
**Islamic Perspectives on Green Business
Practices: Challenges & Opportunities for
Pakistan SME's**

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Abstract

This study, with the use of a quantitative-descriptive research approach, investigates the intersection between Islamic ethical values and ecologically sustainable business practices among small and medium companies (SMEs) in Pakistan that are owned by Muslims. With the principles of Khilafah (stewardship), Amanah (trust), and Mizaan (balance) serving as its foundation, this study analyses the ways in which faith-based motives impact environmentally conscious behaviour in the

corporate world. The collection of quantitative data was accomplished via the use of standardised questionnaires within Pakistan in order to evaluate the perspectives of individuals about sustainability, ethical responsibility, and operational issues. In spite of the fact that Islamic principles greatly inspire eco-consciousness, the findings indicate that practical issues such as government policy, access to education and technology, and consumer demand have more direct roles in enabling sustainability. In order to advance green entrepreneurship in environments where Muslims make up the majority of the population, the research comes to the conclusion that an integrated strategy that combines religious motivation with policy and capacity-building assistance is required.

Keywords: Islamic Business Ethics, Eco-friendly Practices, Green Revolution, Muslim-owned SMEs, Environmental Responsibility, Islamic Principles, Barriers, Sustainable Practices

Introduction

In recent years, the concepts of environmental responsibility and sustainability are becoming more and more globally recognized and a large number of enterprises are following sustainable business practices for the best of interests. Greener business practices are being promoted all over the world for small and medium-sized businesses (SMEs) as environmental decline such as pollution, global warming, deforestation and resource depletion continue to present significant difficulties. The green business practices include reducing waste, using energy efficiently, using eco-friendly packaging, protecting the resources and reducing carbon footprint etc. Fortunately, Muslim-owned SME's have been working on these sustainable practices for a quite large amount of time now, for instance Emirates. Emirates claims that they contribute to reducing the aviation carbon footprint, consuming responsibly and avoiding the illegal trade of wildlife. (1) Just like that this positive step for Muslim-owned SMEs is based on Islamic ethical principles including khilafah (stewardship), trust (amanah) and balance (mizaan), in addition to commercial and regulatory constraints. According to these principles, protecting the environment is a religious duty, which makes sustainability a crucial component of business.

Unfortunately in Pakistan, not much focus and effort is being done to this emerging problem. Even though SME's form the backbone for Pakistan economy, yet, they lack enough awareness and resources like money, knowledge and training to contribute to green

entrepreneurship. So, the objective of this article is to understand the relationship between Islamic ethical principles and sustainability, to discuss practical business challenges relevant to green entrepreneurship and to identify the drivers for green revolution in Pakistan businesses.

This study adds to the existing literature of research that looks at how religion, environmental ethics, and corporate sustainability interact, especially when it comes to Muslim-owned SMEs. In Pakistan, Islamic ethical concepts like Khilafah (stewardship), Amanah (trust), and Mizaan (balance) serve as both moral motivators for environmentally conscious economic practices and spiritual instructions just like other Muslim SME's. Sustainability is a fundamental component of Islamic business ethics as it upholds the idea that environmental stewardship is not only a business commitment but also a religious one. Government incentives, consumer pressure, and awareness of long-term cost savings are important drivers of green investment, according to the study on Malaysian SMEs. (2) Many of these factors were also mentioned in the Pakistani context by respondents who cited consumer preference and government policy as important drivers. The study on Saudi SMEs, on the other hand, highlights the beneficial correlation between sustainability performance and green innovation, particularly when external forces and internal variables like leadership commitment coincide. (3)

Other than that, Islamic ethics are prominently consistent with Environmental, Social, and Governance (ESG) principles, providing a spiritually based substitute for corporate responsibility approaches that are centered on the West. The ESG Framework, commonly used in corporate governance and international investments, places a strong emphasis on social justice, environmental protection, and open governance. The aspect 'Environmental' is in line with Khilafah (stewardship) and Mizaan (balance), which highlight the human responsibility to preserve ecological harmony; the aspect 'Social' is in line with the principles of Adl (justice) and Ihsan (benevolence), which encourage equity and moral behavior in all human interactions; and the aspect 'Governance' is in line with Shura (consultation) and Amanah (trust), which support accountability, transparency, and reliability in business practices. These pillars closely reflect Islamic values. (4) Another

perspective supported believed that Islamic business ethics are essential in influencing SMEs' socially responsible behavior.

There is no doubt in the fact that Islam encourages environmental responsibility. Sustainability and Green Revolution are not terms of modern innovation, instead they are deeply rooted in Islamic thought. Moreover, Islamic business values naturally align with global ESG framework. This proves that Islamic values are not only spiritually valid but also practically effective for sustainability. However, these values aren't alone sufficient, instead government incentives, institutional support and public awareness are equally important.

Methodology

Research Design

This study used a quantitative-descriptive research approach to examine the link of Islamic ethical principles with environmentally sustainable practices among Muslim-owned SMEs in Pakistan. This used a cross-sectional survey method, collecting data at a single point in time using a Google Forms self-administered questionnaire. The questionnaire included structured, close-ended questions such as multiple-choice and Likert scale items, allowing for the collection of quantifiable data. The target population consisted of university-level business students in Sialkot, selected to represent future entrepreneurs and business leaders. The collected data were analyzed using statistical summaries, including frequencies, percentages, bar graphs, pie charts, and cross-tabulations to identify patterns and trends in awareness, motivations, and perceived barriers to eco-friendly business practices.

Pattern of Qualitative Research

Quantitative research is organized in a way that makes sense. The goal is to collect and analyse numerical data to find answers to specific research questions. It starts with coming up with a clear research problem and research questions or ideas that can be tested. Then, the current literature is looked at to understand the situation and find study holes. Then, the researcher chooses a good study strategy, like a descriptive or experimental method, and figures out who the target group is and how to pick samples from them.

Structured tools, such as polls or questionnaires with closed-ended questions, are used to collect data. When statistics are used to look at the results, they are often shown in the form of rates, percentages, charts, or cross-tabulations. The researcher then figures out what the results mean by looking at the research questions and other research that has already been done. Finally, suggestions are made, findings are reached, and the results are put together in an official study report. This organized plan makes sure that the study process is fair, consistent, and clear.

Findings and Discussion

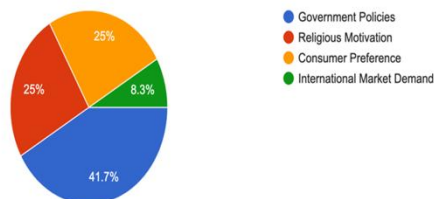
To investigate the impact of Islamic ethical principles on the implementation of ecologically sustainable practices among Muslim-owned SMEs in Pakistan, standardized questionnaires were disseminated using Google Forms. . The primary focus group for collecting responses consisted of business students enrolled in universities, who were surveyed to gain insights into their perspectives on Islamic ethics and green business practices. Using a stratified sampling approach, the responses were examined to capture and compare prevalent themes and perspectives across different groups. Almost, 156 responses were collected from the business students of the universities according to their perceptions .

Following that every responder (100%) said they were confident that eco-friendly activities may lead to a green revolution in Pakistan. The participants' strong sense of hope in the nation's capacity to embrace and use sustainable business methods is reflected in this unanimous consensus. It implies that despite current obstacles, there is a consensus that Pakistan can progress towards a more ecologically conscious future with the correct mix of ethical motivation, governmental backing, and education.

The study findings also indicate that Government Policies are seen as the most significant catalyst for fostering a green revolution in Pakistani enterprises, as expressed by 41.7% of participants. This indicates that participants see supporting rules, incentives, and government actions as essential for promoting environmentally sustainable behaviors. Simultaneously, Religious Motivation and customer Preference were both identified by

25% of respondents, underscoring that ethical ideals and evolving customer needs significantly influence organization transition towards sustainability. Ultimately, International Market Demand was seen as the least impact aspect, with just 8.3% of respondents seeing it as the primary driver. The results indicate that while internal incentives such as religious beliefs are significant, external institutional assistance from the government is seen as the paramount factor for facilitating a green company transformation in Pakistan.

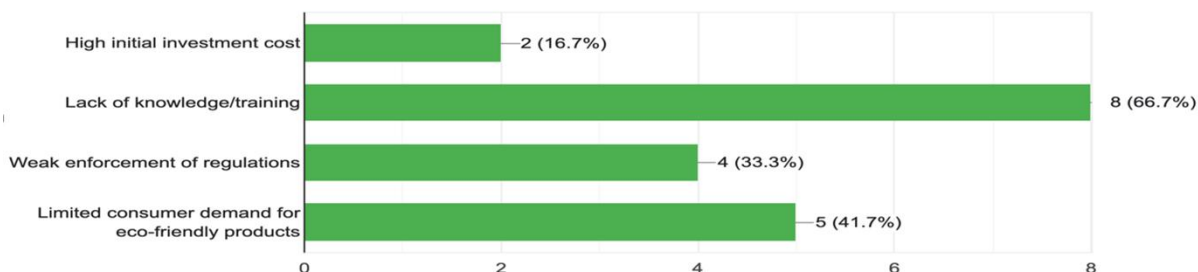
What do you consider the biggest driver for a green revolution in Pakistani businesses?



The majority of respondents (41.7%) chose "All of the above" when asked which Islamic concept may best direct environmentally friendly company activities, demonstrating a significant conviction in the combined significance of many values. Khilafah (stewardship) was selected by 33.3% of respondents, making it the most widely accepted governing concept. Amanah (trust) and Iqtisad (moderation) were chosen by 8.3% of respondents, respectively, while Mizaan (balance) came in second with 16.7%. These findings imply that while stewardship is noteworthy, many participants think that directing ecologically friendly business activities requires a comprehensive application of Islamic principles, which includes trust, balance, moderation, and accountability.

The bar chart shows what businesses said were the biggest problems with finding balance, most likely when it comes to being sustainable or using eco-friendly methods. The

What is the biggest barrier to achieving this balance in your business?



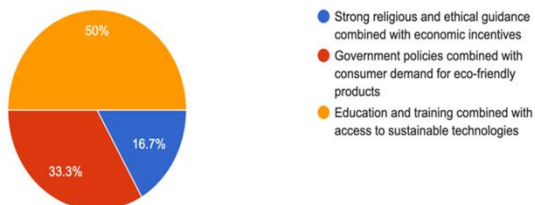
important findings are given below:

The results revealed that the biggest barrier to adopting sustainable practices among Pakistani SMEs is a lack of knowledge or training, by 66.7% of respondents. This indicates a dire need for skill-building programs, technical support, and awareness campaigns. Meanwhile 41.7% of participants said that limited consumer demand was the second most common challenge, that weak market interest in eco-friendly products discourages investment in sustainability. Meanwhile, 33.3% brought up weak enforcement of environmental regulations, suggesting that insufficient oversight reduces motivation for compliance. Additionally, only 16.7% of respondents considered high initial investment costs as the main barrier, considering that non-financial factors—such as education and policy enforcement—may be more critical obstacles in this context.

This makes it clear that education and awareness are the most important things for growth. Compared to the Western model, the majority of respondents (66.7%) think that the Islamic approach to environmental stewardship lays a greater emphasis on ethics and spirituality. This illustrates how Islamic teachings, which are based on ideas like stewardship and responsibility to God, are seen as seeing environmental care as a moral and religious obligation. In contrast, 16.7% said that the Western strategy prioritises economic expansion above morality, while another 16.7% believed that Islam places a greater emphasis on the welfare of the community. There is broad agreement that Islamic and Western environmental philosophies are informed by essentially distinct value systems, as shown by the fact that none of the respondents said there was no discernible difference between the two approaches.

Islam provides a balanced approach between environmental preservation and economic prosperity, according to all respondents. This reflects a common understanding that Islamic

What combination of internal & external factors best promotes sustainable, nature-friendly growth in Pakistan?



teachings encourage responsible growth that prioritize environmental preservation as much as wealth.

The pie chart shows what people who answered the survey thought was the best mix of internal and external factors to encourage healthy, eco-friendly growth in Pakistan. Half of the people who participated (50%) said that education and access to sustainable technologies were the most important factors. This shows how important it is to get skills and useful tools to help the environment. One-third (33.3%) thought that customer demand and backing from government policies play a major part. This shows how governance and market behaviour affect eco-friendly business practices. On the other hand, only 16.7% chose ethical and economic rewards as the most important, such as religion drive combined with financial benefits. This shows that morals are taken into account, but stakeholders put more value on real-world solutions—especially those that involve education and technology—than on general rules or policies.

Only one respondent disagreed with the almost unanimous opinion that a company might differentiate itself from rivals by striking a balance between profit and environmental responsibility. This implies a strong conviction that competitiveness and market reputation may be improved via sustainable practices.

Conclusion and Recommendations

The results of this research indicate that small and medium-sized enterprises (SMEs) in Pakistan have a great sense of optimism about the possibility of a green revolution. This optimism is motivated by a mix of Islamic ethical ideals, policies implemented by the government, and education. At the same time as respondents acknowledge the importance of Islamic concepts such as Khilafah, Amanah, and Mizaan as the basis for environmentally responsible business practices, they also emphasise the need of practical instruments and support structures. The findings demonstrate that even when moral and spiritual incentives are significant, there are still significant obstacles to the transformation of businesses that are sustainable. These obstacles include information gaps, inadequate regulatory enforcement, and poor customer demand.

Based on what the study found, a number of important recommendations are made

to help Pakistani small and medium-sized businesses adopt more safe and environmentally friendly practices. Some of these are making training and awareness programmes stronger to fill in knowledge gaps, improving the support and enforcement of government policies, and spreading faith-based messages about sustainability to make environmental action more in line with Islamic values. Making it easier for people to get green technologies and making people more aware of environmental issues can also help make it easier for small businesses to adopt good practices that protect the environment while still making money.

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