



## Impact of Infrastructure and Entrepreneurial Ecosystems on MSME Growth in Medan: An Islamic Economics Perspective

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### Abstract.

This study investigates the impact of infrastructure development and the entrepreneurial environment on the growth of Micro, Small, and Medium Enterprises (MSMEs) in Medan City, with a focus on integrating Islamic economic principles. Using a quantitative correlational design, the research examines the causal relationships between infrastructure (X1), the entrepreneurial environment (X2), and MSME growth (Y). Data were collected through a structured questionnaire from 100 MSME owners, and analyzed using multiple linear regression. Findings indicate that both infrastructure and the entrepreneurial environment significantly influence MSME growth; however, the entrepreneurial environment emerged as a more dominant factor, with a significant positive effect. Infrastructure development showed a positive but statistically insignificant impact on MSME growth. The study suggests that while physical infrastructure plays a role, a supportive and ethical entrepreneurial environment, grounded in Islamic principles such as justice, fairness, and sustainability, is crucial for fostering sustainable MSME growth. This study also emphasizes the importance of integrating Islamic economic values to create a competitive and equitable business ecosystem in Medan, aligning with the objectives of *maqāṣid al-sharī'ah*.

### Kata Kunci:

UMKM;  
Pembangunan  
Infrastruktur;  
Lingkungan  
Wirausaha;  
Ekonomi Islam

### Abstrak

Penelitian ini menyelidiki dampak pengembangan infrastruktur dan lingkungan kewirausahaan terhadap pertumbuhan Usaha Mikro, Kecil, dan Menengah (UMKM) di Kota Medan, dengan fokus pada integrasi prinsip-prinsip ekonomi Islam. Menggunakan desain kuantitatif korelasional, penelitian ini menganalisis hubungan kausal antara infrastruktur (X1), lingkungan kewirausahaan (X2), dan pertumbuhan UMKM (Y). Data dikumpulkan melalui kuesioner terstruktur dari 100 pemilik UMKM, dan dianalisis menggunakan regresi linier berganda. Hasil penelitian menunjukkan bahwa baik infrastruktur maupun lingkungan kewirausahaan berpengaruh signifikan terhadap pertumbuhan UMKM; namun, lingkungan kewirausahaan terbukti sebagai faktor yang lebih dominan, dengan pengaruh positif signifikan. Pengembangan infrastruktur menunjukkan dampak positif tetapi tidak signifikan secara statistik terhadap pertumbuhan UMKM. Studi ini menyarankan bahwa meskipun infrastruktur fisik berperan, lingkungan kewirausahaan yang mendukung dan etis, yang berlandaskan prinsip-prinsip Islam seperti keadilan, keterbukaan, dan keberlanjutan, sangat penting untuk mendorong pertumbuhan UMKM yang berkelanjutan. Penelitian ini juga menekankan pentingnya mengintegrasikan nilai-nilai ekonomi Islam untuk menciptakan ekosistem bisnis yang kompetitif dan adil di Medan, sesuai dengan tujuan *maqāṣid al-sharī'ah*.

## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are pivotal to national economic growth, particularly through job creation and the enhancement of community welfare. According to Law No. 20 of 2008, MSMEs are defined based on specific criteria, including net assets, annual sales turnover, number of employees, and type of business. From an Islamic economics perspective, MSMEs are not only essential for promoting economic development but are also viewed as critical tools for achieving equitable wealth distribution, enhancing social welfare, and fostering sustainable economic growth.<sup>1</sup>

Medan City, a metropolitan center on the island of Sumatra, holds considerable potential for the development of MSMEs. Data from the Medan City Government 2025 records a total of 38,343 MSMEs spread across 21 districts, underscoring the significant role of this sector in supporting the local economy.<sup>2</sup> In addition to driving economic growth, MSMEs in Medan also play a crucial role in fostering innovation and reducing unemployment.<sup>3</sup> However, despite their substantial contribution, MSMEs continue to face significant challenges, including limited access to capital, marketing constraints, and inadequate infrastructure and business environment support.<sup>4</sup>

Previous studies have highlighted the importance of infrastructure and the business environment in the development of MSMEs.<sup>5</sup> Adequate infrastructure, including road networks, electricity, transportation, and communication, can enhance operational efficiency and expand market reach.<sup>6</sup> Similarly, a conducive business environment, such as streamlined licensing, access to training, and supportive policies, can foster the sustainability of MSMEs.<sup>7</sup> However, most of these studies adopt a conventional economic approach and do not delve deeply into the integration of Islamic economic values.

Medan's population is notably characterized by a high level of religiosity, reflected in the large Muslim demographic and the growing number of Islamic-based educational,

<sup>1</sup> Alivia Azzahra and Andri Soemitra, "Implementasi Ketahanan Ekonomi Melalui Peningkatan Perdagangan Pemulihan Usaha Koperasi Dan UMKM Di Sekitar Kantor Walikota Medan," *Trending: Jurnal Manajemen Dan Ekonomi* 2, no. 4 (2024): 154–65, <https://doi.org/10.30640/trending.v2i4.3090>.

<sup>2</sup> Tri Manda Sari et al., "Peran Umkm Dalam Mendukung Pertumbuhan Lokal Di Wilayah Kota Medan," *Jurnal Ekonomi Dan Bisnis (EK&BI)* 7, no. 2 (2024): 480, <https://doi.org/10.37600/ekbi.v7i2.1867>.

<sup>3</sup> Riza Nabila, Yusrizal Yusrizal, and Nur Ahmadi Bi Rahmani, "The Influence of Macroeconomic Variables on Economic Growth In Indonesia," *International Journal of Economics, Business and Accounting Research (IJEBAAR)* 7, no. 3 (September 2023), <https://doi.org/10.29040/ijebar.v7i3.10935>.

<sup>4</sup> Ayu Nursasi et al., "Implementasi Kebijakan Integrasi Ekonomi Dan Dampaknya Terhadap Pengembangan Umkm Di Indonesia," *Jurnal Ilmiah Ekonomi Dan Manajemen* 2, no. 12 (2024): 429–40, <https://doi.org/10.61722/jiem.v2i12.3271>; Hani Siti Hanifah et al., "Penguatan Pendidikan Kewirausahaan Dan Jaringan Sosial UMKM BUMDES Bina Laksana Samarang Kabupaten Garut," *JPM: Jurnal Pengabdian Masyarakat* 2, no. 2 (July 2023): 216, <https://doi.org/10.52434/jpm.v2i2.2863>.

<sup>5</sup> Randy Mardhika Adif, Rifki Hendri, and Almizan Almizan, "Analisis Pembangunan Infrastruktur Jalan Terhadap Pertumbuhan Ekonomi UMKM Di Bukit Gado-Gado Kota Padang Pada Tahun 2020," *Jurnal Informatika Ekonomi Bisnis* 3 (2021): 161–64, <https://doi.org/10.37034/infkeb.v3i4.96>.

<sup>6</sup> Jeffriansyah Dwi Sahputra Amory, Rhena J, and Muh Ridwan Hayadin, "Integrasi Teknologi Informasi Dan Komunikasi Dalam Model Bisnis UMKM: Kajian Literatur Tentang Inovasi Dan Keberlanjutan," *Jurnal Minfo Polgan* 13, no. 2 (2025): 2455–62, <https://doi.org/10.33395/jmp.v13i2.14519>.

<sup>7</sup> Rizky Asriansyah Pasaribu and Mahliza Nasution, "Upaya Pemerintah Kota Medan dalam Peningkatan Sistem Transportasi untuk Mengurangi Kemacetan (Studi Penelitian Underpass di Jalan H.M Yamin)," *Portal: Jurnal Teknik Sipil* 17, no. 1 (April 2025): 15–21, <https://doi.org/10.30811/portal.v1i1.6702>; Debora Theresia Wulan Sinaga, Renny Oktafia, and Fauzatul Laily Nisa, "Pemberdayaan Masyarakat Dalam Meningkatkan Kesejahteraan Ekonomi Di Sektor Mikro Dan UMKM Di Medan," *Dharma Pengabdian Perguruan Tinggi (DEPATI)* 5, no. 1 (May 2025): 21–27, <https://doi.org/10.33019/depati.v5i1.6066>.

financial, and social institutions.<sup>8</sup> This context makes the application of Islamic economic principles in MSME development both relevant and essential.<sup>9</sup> Consequently, this study not only examines infrastructure and the business environment but also emphasizes Muslim-friendly infrastructure, such as the availability of worship facilities, halal supply chains, and access to Islamic financing, as well as an Islamic business environment grounded in justice, blessings, and ethical business practices.

By focusing on these dimensions, this study aims to fill a gap in existing literature, which has rarely connected MSME development with Islamic economic principles. The analysis focuses on Medan City, seeking to provide a more comprehensive understanding of how integrating Muslim-friendly infrastructure, an Islamic business environment, and MSME dynamics can foster a competitive, equitable, and sustainable business ecosystem in line with the objectives of *maqāṣid al-sharī'ah*.

## RESEARCH METHODS

This study employed a quantitative approach with a correlational (causal-explanatory) design. This design was selected because the research aimed to explain the causal relationship between the independent variables, namely infrastructure development (X1) and the entrepreneurial environment (X2), and the dependent variable, MSME growth (Y), using regression analysis.

The population for this study consisted of all MSMEs registered in Medan City. According to data from the Medan City Office of Cooperatives and MSMEs in 2023, the total population of MSMEs was approximately. The sample size was determined using Slovin's formula with a 10% margin of error, yielding a sample of 100 MSMEs. A simple random sampling technique was applied, ensuring that each MSME in the population had an equal chance of being selected. The inclusion criteria required that MSMEs had been in operation for at least two years and were engaged in the trade, services, or production sectors.

The research instrument consisted of a structured questionnaire developed based on indicators from previous studies. The questionnaire utilized a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). Infrastructure development (X1) was measured using 10 items, the entrepreneurial environment (X2) with 10 items, and MSME growth (Y) with 10 items. The instrument underwent preliminary validity and reliability testing through expert judgment and a pilot test involving 30 respondents prior to the main study.

Data collection was conducted through face-to-face distribution of questionnaires to MSME entrepreneurs in Medan City during the period from February to March 2025. All respondents were provided with an explanation of the study's objectives, assured of data confidentiality, and informed consent was obtained before questionnaire completion.

<sup>8</sup> Sinaga, Oktafia, and Nisa, "Pemberdayaan Masyarakat Dalam Meningkatkan Kesejahteraan Ekonomi Di Sektor Mikro Dan UMKM Di Medan"; Aflah Muhajir et al., "UMKM Sebagai Pilar Penghasilan Masyarakat Di Kota Medan," *Global Leadership Organizational Research in Management* 3, no. 1 (January 2025): 119–24, <https://doi.org/10.59841/glory.v3i1.2265>.

<sup>9</sup> Umratul Hasanatun et al., "Pengembangan Usaha Mikro Kecil Menengah (UMKM) Melalui E-Commerce," *Journal of Management and Creative Business* 2, no. 1 (January 2024): 147–57, <https://doi.org/10.30640/jmcbus.v2i1.2098>.

Data analysis was performed using multiple linear regression with SPSS software. The analysis began with descriptive statistics, followed by validity and reliability testing, and classical assumption tests (normality, multicollinearity, and heteroskedasticity) to ensure the regression model was appropriate. Subsequently, partial tests (t-test), simultaneous tests (F-test), and the coefficient of determination ( $R^2$ ) were conducted to measure the extent to which the independent variables influenced MSME growth.

## RESULT AND DISCUSSION

### Research Instrument Test

#### 1. Validity Test

The validity test was conducted to determine the validity of the questionnaire items. The results of the validity test are shown in Table 1. Validity Test Results.

**Table 1.** Validity Test Results

Variable	Item	r Count	r Table	Description
Infrastructure Development (X1)	X1.1	0.427	0.196	Valid
	X1.2	0.353	0.196	Valid
	X1.3	0.571	0.196	Valid
	X1.4	0.345	0.196	Valid
	X1.5	0.463	0.196	Valid
	X1.6	0.522	0.196	Valid
	X1.7	0.470	0.196	Valid
	X1.8	0.405	0.196	Valid
	X1.9	0.573	0.196	Valid
	X1.10	0.574	0.196	Valid
Entrepreneurial Environment (X2)	X2.1	0.461	0.196	Valid
	X2.2	0.488	0.196	Valid
	X2.3	0.539	0.196	Valid
	X2.4	0.507	0.196	Valid
	X2.5	0.534	0.196	Valid
	X2.6	0.534	0.196	Valid
	X2.7	0.470	0.196	Valid
	X2.8	0.407	0.196	Valid
	X2.9	0.323	0.196	Valid
	X2.10	0.442	0.196	Valid
MSME Development (Y)	Y1	0.481	0.196	Valid
	Y2	0.451	0.196	Valid
	Y3	0.452	0.196	Valid
	Y4	0.346	0.196	Valid
	Y5	0.353	0.196	Valid
	Y6	0.315	0.196	Valid
	Y7	0.518	0.196	Valid
	Y8	0.336	0.196	Valid
	Y9	0.463	0.196	Valid
	Y10	0.362	0.196	Valid

Y11	0.489	0.196	Valid
Y12	0.451	0.196	Valid
Y13	0.432	0.196	Valid
Y14	0.413	0.196	Valid

Source: Data Processed by the author, (2025).

Based on the results presented in the Table 1, each statement item for the variables of Infrastructure Development and Entrepreneurial Environment shows an  $r$  count value greater than  $r$  table (0.196), indicating that all items in this study are valid according to the established criteria.

## 2. Reliability Test

The reliability test measures the consistency or stability of the questionnaire responses. If respondents provide consistent answers, the questionnaire can be deemed reliable. In this study, the reliability of the scale or questionnaire was assessed using the Cronbach's Alpha formula. A Cronbach's Alpha value of 0.60 or higher is considered reliable.

**Table 2.** Reliability Test Results

Variable	Cronbach'Alpha	Normal Limits	Description
Infrastructure Development (X1)	0.612	0.60	Reliable
Entrepreneurial Environment (X2)	0.615	0.60	Reliable
MSME Development (Y)	0.652	0.60	Reliable

Source: Data Processed by the author, (2025).

Table 2. Reliability Test Results show that the Cronbach's Alpha values for the variables of Infrastructure Development (X1), Entrepreneurial Environment (X2), and MSME Development (Y) are all above the threshold of 0.60. Therefore, the data for these variables are deemed reliable.

## Classical Assumptions

### 1. Normality Test

The normality test was conducted to assess whether the residuals in the regression model follow a normal distribution. The results of the test are shown in the Table 3.

**Table 3.** Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.68600331
	Absolute	.086
Most Extreme Differences	Positive	.071
	Negative	-.086
Test Statistic		.086
Asymp. Sig. (2-tailed)		.064 <sup>c</sup>

Source: Data Processed by the author, (2025).

Based on the Table 3, the Kolmogorov-Smirnov (K-S) test results show a test statistic value of 0.086, with a significance level (Asymp. Sig.) of 0.064. Since the probability value is greater than the 0.05 confidence level, the regression model is considered to meet the normality assumption.

## 2. Multicollinearity Test

The multicollinearity test checks for the existence of perfect or significant linear relationships between multiple independent variables. The results of this test are presented in Table 4.

**Table 4.** Multicollinearity Test Results

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Infrastructure Development	.264	3.786
	Entrepreneurial Environment	.264	3.786

Source: Data Processed by the author, (2025).

Based on the data in the Table 4, the multicollinearity test results show that the VIF (Variance Inflation Factor) for both the Infrastructure Development and Entrepreneurial Environment variables is 3.786, and the tolerance values are 0.264. Since the VIF values are smaller than 10 and the tolerance values are greater than 0.1, it can be concluded that there is no multicollinearity in the regression model.

## 3. Heteroscedasticity Test

The heteroscedasticity test was conducted to check for the presence of unequal variance in the residuals. The results are shown in the Table 5.

**Table 5.** Heteroscedasticity Test Results

Free Variable	Sig	Description
Infrastructure Development (X1)	0.365	Not Occurring Heteroscedasticity
Entrepreneurial Environment (X2)	0.129	Does not occur Heteroscedasticity

Source: Data Processed by the author, (2025).

Based on Table 5. Heteroscedasticity Test Results, the significance values for each independent variable are greater than 0.05. Therefore, it can be concluded that heteroscedasticity does not occur in the regression model.

### Hypothesis Test

#### 1. Partial Test (t Test)

The t-test was conducted to determine if the independent variables significantly affect the dependent variable. If the significance level (sig.) is less than 0.05, or if the t-count is greater than the t-table value, the independent variable has a significant effect on the dependent variable. The results of the t-test are shown in Table 6.

**Table 6.** Results of the t test

Free Variable	T	Sig	Description
Development Infrastructure (X1)	13.292	0,000	Significant
Environment Entrepreneurship (X2)	6.729	0,000	Significant

Source: Data Processed by the author, (2025).

Based on the Results of the t test, the Infrastructure Development variable (X1) has a t value of 13.292 with a significance value of 0.000. Similarly, the Entrepreneurial Environment variable (X2) has a t value of 6.729 and a significance value of 0.000. Since both significance values are smaller than 0.05, and the respective t-values are greater than the t-table value of 1.984, it can be concluded that both independent variables, Infrastructure Development and Entrepreneurial Environment, have a significant effect on the development of MSMEs in Medan City.

#### 2. Simultaneous Test (F Test)

The F-test is used to determine the effect of the independent variables collectively on the dependent variable. The results of the F-test are shown in the Table 7. F Test Results.

**Table 7.** F Test Results

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	144.727	1	144.727	45.274	.000 <sup>b</sup>
	Residual	313.273	98	3.197		
	Total	458.000	99			

Source: Data Processed by the author, (2025).

Based on the SPSS output, the significance value (Sig.) is 0.000, which is less than 0.05. Therefore, it can be concluded that the independent variables (Infrastructure Development and Entrepreneurial Environment) together have a significant effect on the dependent variable (MSME development).

### 3. Multiple Linear Regression Test

The multiple linear regression test was conducted to determine the relationship between the independent variables (infrastructure development and entrepreneurial environment) and the dependent variable (MSME development). The results are shown in Table 8. Multiple Linear Regression Results.

**Table 8.** Multiple Linear Regression Results

Coefficientsa					
Model		Unstandardized		Standardize	Sig.
		Coefficients		Coefficients	
		B	Std. Error	Beta	
1	(Constant)	41.915	3.322		.000
	Infrastructure Development	.112	.143	.122	.433
	Entrepreneurial Environment	.471	.142	.513	.001

Source: Data Processed by the author, (2025).

The regression equation can be interpreted as follows:

- The constant of 41.915 indicates that if the values for both infrastructure development and the entrepreneurial environment are zero, MSME development is estimated to be 41.915.
- The regression coefficient for Infrastructure Development (X1) is 0.112, meaning that an increase of one unit in infrastructure development is expected to increase MSME development by 0.112 units, assuming other variables remain constant.
- The regression coefficient for Entrepreneurial Environment (X2) is 0.471, meaning that an increase of one unit in the entrepreneurial environment is



expected to increase MSME development by 0.471 units, assuming other variables remain constant.

From the significance values, Infrastructure Development (X1) has a significance value of 0.433, which is greater than 0.05, indicating that it does not statistically significantly affect MSME development. In contrast, the Entrepreneurial Environment (X2) has a significance value of 0.001, which is less than 0.05, meaning it has a significant effect on MSME development. This suggests that the entrepreneurial environment is a more dominant factor in driving MSME growth in Medan City than infrastructure development.

Several possible explanations can be considered:

- a. Infrastructure development, although important, may have a delayed or indirect impact on MSMEs. It might not have reached MSME areas equally or may not be directly relevant to the immediate needs of MSMEs, such as access to local markets, logistics, or production facilities.
- b. There might be limited variation in respondents' perceptions of infrastructure, making it hard to establish a statistically significant relationship.
- c. The entrepreneurial environment appears to have a more direct and dominant influence, which may overshadow the contribution of infrastructure statistically. Factors such as access to capital, licensing, training, and regulatory support are more tangible and immediate influences on MSME growth than physical infrastructure.

Therefore, while infrastructure development has potential, its impact is maximized when supported by a conducive entrepreneurial ecosystem and comprehensive policies. This result suggests that improving the entrepreneurial environment is a more effective way to drive MSME growth in Medan City than solely focusing on physical infrastructure development.

#### 4. Coefficient of Determination ( $R^2$ )

The coefficient of determination ( $R^2$ ) indicates the proportion of variance in the dependent variable that is explained by the independent variables. The results are presented in Table 9.

**Table 9.** Results of the Coefficient of Determination ( $R^2$ )

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.621 <sup>a</sup>	.386	.373	1.703

Source: Data Processed by the author, (2025).

The  $R^2$  value of 0.386 indicates that the independent variables (Infrastructure Development and Entrepreneurial Environment) together explain 38.6% of the variance in MSME development. The remaining 61.4% of the variance is influenced by other factors not included in the model.

## Analysis and Discussion of MSME Development Drivers in Medan: An Islamic Economics Perspective

The findings of this study indicate that infrastructure (X1) and the entrepreneurial environment (X2) simultaneously have a significant effect on the development of MSMEs in Medan City. The F-test produced an F-value of 45.274 with a significance level of 0.000, confirming that both variables collectively contribute to MSME dynamics. This supports the theoretical view that the availability of infrastructure and a conducive business environment are essential external factors for the sustainability of MSMEs.<sup>10</sup>

However, the partial test results reveal a more nuanced dynamic. The entrepreneurial environment variable shows a significant influence with a t-value of 6.729 (sig. 0.000 < 0.05) and a coefficient of 0.471, while the infrastructure variable is statistically insignificant (sig. 0.433 > 0.05), despite having a positive coefficient. These findings suggest that in the context of Medan City, the creation of a conducive business environment through supportive regulations, access to training, simplified licensing processes, and interconnected business networks plays a more decisive role in fostering MSME development than physical infrastructure alone.

These results are consistent with research by Soemardjito,<sup>11</sup> which identifies that transportation and energy infrastructure directly affect the increase in production and distribution capacity of MSMEs in urban areas. Furthermore, research by Angraini et al.<sup>12</sup> also shows that easy access to digital infrastructure and logistics systems helps accelerate the expansion of small businesses, especially in developing regions. Thus, the results of this study are not only statistically significant but also reinforced by theoretical studies and empirical evidence that demonstrate the importance of infrastructure in creating a strong and competitive business ecosystem.<sup>13</sup>

When viewed from an Islamic economic perspective, these findings become even more relevant. The infrastructure referred to in this study is not limited to roads, transportation, and communication but also includes *Muslim-friendly* infrastructure, such

<sup>10</sup> Miethy Zaman, George Tanewski, and Gimhani Ekanayake, "What Does Sustainability Mean for Small and Medium Enterprises: A Systematic Literature Review," *Journal of Cleaner Production* 492, no. January (2025): 144830, <https://doi.org/10.1016/j.jclepro.2025.144830>; Lina Marlina et al., "Factors Affecting the Sustainability of MSMEs in the Tasikmalaya Indonesian Muslim Community," *Asian Journal of Management, Entrepreneurship and Social Science* 4, no. 01 (March 2024): 1340–64, <https://doi.org/10.63922/ajmesc.v4i01.711>; Indika Juang Putra, "Strategi Ketahanan Untuk Keberlanjutan Usaha Mikro Kecil dan Menengah (UMKM) dalam Perspektif Syariah di Kota Solok," *Ad-Deenar: Jurnal Ekonomi dan Bisnis Islam* 7, no. 02 (September 2023), <https://doi.org/10.30868/ad.v7i02.5122>; Loso Judijanto et al., "Influence of Sustainable Leadership, Social Factors and Technological Infrastructure on MSME Business Sustainability in the Modern Era," *International Journal of Business, Law, and Education* 5, no. 1 (December 2023): 90–104, <https://doi.org/10.56442/ijble.v5i1.357>.

<sup>11</sup> Joewono Soemardjito, "Peluang Efisiensi Distribusi Komoditas Ekspor Melalui Peningkatan Akses Infrastruktur Transportasi (Studi Kasus: Komoditas Kopi Gayo, Aceh)," *Berkala Forum Studi Transportasi Antar Perguruan Tinggi* 2, no. 1 (2024): 143–51, <https://doi.org/10.19184/berkalafstpt.v2i1.911>.

<sup>12</sup> Desti Angraini et al., "Transformasi Digital Dalam Meningkatkan Daya Saing Usaha Mikro, Kecil, Dan Menengah (UMKM) Indonesia: Sebuah Tinjauan Sistematis," *Eklektik: Jurnal Pendidikan Ekonomi Dan Kewirausahaan* 7, no. 2 (2024): 132, <https://doi.org/10.24014/ekl.v7i2.33958>.

<sup>13</sup> R. Purbasari, C. Wijaya, and N. Rahayu, "The Impact of the Entrepreneurial Ecosystem on Regional Competitive Advantage: A Network Theory Perspective," *Russian Journal of Agricultural and Socio-Economic Sciences* 83, no. 11 (2018): 49–63, <https://doi.org/10.18551/rjoas.2018-11.07>; Sarah Herzog, Colin Mason, and Michaela Hruskova, "The Role of Large Corporations in Entrepreneurial Ecosystems – a Case Study of Munich," *European Planning Studies* 32, no. 6 (June 2024): 1295–317, <https://doi.org/10.1080/09654313.2023.2301295>; Samar Abdalla et al., "Strategic Agility in the B2B Sharing Economy Ecosystem of Emerging Economies: Empirical Insights from the Middle East," *Industrial Marketing Management* 125 (February 2025): 431–45, <https://doi.org/10.1016/j.indmarman.2025.01.018>.

as the availability of worship facilities in commercial centers, halal supply chains, and access to *sharī'ah*-based financing.<sup>14</sup> these findings align with Lovez et al.,<sup>15</sup> which emphasize the importance of non-physical infrastructure in the form of *sharī'ah* FinTech systems in supporting the sustainability of halal MSMEs. Similarly, a study by Susilani and Retnaningdiah<sup>16</sup> emphasizes the role of public-private partnerships in strengthening Islamic financial infrastructure and the digitization of MSMEs as the foundation for a healthy Islamic business environment.

Similarly, entrepreneurial environmental variables that have been proven to be significant can be interpreted as an Islamic business environment based on justice (*al-'adl*), open access (*inṣāf*), and the creation of blessings (*barakah*).<sup>17</sup> These values align with the *maqāṣid al-sharī'ah*, particularly in preserving wealth (*ḥifẓ al-māl*) and maintaining social welfare (*ṣalāḥ al-'ā'ilah*).<sup>18</sup> These results are supported by research by Soumena, Akib, and Alifka<sup>19</sup>, which shows that Islamic business ethics, such as honesty, trustworthiness, and social awareness, significantly affect the performance of MSMEs, confirming that an Islamic environment provides a strong impetus for business growth.

The coefficient of determination ( $R^2$ ) of 0.386 indicates that 38.6% of the variation in MSME development is explained by the variables of infrastructure and the entrepreneurial environment, while the remaining 61.4% is influenced by other factors outside the model. From an Islamic perspective, this figure can be understood to mean that, in addition to structural factors, the success of MSMEs is also largely determined by spiritual and moral dimensions, such as honesty in transactions, trustworthiness, cooperation (*ta'āwun*), and business blessings (*barakah*).<sup>20</sup> Fitri's<sup>21</sup> research on halal fashion MSMEs in Deli Serdang also emphasizes that halal business development strategies must be based on values of sustainability, ethics, and Muslim consumer awareness, aligning with *maqāṣid al-sharī'ah*.

Thus, this research emphasizes that the development of MSMEs in Medan cannot be viewed solely from the perspective of physical infrastructure. More than that, a comprehensive approach is needed through the provision of *Muslim-friendly* infrastructure

<sup>14</sup> Rozalinda, *Ekonomi Islam: Teori Dan Aplikasinya Pada Aktivitas Ekonomi*, Edisi pertama, cetakan ke-4 (Depok: Rajawali Pers (PT RajaGrafindo Persada), 2017); Azharsyah Ibrahim et al., *Pengantar Ekonomi Islam*, Pertama, ed. Rifki Ismal et al. (Jakarta: Departemen Ekonomi dan Keuangan Syariah - Bank Indonesia, 2021).

<sup>15</sup> Evelyn Lopez et al., "The Role of Organizational Resilience in SME Service Innovation and Value Cocreation," *Journal of Services Marketing* 38, no. 4 (2024): 443–59, <https://doi.org/10.1108/JSM-03-2023-0081>.

<sup>16</sup> Diah Susilani and Dian Retnaningdiah, "Pengaruh Bantuan Modal, Pelatihan Dan Pendampingan Bank Wakaf Mikro Terhadap Peningkatan Pendapatan Usaha Mikro Kecil Menengah," *Jurnal Bisnis Dan Manajemen (JURBISMAN)* 1, no. 1 (June 2023): 267–82, <https://doi.org/10.61930/jurbisman.v1i1.158>.

<sup>17</sup> Lisa Gitelman, *Paper Knowledge: Toward a Media History of Documents* (Durham: Duke University Press, 2014), <https://doi.org/10.1215/9780822376767>.

<sup>18</sup> Edi Susilo, Devi Fadiya Ramadhani, and Muhammad Iqbal Fasa, *Buku Monograph Maqashid Syariah Index (MSI) Perbankan Syariah di Indonesia dan Malaysia* (UNISNU PRESS, 2025); Ahmad Sarwat, *Maqashid Syariah*, Cetakan pertama, ed. Fatih (Jakarta: Rumah Fiqih Publishing, 2019); Sutisna et al., *Panorama Maqashid Syariah*, ed. Abdurrahman Misno BP (Bandung: Penerbit Media Sains Indonesia, 2021).

<sup>19</sup> Andi Alma Putri Alifka Fadly Yashari Soumena<sup>1</sup>, Baso Akib, "The Effect Of Entrepreneurship Competence And Islamic Business Ethics On The Performance Of Micro And Small Enterprises (SMEs) Makassar," *Jurnal Ilmiah Ekonomi Islam* 10, no. 1 (2024): 156, <https://doi.org/10.29040/jiei.v10i1.11733>.

<sup>20</sup> Zamir Iqbal and Abbas Mirakhor, eds., *Economic Development and Islamic Finance* (The World Bank, 2013), <https://doi.org/10.1596/978-0-8213-9953-8>.

<sup>21</sup> Syahrana Fitri, Marliyah Marliyah, and Nurul Inayah, "Analysis of the Development Strategy of Umkm Fashion Halal Langgam Batik Based on Sustainability," *Jurnal Pamator: Jurnal Ilmiah Universitas Trunojoyo* 18, no. 1 (2025): 107–23, <https://doi.org/10.21107/pamator.v18i1.29532>.

and the creation of an Islamic entrepreneurial environment that guarantees fair distribution, open access, and business sustainability. The integration of Islamic economic principles into the MSME ecosystem is believed to promote competitive advantage while realizing equitable community welfare.<sup>22</sup>

From an Islamic economic perspective, this study highlights the importance of applying values such as justice, blessing, and sustainability, which are integral parts of *maqāṣid al-sharī'ah*.<sup>23</sup> The findings indicate that the entrepreneurial environment significantly influences the growth of MSMEs in Medan, while physical infrastructure development does not show a statistically significant influence in the analysis model. These findings are in line with Islamic principles that prioritize justice (*al-'adl*), equitable access (*inṣāf*), and efforts that bring blessings (*barakah*) as the main foundations of economic activity.<sup>24</sup>

In conclusion, a conducive entrepreneurial environment significantly influences the development of MSMEs in Medan City more than physical infrastructure. The integration of Islamic economic values into business policies and ecosystems is also crucial for creating fairness and sustainability in MSME growth.

## CONCLUSION

This study demonstrates that both infrastructure development and the entrepreneurial environment influence MSME growth in Medan City, although only the entrepreneurial environment is statistically significant. Together, the two variables explain 38.6% of the variation in growth, highlighting the greater importance of non-physical supports, such as access to capital, market information, regulations, and training, over infrastructure alone. From an Islamic economic perspective, these findings emphasize the need to integrate economic policies with values of justice (*al-'adl*), openness (*inṣāf*), social responsibility, and long-term sustainability. Practically, MSME entrepreneurs are encouraged to manage their businesses ethically, with a focus on long-term goals, while policymakers should strengthen the entrepreneurial environment and continue to improve infrastructure in ways that directly support MSMEs. This approach will foster equitable and sustainable growth aligned with *maqāṣid al-sharī'ah*.

## CONFLICT OF INTEREST

The authors declare no conflict of interest.

<sup>22</sup> Saifuddin Saifuddin and Humairoh, "Analisis Penerapan Prinsip Syariah Dan Dampak Terhadap Kinerja Keuangan UMKM," *Jurnal Ilmiah Ekonomi Islam* 11, no. 01 (April 2025), <https://jurnal.stie-aas.ac.id/index.php/jei/article/view/16591>.

<sup>23</sup> Nurhadi Nurhadi, "The Importance of Maqashid Sharia as a Theory In Islamic Economic Business Operations," *International Journal of Islamic Business and Economics (IJIBEC)* 3, no. 2 (2019): 130–45, <https://doi.org/10.28918/ijibec.v3i2.1635>; Zakaria Batubara, "Ekonomi Syariah Sebagai Fondasi Ekonomi Kerakyatan Untuk Mencapai Indonesia Yang Sejahtera," *IQTISHADUNA: Jurnal Ilmiah Ekonomi Kita* 1, no. 1 (June 2012): 1–11; Isnaini Isnaini and Bayu Sugara, "The Significance and Application of Maqashid Sharia in Contemporary Economic Practices: A Qualitative Analysis," *Saqifah: Jurnal Hukum Ekonomi Syariah* 9, no. 1 (June 2024): 64–71.

<sup>24</sup> Rozalinda, *Ekonomi Islam: Teori Dan Aplikasinya Pada Aktivitas Ekonomi*; Ibrahim et al., *Pengantar Ekonomi Islam*.

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