should embody the holistic aims of Maqasid al-Shariah rather than focus solely on financial gains (Shinkafi & Ali, 2017).

Another significant contrast with past studies is the recognition of the theoretical limitations previously prevalent in the discourse. While many earlier analyses remained theoretical, this study illustrates a more empirically grounded approach by deploying a detailed literature review methodology, thereby providing a richer and more nuanced understanding of how to apply Maqasid al-Shariah in practice (Volpon & Xavier, 2020). The work of Hernaus reinforces this notion by suggesting practical frameworks that can incorporate sustainability into investment strategies, advancing the discourse beyond mere theoretical constructs (Hernaus, 2019).

Nevertheless, some elements from previous studies remain consistent with the findings of this current research. For example, the emphasis on transparency and ethics in reporting is echoed across various analyses, establishing a foundational principle for both Islamic finance and sustainable investment practices. This consistency reinforces the view that although the application of Maqasid al-Shariah may introduce new dimensions to sustainable investment, essential principles such as transparency and ethical governance remain critical (Junkus & Berry, 2015; Said et al., 2018). Collectively, these findings assert that while there are divergences in focus and methodology, an integrated understanding of Maqasid al-Shariah enhances the dialogue surrounding sustainable investment, aligning closely with socially responsible and ethical investment frameworks.

4.4. Study Limitations

As with any research, this study has limitations that need to be considered. One of them is the limitation in the literature search method, which only includes certain databases (Scopus, Web of Science, and Google Scholar). Although these databases include many credible academic publications, it is possible that important literature published outside these databases could not be analyzed. Therefore, despite careful selection, it is possible that some relevant articles were missed.

In addition, limitations in article selection can also influence the results of the analysis. Articles selected based on strict inclusion criteria may not fully represent the entire spectrum of research on this topic. This has the potential to create bias in the results obtained, although efforts have been made to minimize such bias.

4.5. Recommendations for Further Research

Based on the findings and limitations of this study, several areas for further research can be suggested. First, it is important to conduct empirical research that can directly test the relationship between Maqasid al-Shariah and sustainable investment decisions. Such research will provide further evidence regarding the application of sharia principles in investment practices, as well as their impact on social and environmental sustainability.

Second, further research could explore the role of technology in supporting the application of Maqasid al-Shariah in sustainable finance, such as the use of blockchain technology to increase transparency in sharia investments or the use of analytical data to evaluate the social and environmental impact of investments.

Finally, the development of more detailed standards or frameworks regarding the application of Maqasid al-Shariah in sustainable investments could also be an interesting research area, to assist Islamic financial institutions in designing products that are more in line with sustainability principles.

5. CONCLUSIONS

5.1. Summary of Key Findings

This research concludes that Maqasid al-Shariah has a significant influence in making sustainable investment decisions within the Islamic finance framework. The principles of Maqasid al-Shariah, which include justice, societal well-being and environmental sustainability, provide strong guidance for the development of investments that are not only concerned with financial returns, but also provide social and environmental benefits. The main findings show that the integration of Maqasid al-Shariah in sustainable investment has the potential to increase positive impacts on society and the environment, and support the achievement of sustainable development goals.

5.2. Contributions to the Literature

This research makes a significant contribution to the Islamic finance literature, especially in understanding the relationship between Maqasid al-Shariah and sustainable investment. Although several previous studies have discussed this aspect, this research adds a new dimension by showing how Maqasid al-Shariah principles can be applied to guide investment decisions that consider sustainability holistically. By focusing on sustainability principles that are not only limited to financial aspects, this research enriches understanding of the application of Maqasid al-Shariah in Islamic investment and financial practices.

5.3. Study Limitations

This research, although providing meaningful insights, has limitations that need to be acknowledged. One of them is the literature search method which is limited to several major databases (Scopus, Web of Science, and Google Scholar), which may exclude important literature from other sources. In addition, limitations in selecting articles based only on certain inclusion criteria can affect the generalization of research results. The potential for bias in article selection must also be acknowledged, although efforts have been made to minimize this.

5.4. Suggestions for Future Research:

Some suggestions for future research that can deepen understanding of Maqasid al-Shariah and sustainable finance are as follows:

1. Empirical Research: More in-depth empirical research is needed to directly test the application of Maqasid al-Shariah principles in sustainable investment decisions, as well as their impact on social and environmental sustainability. This will provide stronger evidence of the effectiveness of these principles in the context of sustainable investment.

2. Cross-Country Studies: Further research could explore the application of Maqasid al-Shariah in sustainable finance in Muslim-majority countries, to see how local social and economic contexts influence the application of these principles in financial practice.
3. Updated Sustainable Investment Models: Research can also develop more comprehensive sustainable investment models that integrate social, environmental and financial aspects within the Maqasid al-Shariah framework. This includes exploring new investment instruments that can be implemented by Islamic financial institutions.
4. The Role of Technology in the Implementation of Maqasid al-Shariah: Given the rapid development of financial technology, further research could explore how technology, such as blockchain and data analytics, can be used to support the implementation of Maqasid al-Shariah in sustainable investments, ensure transparency, and increase the social impact of such investments.

With these suggestions, it is hoped that further research can provide further contributions in developing sustainable finance that is not only profitable from an economic perspective, but also provides broader social benefits in accordance with the principles of Maqasid al-Shariah.

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