

INSTITUTIONALIZING ISLAMIC BUSINESS PRINCIPLES WITHIN THE POAC FRAMEWORK: A MULTIPLE-CASE STUDY OF TRADITIONAL CANE SUGAR MSMEs IN KUNDURAN, BLORA

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Abstract

This study examined how Islamic business principles were institutionalized within the planning, organizing, actuating, and controlling (POAC) functions of traditional cane sugar MSMEs in Kunduran District, Blora Regency, Indonesia. A qualitative multiple-case study involved nine owners or managers purposively selected for their direct involvement in operational decision-making and production. Data were collected from June to July 2026 through direct observation, open-ended interviews, and documentation, and analyzed using within-case and cross-case procedures. POAC served as the operational framework, while shiddiq, amanah, tabligh, and fathanah functioned as analytical lenses. The findings revealed a continuum of institutionalization. At the less institutionalized end, business practices depended largely on owners' personal commitments, memory, situational decisions, and workers' tacit experience. At the more institutionalized end, the same values were embedded in written planning, clearer role allocation, mentoring and cross-training, technical quality measurement, product grading, financial separation, and complaint handling. Operational pressures such as weather uncertainty, raw-material quality, skilled-labor shortages, costs, cash-flow constraints, and delivery deadlines tested the consistency of these principles. The study concluded that POAC provided an operational bridge through which personal Islamic business values could be translated into more consistent organizational governance.

Keywords: Institutionalization; Islamic Business Ethics; Msmes; POAC; Traditional Cane Sugar

1. INTRODUCTION

Micro, small, and medium enterprises (MSMEs) occupy a central position in the Indonesian economy. In 2024, MSMEs accounted for approximately 99% of business establishments, contributed 60.51% of the national gross domestic product (GDP), and absorbed nearly 97% of the national workforce (Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2024). Despite their substantial economic contribution, however, their integration into broader markets remains relatively limited, as MSMEs account for only around 15.7% of Indonesia's national exports. These figures suggest that strengthening MSMEs requires more than increasing the number of business units; it also

requires improvements in managerial capacity, resource utilization, quality consistency, business relationships, and resilience to operational risks. This issue is particularly relevant in Blora Regency, where the number of MSMEs increased from 13,244 units in 2021 to 13,652 units in 2023, while only approximately 35% had formal legal status (Pemerintah Kabupaten Blora, 2025). Agriculture also remains an important socioeconomic base in the region. In 2023, Blora Regency had 2,733 farmer groups comprising 197,318 members, including 233 groups with 16,173 members in Kunduran District (Pemerintah Kabupaten Blora, 2024).

One form of agricultural MSME that has developed within this local economic setting is traditional cane sugar processing. Cane sugar production connects agricultural activities, food processing, local labor, and distribution networks within an integrated operational chain. The production process involves procuring and transporting sugarcane, crushing the cane to extract juice, filtering and boiling the juice, molding or further processing the concentrated product, controlling product quality, and marketing the final output. The continued reliance of many producers on practical skills and experiential knowledge provides considerable operational flexibility. At the same time, however, it creates vulnerabilities related to raw-material uncertainty, dependence on skilled workers, inconsistent product quality, limited record-keeping, and pressures arising from production costs and market conditions.

From an Islamic business perspective, business management is concerned not only with economic continuity but also with the values that guide decision-making and relationships among stakeholders. Honesty, responsibility, transparency, and competence are particularly relevant to interactions between producers, workers, suppliers, buyers, and the resources involved in production. The principles of *shiddiq*, *amanah*, *tabligh*, and *fathanah* provide a useful framework for examining these dimensions. *Shiddiq* refers to truthfulness and transparency of information, *amanah* to responsibility and trustworthiness, *tabligh* to communication and the open transmission of information, and *fathanah* to competence and sound judgment in decision-making and problem-solving. Previous studies have likewise emphasized that Islamic economic practices are grounded in values such as justice, honesty, solidarity, and social welfare, while *shiddiq*, *amanah*, *tabligh*, and *fathanah* can be translated into everyday business practices (Mu'awwanah et al., 2023; Nabil & Ismail, 2024).

Research on Islamic business ethics in MSMEs has expanded across a variety of contexts. Previous studies have examined honesty, responsibility, justice, *amanah*, *tabligh*, and *fathanah* in relation to business strategies, performance, and MSME sustainability (Anita, 2022; Ghoniyah et al., 2022; Rahayu, 2025; Ramadhany et al., 2023; Silviyah & Lestari, 2022). In the food sector, Islamic business ethics have also been examined in relation to production and trading practices (Mutiarra et al., 2024; Sudarsono, 2022). Other studies have linked Islamic business ethics to trust, stakeholder relationships, organizational

performance, and business sustainability (El Ayyubi & Anggraini, 2017; Pratiwi et al., 2023; Purwandari & Mukmin, 2025). Taken together, this literature demonstrates that Islamic business ethics have practical relevance for MSMEs rather than functioning solely as a normative foundation.

Nevertheless, the existing literature has largely approached Islamic business principles as values reflected in entrepreneurs' behavior, customer relationships, business strategies, performance, or sustainability. Less attention has been devoted to how these values are translated and institutionalized into operational mechanisms that can function consistently across production planning, the allocation of responsibilities, production activities, knowledge transfer, quality control, financial record-keeping, and communication with business partners. This gap is particularly important in traditional agroindustries, where business operations are highly exposed to weather variability, fluctuations in the quality and availability of raw materials, shortages of skilled labor, production costs, cash-flow constraints, and changing market demands. Under such conditions, the presence of ethical values at the individual level does not necessarily translate into consistent organizational practices unless those values are supported by appropriate operational mechanisms.

This gap also suggests that Islamic business principles should not be understood in binary terms as either 'implemented' or 'not implemented.' The same values may exist at different levels of institutionalization: they may remain primarily personal commitments held by business owners, develop into informal routines embedded in everyday practice, or become incorporated into organizational mechanisms such as record-keeping, clearly defined work responsibilities, mentoring, quality measurement, product grading, financial separation, and complaint-handling procedures. Moreover, the consistency of these principles may change when business actors encounter production disruptions, rising costs, delivery pressures, or the risk of financial loss. An analysis of Islamic business ethics should therefore examine not only whether particular values are present, but also how they become institutionalized and how consistently they are maintained under operational pressure.

To address this gap, this study employs the managerial functions of planning, organizing, actuating, and controlling (POAC) (Terry, 1977) as an operational bridge between normative Islamic business principles and observable managerial practices. POAC is particularly appropriate because its four functions represent interconnected domains of everyday management through which ethical commitments can be translated into organizational action. Planning captures how values are reflected in production decisions, resource allocation, and business commitments; organizing reveals how responsibilities, authority, and knowledge are distributed; actuating shows how ethical and technical considerations are enacted under actual production conditions; and controlling demonstrates how standards, accountability, transparency, and corrective actions are maintained when outcomes deviate from expectations. This structure therefore enables the study to trace

whether *shiddiq*, *amanah*, *tabligh*, and *fathanah* remain personal orientations and situational practices or become embedded in repeatable organizational mechanisms. POAC is not treated here as an ethical theory or a measurement scale, but as an operational framework for locating and comparing the institutionalization of Islamic business principles across different managerial functions and cases.

Rather than merely identifying the presence of Islamic business values, the study investigates how these values move from personal orientations toward organizational mechanisms through record-keeping, allocation of responsibilities, knowledge transfer, quality control, financial separation, and communication with business partners. The analysis also incorporates operational pressures and negative cases to examine circumstances in which the consistency of Islamic business principles is either reinforced or weakened. Accordingly, this study aims to analyze how *shiddiq*, *amanah*, *tabligh*, and *fathanah* are institutionalized through the POAC functions in traditional cane sugar MSMEs in Kunduran District, Blora Regency, and to identify the operational pressures and strengthening strategies that shape the consistency of their implementation.

2. RESEARCH METHOD

This study employed a qualitative multiple-case study design to examine the institutionalization of Islamic business principles in the operational practices of traditional cane sugar MSMEs in Kunduran District, Blora Regency. A multiple-case design was selected because the study sought not only to examine practices within individual enterprises but also to compare management patterns across businesses with different operational characteristics within the same agroindustrial context (Eisenhardt, 1989). The study was conducted from June to July 2026 and involved nine traditional cane sugar MSMEs as individual cases.

The participants consisted of nine business owners or managers selected through purposive sampling. Selection was based on their direct involvement in operational decision-making and production activities, including raw-material procurement, workforce management, production processes, quality control, business record-keeping, and relationships with suppliers and buyers. The participating enterprises varied in years of operation, production capacity, workforce size, raw-material sourcing, target markets, and degree of management formalization. This variation provided a basis for examining how Islamic business principles were operationalized across different organizational settings.

Table 1. Characteristics of Participants and Business Units

Code	Years in Operation	Workforce	Daily Processing Capacity	Raw-Material Sourcing	Business and Market Profile
P1	Approx. 10 years	8-10 workers	5-10 tons/day	Partner farmers in surrounding villages	Family-run enterprise; collectors and traditional markets

Code	Years in Operation	Workforce	Daily Processing Capacity	Raw-Material Sourcing	Business and Market Profile
P2	6 years	12 permanent; up to 18	Approx. 15 tons/day	70% partner farmers; 30% open market/local cane traders	Distributors and food-processing industries; relatively structured management
P3	12 years	Approx. 7 workers	4-6 tons/day	Local farmers and additional sources when supplies are limited	Inherited family business; mainly regular collectors
P4	8 years	10 permanent + approx. 6 casual workers	8-10 tons/day	100% from land cultivated by farmer-group members	Group-based enterprise; intercity wholesalers and food industries
P5	4 years	9 workers	5-7 tons/day	Partner farmers	Granulated cane sugar (gula semut) and mini molded cane sugar products; cafes, bakeries, and local supermarkets
P6	15 years	11 workers	8-10 tons/day	60% managed leased land; 40% local farmers	Focus on pure cane sugar products
P7	12 years	10 workers/shift	8-10 tons/day	40% own plantation; 60% partner farmers	Semi-mechanized operation; distributors and wholesalers
P8	Approx. 15 years	6-8; up to 10 workers	4-6 tons/day	Own plantation, farmers, and cane traders	Traditional enterprise; collectors, local markets, and soy-sauce producers
P9	12 years	6-10 workers	6-8 tons/day	30% own plantation; 70% farmers/cane traders	Large collectors, local markets, and food-processing businesses

Source: Processed Data, 2026

Primary data were collected through direct observation, open-ended interviews with follow-up probing, and documentation. The interviews focused on participants' concrete experiences of production planning, allocation of responsibilities, processing activities, quality control, financial record-keeping, relationships with suppliers and buyers, business challenges, and the values considered in operational decision-making. Follow-up questions were used to elicit specific incidents and practical examples so that the analysis would not rely solely on participants' normative statements about the business principles they claimed to uphold. Observations covered raw-material procurement and receiving, cane crushing, juice boiling, molding, resource utilization, quality-control practices, work allocation, and product distribution. Documentary evidence was used to complement and corroborate information obtained through interviews and observation (Sugiyono, 2020).

Data analysis followed the interactive model of Miles, Huberman, and Saldaña (2014), consisting of data condensation, data display, and conclusion drawing and verification. During data condensation, interview transcripts and notes, observation notes, and documentary materials were reviewed case by case. Relevant meaning units were retained according to the operational focus of the study and assigned descriptive codes representing concrete business practices, including raw-material planning, work allocation, skill transfer, production adaptation, quality inspection, financial separation, buyer communication, complaint handling, and responses to operational disruptions.

The descriptive codes were then organized into the four managerial functions of planning, organizing, actuating, and controlling (POAC). Within each POAC category, the

coded practices were interpreted through the analytical dimensions of *shiddiq*, *amanah*, *tabligh*, and *fathanah*. *Shiddiq* was used to identify practices related to truthfulness and disclosure; *amanah* to responsibility and accountability; *tabligh* to communication, consultation, coordination, and knowledge transfer; and *fathanah* to technical and managerial competence. Data display involved organizing the coded findings by case and by POAC function to facilitate within-case and cross-case comparison while linking empirical evidence, descriptive codes, Islamic business principles, and critical incidents.

The analysis proceeded in two stages. First, within-case analysis was conducted to identify operational patterns, managerial mechanisms, and tensions within each enterprise. Second, cross-case analysis compared similarities and differences across the nine cases to identify recurring patterns and variations in the institutionalization of Islamic business principles. Particular attention was given to negative cases in which actual decisions did not fully correspond to the dominant ethical pattern. These cases were retained to test and refine the emerging interpretation rather than being excluded as anomalies. Conclusions were subsequently verified by comparing interview evidence with observation notes and documentary materials through source and methodological triangulation.

Table 2. Analytical Coding Process

Empirical Evidence	Descriptive Code	POAC Function	Islamic Principle	Analytical Interpretation
Production depended on cane readiness, labor availability, and field conditions	Situational production planning	Planning	<i>Fathanah</i>	Planning remained adaptive and largely experience-based
Absence of a key processing worker disrupted production and supervision	Key-person dependency and limited skill transfer	Organizing	<i>Fathanah; Tabligh</i>	Individual expertise had not yet become shared organizational capability
Experienced workers identified process readiness through color, thickness, and aroma	Experiential sensory judgment	Actuating	<i>Fathanah</i>	Production knowledge remained largely tacit and experience-based
A complaint about poor-quality output led to a rule prioritizing quality over delivery speed	Quality-control learning	Controlling	<i>Amanah; Fathanah</i>	A critical incident was transformed into an internal operational rule

Source: Authors' analysis based on field data (2026).

To protect confidentiality, all participants and business units were anonymized using the codes P1-P9.

3. RESULTS AND DISCUSSION

3.1 Institutionalizing Islamic Business Principles across Operational Functions

The findings show that *shiddiq*, *amanah*, *tabligh*, and *fathanah* were reflected in various operational practices across the traditional cane sugar enterprises, although the form and degree of their institutionalization varied considerably among the cases. In some enterprises, these principles remained largely embedded in owners' personal commitments, established routines, and workers' experiential knowledge. In others, the same principles had begun to take more structured organizational forms through record-keeping, clearly defined responsibilities, worker training, quality-control practices, and communication procedures with suppliers and buyers. The institutionalization of Islamic business principles therefore

did not follow a uniform pattern. Rather, it ranged from personal and situational practices to relatively structured operational mechanisms. This finding extends previous discussions of Islamic business ethics by suggesting that their relevance to MSMEs lies not only in the moral conduct of individual entrepreneurs but also in the extent to which ethical values are embedded in organizational practices and stakeholder relationships (El Ayyubi & Anggraini, 2017; Purwandari & Mukmin, 2025).

3.1.1 Planning: Adaptive Planning between Experiential Knowledge and Record-Keeping

Across the nine cases, production planning was strongly shaped by sugarcane availability, weather conditions, labor availability, fuel requirements, and buyer demand. The principal difference among the enterprises concerned the degree to which these considerations were formalized in planning practices. P1, for example, planned labor and fuel requirements approximately one week in advance and recorded them in a simple operational logbook. When sugarcane supplies declined, milling hours were reduced to half-day operations to control costs; when supplies increased, working hours were extended. P2 demonstrated a more structured approach, with production planning based on distributor orders, sugarcane availability, fuel requirements, milling schedules, and labor budgets. P4, meanwhile, employed a collective planning model in which farmer-group members discussed harvesting schedules in advance to regulate the flow of sugarcane into the processing unit and prevent excessive accumulation of raw materials.

P5 followed a different planning pattern because its production focused on granulated cane sugar (gula semut) and small molded cane sugar products supplied to cafes, bakeries, supermarkets, and beverage producers. Production was therefore driven primarily by purchase orders and agreed delivery schedules rather than by the conventional milling season alone. P7 similarly employed daily and weekly planning based on sugarcane maturity, machine capacity, the number of boiling pans available, fuel requirements, and funds allocated for raw-material purchases. By contrast, P3 and P8 relied more heavily on memory and accumulated experience than on systematic written plans. Written planning was limited, leaving production decisions relatively reactive to immediate changes in raw-material supply, workforce availability, and fuel conditions.

P8 described the situational nature of production planning as follows: “*Nak tebune wes siap panen, tukang tebange yo ono, produksi yo iso, Mas. Nak bengi udan deres, Mas, lahan.ne tebu becek otomatis arep nebang ora wani, Mas, tur golek tebu liyane ora ono, yo gaiso produksi, Mas.*” [“If the sugarcane is ready to harvest and the harvest workers are available, production can proceed. If it rains heavily at night, the cane fields become muddy, so the harvesters do not dare to harvest. If no other sugarcane is available, we cannot produce.”]

This account illustrates that planning in P8 remained highly situational, relying on the immediate availability of raw materials, labor, and field conditions rather than on a formalized production schedule.

These variations indicate that *fathanah* in the planning function was expressed primarily through the ability to interpret changing operational conditions and adjust production decisions accordingly. Its degree of institutionalization, however, differed substantially across cases. In P3 and P8, managerial competence remained largely embedded in individual experience, whereas in P2 and P7 it had increasingly been translated into record-keeping, measurement, and more systematic planning routines. *Amanah* was also evident when producers aligned their production commitments with their actual operational capacity rather than accepting volumes they were unable to process reliably. Planning, therefore, served not only as a means of improving efficiency but also as a mechanism for maintaining consistency between productive capacity and obligations toward workers, suppliers, and buyers. This finding is consistent with Bahagia et al. (2024), who emphasize the role of business planning in assessing operating conditions, allocating resources, and adapting to environmental change.

Weather uncertainty emerged as one of the most persistent constraints on production planning. P1 temporarily suspended production when prolonged rainfall reduced the suitability of sugarcane for processing. P7 likewise halted operations when heavy rain damaged access routes and prevented transport vehicles from reaching the fields. P8 encountered a similar situation: workers and fuel had already been prepared, yet production could not proceed because sugarcane could not be transported from the plantation. These cases demonstrate that *fathanah* in traditional agroindustry involves more than setting production targets. It also entails the capacity to revise plans, reallocate resources, and respond appropriately when actual operating conditions diverge from prior expectations.

3.1.2 Organizing: Allocation of Responsibilities and Knowledge Transfer

Across all nine business units, work responsibilities were divided among different production functions, although the degree of formalization varied. In general, the production process was organized around raw-material handling and weighing, cane crushing, furnace operation, juice boiling, molding, and packaging. P1 divided tasks among crushing workers, boiling workers, and those responsible for molding and packaging. P2 adopted a more structured arrangement, with separate teams for weighing and crushing, boiling, and molding and packaging. P4, by contrast, organized labor through a group-based model in which field and machine work were distinguished from boiling and molding activities.

A recurring feature across the cases was the critical role of the boiling worker. Determining juice maturity, maintaining stable heat, deciding the appropriate removal time, and controlling the thickening process required skills that were difficult to replace quickly. In P3 and P8, dependence on particular individuals remained high. When the main boiling worker was absent in P3, production was delayed and the owner had to take over the

processing task, leaving other supervisory functions less well managed. In contrast, P2 and P7 had developed replacement mechanisms through mentoring and cross-training. P7, for instance, prepared senior workers who could assume critical production roles when the primary worker was unavailable. P5 required an even longer training period because the crystallization process for gula semut demanded a high degree of timing precision.

P3 explained the consequences of relying on a key processing worker: “*Nek sek bagian ngolah ora iso melbu, produksine mundur, Mas, golek liyane yo urung tentu iso, akhire tak candak dewe, tapi akhire bagian liyane ora ketoto, Mas.*” [“If the worker responsible for processing cannot come in, production is delayed. Even if I look for someone else, they may not necessarily be able to do the job. In the end, I handle it myself, but then the other parts of the operation become poorly managed.”]

This statement demonstrates how production knowledge remained concentrated in a particular worker. The absence of a competent substitute disrupted not only the processing stage but also the owner’s ability to supervise other operational functions, indicating that individual expertise had not yet been fully transformed into organizational capability.

Within this context, *amanah* was reflected not merely in workers’ willingness to perform assigned duties, but also in the clarity of responsibility throughout the production process. *Fathanah* was evident in the placement of workers according to competence and experience, while *tabligh* took a more concrete organizational form through mentoring, work instructions, consultation, and the transfer of knowledge from senior to junior workers. This interpretation is consistent with the prophetic leadership literature, which conceptualizes *amanah* in terms of trustworthiness and commitment, *tabligh* in relation to communication skills, and *fathanah* in relation to problem-solving capacity (Budiharto & Himam, 2006).

The findings also show that individual expertise had not always been transformed into organizational capability. P6, for example, had a relatively clear division of labor, yet experienced an incident in which workers made a production decision that departed from the product specifications established by the owner. This case illustrates that values held by business owners do not automatically become shared organizational practices. Effective organizing therefore requires more than task allocation; it also depends on value internalization, supervision, and knowledge transfer so that *amanah* and *fathanah* are not confined to particular individuals.

3.1.3 Actuating: Practical Expertise and Process Adaptation

Within the actuating function, *fathanah* emerged as the most prominent principle. Nearly every stage of cane sugar processing required practical knowledge of raw-material conditions, heat stability, juice viscosity, cooking time, and the appropriate point at which the product was ready for molding. In the more traditional enterprises, particularly P1, P3, P4, and P8, these decisions relied heavily on sensory judgment, including observations of color, aroma, viscosity, and the behavior of a small amount of concentrated juice when

dropped into cold water. Such skills represent a form of tacit knowledge developed through repeated experience and are difficult to transfer fully through written instructions alone.

P7 described how production readiness was recognized through accumulated experience: “*Nak wes kulino iso niteni, Mas, misale soko warnane, kentele, ambune. Nak pekerja sek wes sue iso niteni, Mas.*” [“Once someone is accustomed to the process, they can tell, for example, from the color, thickness, and aroma. Workers who have been doing the job for a long time can recognize these conditions.”]

This statement illustrates the tacit character of production expertise, in which sensory judgment is developed through repeated experience rather than acquired solely through written instructions. In P7, this experiential knowledge was complemented by technical measurement, showing how *fathanah* could combine practical experience with more structured forms of process control.

In the more structured enterprises, experiential judgment was increasingly complemented by technical instruments. P2 used Brix measurements to assess raw-material quality and support decisions during processing, while P5 used a moisture meter to verify the moisture content of *gula semut* before packaging. P7 combined refractometer readings with sensory evaluations of color, texture, and other physical characteristics. These practices suggest that *fathanah* should not be understood solely as traditional know-how. It can also develop into the capacity to combine experiential knowledge with technical information in operational decision-making.

Resource utilization represented another important aspect of production practices. Most enterprises reused sugarcane bagasse as fuel for the boiling process, while some participants reported that residual processing material was also made available to farmers for agricultural use. These practices indicate an effort to improve resource efficiency. However, they should not automatically be interpreted as evidence of a consciously adopted Islamic green-economy orientation, because the data do not show that all participants understood or implemented these practices within such a conceptual framework. Maintaining this distinction is important to ensure that the interpretation remains grounded in the empirical evidence rather than imposing theoretical meanings that were not expressed by participants.

The actuating function also revealed an important relationship between *amanah* and consistency in product specifications. P6, for example, positioned product authenticity as a defining characteristic of the enterprise. Under time and resource pressures, however, workers once altered the product composition without the owner's authorization, resulting in rejection by the buyer. This incident demonstrates that *amanah* in production cannot depend solely on the owner's ethical orientation. It also requires organizational mechanisms that ensure workers understand and follow the specifications promised to customers.

Taken together, these findings suggest that *fathanah* in the actuating function involves more than the technical ability to produce cane sugar. It also entails the capacity to adapt

production decisions to variations in raw materials and processing conditions without compromising *amanah* toward product quality. Practical expertise therefore constitutes a key operational asset in traditional agroindustry, but excessive dependence on particular individuals can become an organizational vulnerability when knowledge transfer and minimum process standardization are absent.

3.1.4 Controlling: From Sensory Inspection to Institutionalized Quality Control

The clearest differences among the nine enterprises emerged in the controlling function. Some producers continued to rely primarily on sensory assessment and accumulated experience, whereas others had introduced measurable indicators, technical instruments, written records, and product-grading systems. P3 and P8, for example, assessed product quality largely through color, texture, aroma, and the cold-water drop test. Although these methods supported day-to-day production, their effectiveness depended heavily on individual expertise and did not always ensure consistent product quality.

P2, P5, and P7 demonstrated a higher degree of formalization. P2 conducted quality checks at the raw-material, cooking, and finished-product stages. P5 applied a defined moisture-content standard in the production of *gula semut*, while P7 monitored quality from incoming sugarcane and raw juice through the cooking process to the finished product and documented the results in daily control records. P7 also classified products by grade and communicated quality differences to buyers according to their intended use. These practices illustrate how controlling can become an operational point of convergence among *fathanah*, *shiddiq*, and *amanah*. *Fathanah* is reflected in the ability to establish and evaluate quality standards, *shiddiq* in the transparent communication of actual product conditions, and *amanah* in assuming responsibility for the quality delivered to buyers.

Responsibility for product quality also extended beyond the point of sale in several cases. P7, for instance, replaced products after receiving a complaint about changes in product condition during storage. P1 and P4 likewise separated or redirected products that did not meet their normal quality expectations while informing buyers of the products' actual condition. These practices suggest that *amanah* does not necessarily end once a transaction has been completed; it may also extend to post-sale responsibility, including the handling of complaints and deviations from expected product quality.

At the same time, controlling was the function in which tensions between Islamic business principles and operational pressures became most visible. P5 once shipped a product despite its failure to meet the enterprise's internal moisture standard because of pressure to meet a delivery deadline. The product subsequently deteriorated and had to be replaced.

Reflecting on the complaint, P5 stated: “*Barang elek dikirim kenek protes, Mas, dadi nak barang ora apik mending ngirim.e kari lah, Mas, dari pada kualitas elek dikirim.*”

[“When poor-quality goods are delivered, we receive complaints. So if the product is not good enough, it is better to deliver it late than to send poor-quality goods.”]

This reflection shows how a quality failure was transformed into an internal decision rule. In this case, controlling moved beyond detecting defects and became a mechanism of organizational learning in which product quality was prioritized over delivery punctuality.

In P6, workers altered product specifications without the owner's approval in an attempt to accelerate production, leading the buyer to reject the shipment and requiring the enterprise to replace the product. P9 presented a more problematic case, in which differences in product quality were not fully disclosed to the buyer when the enterprise faced the risk of financial loss arising from poor-quality raw materials.

These cases demonstrate that *shiddiq*, *amanah*, and *tabligh* are not automatically implemented consistently simply because business actors recognize them as moral principles. Cost pressures, variations in raw-material quality, labor constraints, delivery deadlines, and the need to protect working capital can all influence operational decisions. Islamic business principles therefore require supporting control mechanisms that can preserve transparency and accountability when an enterprise is operating under pressure.

Taken together, the analysis of planning, organizing, actuating, and controlling shows that *shiddiq*, *amanah*, *tabligh*, and *fathanah* do not operate independently. *Shiddiq* helps maintain consistency between information and the actual condition of raw materials, products, weights, and transactions. *Amanah* concerns responsibility toward workers, suppliers, buyers, and product quality. *Tabligh* is manifested through quality-related communication, consultation, coordination, mentoring, and the disclosure of changes in business or product conditions. *Fathanah*, meanwhile, underpins the technical and managerial capacity required to assess raw materials, manage production processes, solve operational problems, and maintain quality control. The cross-case differences further indicate that these principles can exist at different levels of institutionalization, ranging from personal commitments and situational practices to more formalized organizational mechanisms. The POAC framework therefore serves not merely as a means of locating where Islamic business principles operate, but also as an analytical lens for assessing the extent to which those principles have been transformed from individual commitments into operational governance.

Table 3. Institutionalization of Islamic Business Principles across POAC Functions

POAC Function	Operational Mechanisms	Dominant Principles	Cross-Case Variation
Planning	Records of raw-material supply, capacity, costs, orders, and production schedules	Fathanah; Amanah	From reliance on memory and experience (P3, P8) to written and demand-based planning (P2, P5, P7)
Organizing	Task allocation, mentoring, designated backup workers, and cross-training	Amanah; Tabligh; Fathanah	From dependence on a single skilled worker to mentoring systems and trained substitutes
Actuating	Adherence to product specifications, process adaptation, and application of technical expertise	Fathanah; Amanah	From predominantly tacit knowledge to the integration of experiential expertise with technical instruments and standards
Controlling	Quality inspection, product grading, record-keeping, product replacement, and communication of quality deviations	Shiddiq; Amanah; Fathanah	From sensory assessment to measurement-based control, product grading, and formal control records

Source: Processed Data, 2026

3.2 From Personal Values to the Operational Institutionalization of Islamic Business Principles

The cross-case analysis shows that the presence of Islamic business principles among traditional cane sugar producers did not necessarily correspond to the degree to which those principles were embedded in business governance. Nearly all participants emphasized honesty, responsibility, transparency, timely payment, and product quality as important business values. However, these values were translated into operational mechanisms to varying degrees. In some enterprises, their implementation still depended primarily on the owner's personal commitment and the experience of particular workers. In others, the same values had been incorporated into clearer divisions of responsibility, record-keeping systems, quality measurement, mentoring, cross-training, product grading, and complaint-handling procedures. In this study, this process is understood as operational institutionalization: the movement of ethical values from personal orientations toward working mechanisms that can be applied with greater consistency in everyday business operations.

This variation was particularly evident in the management of production knowledge. In P3 and P8, the ability to determine the appropriate stage of juice concentration and readiness for further processing depended heavily on one or a small number of experienced boiling workers. When these workers were unavailable, owners had to take over the task or rely on less experienced workers, increasing the risk of quality inconsistency. In these cases, *fathanah* was clearly present as an individual capability, but it had not yet been fully transformed into organizational capability. Production knowledge remained largely tacit and person-dependent, making operational continuity vulnerable to the absence of particular individuals.

A different pattern emerged in P2 and P7. Both enterprises continued to rely on the experience of senior workers, but they had developed mechanisms for transferring production knowledge through mentoring, designated substitutes, and cross-training. P7 also combined sensory judgment with technical measurement and production records. These cases suggest that the institutionalization of *fathanah* does not require the replacement of traditional expertise with modern management systems. Rather, it involves converting knowledge that was previously concentrated in particular individuals into organizational competence that can be shared, learned, and applied more consistently across the workforce.

A similar continuum was found in financial management. P3 and P8 continued to mix business funds with household expenditures and did not always maintain consistent financial records. Under these conditions, financial *amanah* depended largely on the owner's personal sense of responsibility. By contrast, P1 had begun separating business and household finances while maintaining daily cash records; P2 used a simple digital bookkeeping system; and P7 operated a separate business account and maintained more regular calculations of costs and profit and loss. These differences illustrate a spectrum in the institutionalization of *amanah*, ranging from personal responsibility for managing business funds to formalized recording mechanisms that make financial conditions more visible and usable in managerial decision-making.

The institutionalization of *shiddiq* and *tabligh* was also apparent in quality-control practices. In several enterprises, transparency regarding product quality was expressed through direct communication when output deviated from normal standards. P1 separated products that did not meet the usual quality level and informed buyers of the difference, while P7 used product grading to distinguish standard output from products redirected to processing industries. In such cases, *shiddiq* moved beyond the general expectation that producers should be honest and became embedded in mechanisms that maintained consistency between the actual condition of a product and the information received by buyers. *Tabligh*, in turn, was operationalized through the explicit communication of such differences to relevant business partners.

However, the findings also demonstrate that institutionalization was neither complete nor irreversible. P5, for example, had established a technical moisture standard for its products but once shipped goods that had not yet met that standard because of delivery pressure. The resulting complaint subsequently led to a stricter internal policy. Similarly, P6 had established product authenticity as an important business commitment, yet workers deviated from the specified process without the owner's approval. These cases indicate that the existence of procedures or ethical commitments does not by itself guarantee consistent implementation when supervision, shared understanding, and internalization among workers remain insufficient.

P9 represents a stronger tension between economic interests and transparency. When raw-material quality deteriorated, operational decisions focused on preserving the economic

value of the resulting product, while differences in quality were not fully disclosed to the buyer. This negative case illustrates how *shiddiq* and *tabligh* may weaken when an enterprise faces the prospect of significant financial loss. It also underscores the importance of assessing Islamic business principles not only through the values entrepreneurs claim to uphold, but through the decisions they make when economic survival, product quality, time constraints, and business continuity come into conflict.

Across the nine cases, the principal distinction therefore did not lie in whether Islamic business values were present or absent, but in the extent to which they were supported by organizational mechanisms. Where institutionalization remained relatively limited, the implementation of *shiddiq*, *amanah*, *tabligh*, and *fathanah* depended more heavily on individual judgment, personal experience, and situational considerations. In more structured enterprises, by contrast, these principles were reinforced through record-keeping, clearer allocation of responsibilities, knowledge transfer, quality measurement, product grading, and complaint-handling mechanisms. This finding supports previous studies that associate Islamic business ethics with MSME sustainability while adding that the practical contribution of ethical values depends partly on how far they are embedded in everyday management practices (Purwandari & Mukmin, 2025; Yuwono et al., 2025).

Within the POAC framework, this institutionalization process can be understood as the connection between ethical values and managerial mechanisms. Planning translates *fathanah* and *amanah* into decisions concerning production capacity, resource allocation, and business commitments. Organizing transforms *amanah*, *tabligh*, and *fathanah* into defined responsibilities, communication processes, and knowledge transfer. Actuating provides the setting in which technical competence, product specifications, and operational responsibility must be aligned in practice. Controlling, meanwhile, provides mechanisms for maintaining *shiddiq* and *amanah* when production outcomes deviate from expected standards. POAC therefore serves not merely as a classification of management activities, but as a managerial framework through which Islamic business principles can move from personal commitments toward operational governance.

Importantly, institutionalization in traditional MSMEs does not necessarily require sophisticated management systems. In the cases examined here, it could take relatively simple forms, including operational logbooks, task lists, designated backup workers for critical positions, mentoring, cash records, quality checks, product separation by grade, and transparent communication when product conditions changed. Such mechanisms are important because they reduce the dependence of ethical practices on particular individuals. Strengthening governance in this context therefore does not require eliminating the traditional character of these enterprises. Rather, it involves creating practical mechanisms through which *shiddiq*, *amanah*, *tabligh*, and *fathanah* can be maintained more consistently despite changes in raw materials, labor availability, production costs, and market demand.

3.3 Operational Pressures as a Test of the Consistency of Islamic Business Principles

The consistency of Islamic business principles became most visible when the enterprises encountered operational pressure. Under normal production conditions, nearly all participants emphasized the importance of honesty, responsibility, transparency, honoring agreements, and maintaining product quality. These commitments, however, were not always applied consistently when businesses faced raw-material shortages, adverse weather, rising costs, labor constraints, delivery deadlines, or cash-flow disruptions. Operational pressure therefore provides an important context for assessing the extent to which *shiddiq*, *amanah*, *tabligh*, and *fathanah* have moved beyond personal convictions and become mechanisms capable of guiding business decisions under difficult conditions.

The first source of pressure concerned uncertainty in raw-material availability and weather conditions. Nearly all participants identified the rainy season as a factor affecting the availability, quality, transportation, and processing of sugarcane. P1 temporarily suspended production when prolonged rainfall affected the condition of the cane to the point that the extracted juice could no longer produce the quality required for molding. P7 similarly halted production when damaged access roads prevented transport vehicles from reaching the fields. P8 encountered a comparable situation in which labor and fuel had already been prepared, but production had to be cancelled because the sugarcane could not be transported from the plantation. These cases indicate that *fathanah* in traditional agroindustry involves not only technical expertise in sugar processing but also the capacity to adapt to uncertainty in the production environment.

Raw-material pressure was also closely related to sugarcane quality. Cane that had been stored for too long after harvesting, harvested prematurely, contained excessive moisture, or had otherwise deteriorated could affect processing performance and final product quality. Producers responded differently to such conditions. Some reduced production volumes, redirected output to alternative markets, or separated products according to quality. Others adjusted production processes in an effort to minimize losses. These differences illustrate that technical competence and ethical considerations do not necessarily point in the same direction. An operational adjustment may help preserve the economic value of production, yet it still needs to be evaluated in terms of *shiddiq* and *amanah* when resulting changes in product quality are not adequately communicated to buyers.

The second source of pressure was dependence on skilled labor. Across most cases, the boiling stage required specialized experiential knowledge, making enterprises particularly vulnerable when experienced workers were unavailable. This dependence was more pronounced in businesses without effective replacement or knowledge-transfer mechanisms. In P3, the absence and fatigue of a key boiling worker contributed to a production failure. Beyond the immediate loss of raw materials and fuel, the incident illustrates how a weakness in organizing can subsequently become a problem of controlling.

When *fathanah* remains concentrated in a single individual, it is insufficient to ensure continuity and consistency across the production process.

P2 and P7 demonstrated that this vulnerability could be reduced through mentoring, designated backup workers, and cross-training. Their practices suggest that workforce regeneration cannot be addressed simply by recruiting already-skilled workers. Knowledge that is initially concentrated in individuals needs to be converted into shared organizational capability through internal learning processes. From this perspective, *tabligh* extends beyond external business communication and also encompasses the transmission of knowledge and skills across workers and generations.

The third source of pressure arose from delivery deadlines and market demands. P5 provides a particularly clear example. The enterprise once shipped a product that had not yet met its internal moisture standard because of pressure to meet a delivery deadline. The decision subsequently resulted in a customer complaint and financial loss because the product failed to maintain the expected quality during storage. The experience led the enterprise to revise its internal policy, giving priority to meeting quality standards even when this meant accepting a delayed delivery. This case demonstrates that *amanah* is not limited to the intention to fulfill an order on time; it also involves determining which responsibility should take precedence when punctuality conflicts with quality assurance.

The P5 case also illustrates the learning function of controlling. The incident was not treated merely as a production loss but became the basis for revising subsequent decisions. In this sense, *fathanah* is reflected not only in the ability to prevent operational errors but also in the capacity to transform failure into organizational learning and stronger decision rules.

A similar form of pressure appeared in P6, although at the level of owner-worker relations. The owner had established particular product specifications as part of the enterprise's identity. Under resource constraints and delivery pressure, however, workers made an unauthorized production decision that departed from those specifications. The resulting product was rejected by the buyer and had to be replaced. The case reveals a gap between the values espoused by the owner and the operational behavior of organizational members. *Amanah*, therefore, cannot be secured through the owner's personal commitment alone; it also needs to be communicated and institutionalized through clear procedures, supervision, and defined decision-making authority.

The fourth source of pressure concerned cash flow and bargaining positions within the supply chain. P3 and P8 experienced delayed payments from collectors, while P5 faced a timing mismatch between cash payments to farmers and buyer payments received several weeks after delivery. P2 encountered a different challenge when partner farmers redirected their sugarcane to buyers offering higher prices. These circumstances demonstrate that ethical decision-making in MSMEs does not take place independently of economic

constraints. Producers must continue paying workers, securing raw materials, fulfilling orders, and maintaining supplier relationships while simultaneously managing limited working capital.

P2 responded to supply pressure by strengthening longer-term relationships with farmers through business support and partnership-based communication rather than relying exclusively on price competition. Viewed through *tabligh* and *amanah*, supplier relationships in this case were sustained through communication, mutual expectations, and continuity rather than through isolated transactions. This example suggests that Islamic business principles can contribute to relational resilience when they are translated into concrete practices that are directly experienced by business partners.

Economic pressure, however, could also result in compromises in transparency. P9 provides the clearest negative case. When raw-material quality deteriorated and the risk of financial loss increased, operational decisions were oriented toward preserving the economic value of the output, while differences in product quality were not fully communicated to the buyer. This case reveals a tension between protecting working capital and maintaining *shiddiq*. It also shows that *fathanah*, understood as the ability to devise a technical response to a production problem, does not automatically lead to a decision that is consistent with *shiddiq*, *amanah*, and *tabligh*. Technical competence therefore requires ethical boundaries if operational recovery is not to be achieved at the expense of transparency toward business partners.

The P9 case is particularly important because it demonstrates that the four Islamic business principles do not automatically reinforce one another. *Fathanah* may help resolve a technical production problem, but without *shiddiq* and *amanah*, the resulting solution may create a new ethical problem. Similarly, responsibility toward workers or concern for business continuity cannot by itself justify withholding relevant information from buyers. The four principles are therefore better understood as mutually constraining dimensions of business conduct rather than as independent attributes.

Across the cases, the ability to maintain Islamic business principles under pressure was associated with the extent to which those principles had been embedded in operational governance. Enterprises with record-keeping systems, clearer allocations of authority, backup workers, quality standards, grading practices, and complaint-handling mechanisms were less dependent on spontaneous individual decisions when disruptions occurred. By contrast, where management remained heavily dependent on personal experience and undocumented routines, responses under pressure were more likely to be shaped by immediate operational needs. This finding complements studies linking Islamic business ethics with MSME performance and sustainability by suggesting that the contribution of ethical principles to business continuity also depends on the organizational mechanisms that support their consistent application (Ghonyah et al., 2022; Pratiwi et al., 2023).

These findings imply that strengthening Islamic business ethics in MSMEs requires more than reaffirming normative values. Ethical principles need to be translated into mechanisms that remain functional under adverse conditions. *Shiddiq* requires systems that preserve transparency regarding quality and transactions; *amanah* requires clear responsibilities and work standards; *tabligh* requires reliable channels of communication among workers, suppliers, and buyers; and *fathanah* needs to be developed through learning, record-keeping, measurement, and knowledge transfer. When embedded in such mechanisms, Islamic business principles can function not only as moral orientations under stable conditions but also as practical guides for decision-making when enterprises operate under pressure.

3.4 Strengthening the Institutionalization of Islamic Business Principles

The findings suggest that strengthening the institutionalization of Islamic business principles in traditional cane sugar MSMEs does not necessarily require the adoption of complex management systems. Rather, improvement can be pursued through relatively simple mechanisms that reduce excessive dependence on personal judgment and make ethical commitments more consistent across everyday operations. Based on the cross-case patterns, the most critical areas for strengthening include raw-material planning, knowledge transfer, consistency in production processes, quality control, financial record-keeping, and transparency in relationships with suppliers and buyers. Some of these mechanisms were already present in particular enterprises, while others emerge as practical implications from the comparative analysis.

First, the planning function can be strengthened through simple operational record-keeping adapted to the capacity of each enterprise. The findings indicate that producers who maintained records of harvesting schedules, raw-material volumes, labor requirements, fuel needs, customer orders, and processing capacity were better positioned to adjust operations when supply or weather conditions changed. The practices observed in P1, P2, P4, and P7 demonstrate that such records do not necessarily require sophisticated digital systems. Operational logbooks, group agendas, or weekly planning boards can already help transform accumulated production experience into information that can be reused in subsequent decision-making. In this context, *fathanah* is strengthened through the use of information as a basis for managerial judgment, while *amanah* is reflected in aligning commitments to workers, suppliers, and buyers with the enterprise's actual capacity.

This approach is particularly relevant for enterprises such as P3 and P8, where planning remained heavily dependent on memory and spontaneous decisions. Simple records of incoming sugarcane, processing capacity, fuel requirements, labor availability, and production output could help business owners recognize operational patterns without eliminating the flexibility that characterizes traditional agroindustry. The purpose of record-

keeping, therefore, is not to create unnecessary bureaucracy but to provide a more reliable information base for everyday decision-making.

Second, strengthening the organizing function requires greater attention to skill transfer and the availability of backup workers for critical positions. Across the cases, the boiling stage was particularly dependent on the tacit knowledge of experienced workers. This dependence becomes an organizational risk when only one individual is capable of judging juice maturity, regulating heat, or managing crystallization. Mentoring practices observed in P2, P4, P5, and P7 indicate that such skills can be transferred gradually through direct workplace learning, while the cross-training practiced in P7 demonstrates how enterprises can reduce dependence on a single worker.

Within this context, simple standard operating procedures (SOPs) can complement rather than replace experiential knowledge. Such procedures may focus on stages that have the greatest influence on product quality, including raw-material receiving, cane crushing, boiling, assessment of processing readiness, molding, drying, and the handling of output that does not meet the primary quality standard. These SOPs need not take the form of lengthy formal documents. Short written or visual guidelines covering work sequences, minimum quality requirements, and assigned responsibilities may be more appropriate for the workforce characteristics of traditional MSMEs. Through such mechanisms, *amanah* is translated into clearer responsibility, *tabligh* into knowledge transfer, and *fathanah* from individual competence into broader organizational capability.

Third, the actuating function should be strengthened by ensuring consistency between promised product specifications and actual production practices. The experiences of P5 and P6 show that delivery pressure, resource constraints, or rising costs can encourage decisions that depart from internal standards. Minimum requirements concerning materials, production processes, and product quality therefore need to be established clearly before production begins. Such standards become particularly important for enterprises serving specialized markets, including *gula semut* or products sold under specific quality specifications, where relatively small process variations may produce substantial differences in output.

At this stage, *amanah* involves more than simply completing production or fulfilling an order. It also requires ensuring that the process used remains consistent with the specifications communicated to buyers. Likewise, *fathanah* should not be understood merely as the ability to devise a technically effective solution to production problems, but as the capacity to select solutions that preserve both product quality and transparency. Operational competence and ethical responsibility therefore need to function together rather than as separate considerations.

Fourth, the controlling function can be strengthened through quality-assessment mechanisms proportionate to the scale and capabilities of each enterprise. Not all producers require the same instruments. In traditional units, sensory evaluation based on color, texture,

aroma, and cold-water testing remains relevant because it constitutes part of locally accumulated production knowledge. Where feasible, however, simple instruments such as refractometers or moisture meters can complement experiential judgment and reduce subjectivity at critical control points. The practices of P2, P5, and P7 suggest that combining worker experience with technical measurement can improve consistency without necessarily displacing traditional knowledge.

Quality control should also include the separation of output according to quality. The findings show that products that do not meet the primary quality standard may still have alternative markets, particularly among food-processing businesses. Such output therefore does not necessarily represent a total loss, provided that it is separated, appropriately classified, and its actual condition is disclosed to the buyer. A simple grading mechanism can operationalize *shiddiq* and *amanah* by preventing products of different quality levels from being represented as equivalent.

Fifth, financial record-keeping and the separation of business and household finances should be adjusted to the level of development of each enterprise. The cases reveal a broad continuum, ranging from the mixing of household and business funds in P3 and P8 to the use of digital bookkeeping, separate business accounts, and more systematic cost calculations in P2 and P7. For enterprises with limited financial records, a realistic starting point would be to separate business funds from household expenditure and consistently record three core categories: sales revenue, raw-material expenditure, and operational costs. Once such practices become routine, they can gradually be extended to margin calculations, unit costs, and working-capital requirements.

These financial practices serve more than an administrative function. Within an Islamic business framework, record-keeping can reinforce *shiddiq* by ensuring that decisions are based on the enterprise's actual financial condition and *amanah* by making the use of business funds more accountable. Financial information also supports *fathanah* by enabling owners to evaluate costs, pricing decisions, and the efficiency of resource utilization more systematically.

Sixth, transparency regarding product quality and complaint handling should be incorporated into buyer-relationship practices. The experiences of P5, P6, P7, and P9 show that product quality is one of the most sensitive points in business relationships. P7 demonstrated a relatively institutionalized approach through product grading and replacement procedures, while the experiences of P5 and P6 illustrate how complaints can become a source of organizational learning and tighter internal standards. P9, in contrast, demonstrates the risks that arise when pressure to protect working capital results in incomplete disclosure of product quality.

Accordingly, *shiddiq* and *tabligh* can be strengthened through simple procedures whereby changes in product quality are communicated before sale, products of different

quality levels are kept separate, complaints are jointly examined, and corrective arrangements are agreed upon transparently. Such mechanisms allow producer-buyer relationships to rely not only on personal trust but also on communication practices that can be repeated and maintained over time.

Seventh, supplier relationships can be strengthened through quality-related communication and longer-term partnership arrangements. The experiences of P2 and P4 indicate that relationships with farmers can extend beyond short-term raw-material transactions. Price agreements, harvesting schedules, communication regarding quality, production support, and consultation when quality differences arise can help reduce uncertainty in sugarcane supply. Within this relationship, *tabligh* operates through open communication and consultation, *shiddiq* through explainable assessments of quality, and *amanah* through consistency in payment and the fulfillment of agreed commitments.

Overall, these strengthening strategies indicate that the institutionalization of Islamic business principles in traditional cane sugar MSMEs can be pursued through simple and context-sensitive mechanisms. Strengthening does not require a complete transformation of the traditional character of these enterprises. Instead, it involves targeted changes at critical operational points: converting experience into records, individual expertise into shared knowledge, personal values into clearly assigned responsibilities, subjective inspection into more consistent quality control, and personal honesty into transparency supported by repeatable business mechanisms.

Within this process, the POAC framework can serve as a bridge between normative values and practical governance. Planning helps translate *fathanah* and *amanah* into decisions concerning capacity and resource allocation; organizing translates *amanah* and *tabligh* into clearly defined responsibilities and knowledge transfer; actuating requires *fathanah* to operate within the boundaries of *amanah* toward agreed product specifications; and controlling operationalizes *shiddiq* through inspection, grading, record-keeping, and transparent disclosure of product quality. At this stage, Islamic business principles no longer depend entirely on personal awareness but are increasingly supported by organizational mechanisms that can be maintained under changing business conditions.

4. CONCLUSION

This study finds that the institutionalization of *shiddiq*, *amanah*, *tabligh*, and *fathanah* in traditional cane sugar MSMEs follows a continuum rather than a binary pattern of implementation. At the less institutionalized end, ethical practices remained dependent on owners' personal commitments, workers' tacit knowledge, and situational judgment. At the more institutionalized end, the same principles were increasingly embedded in operational mechanisms such as written records, clearer role allocation, mentoring and cross-training, technical quality control, product grading, financial separation, and structured communication with business partners. Operational pressures—including weather variability, raw-material deterioration, skilled-labor shortages, cash-flow constraints, and delivery deadlines—revealed that ethical commitments were more vulnerable when they were not supported by organizational mechanisms.

Methodologically, the study demonstrates how POAC can be integrated with within-case, cross-case, and negative-case analysis to trace the movement of normative Islamic business principles into observable managerial practices. This approach allows Islamic business ethics to be analyzed not only as personal values but also in terms of the extent to which they become embedded in repeatable organizational mechanisms. Practically, strengthening Islamic business governance in traditional MSMEs does not necessarily require sophisticated management systems. Simple mechanisms such as production logbooks, clearly assigned responsibilities, backup workers for critical positions, mentoring, quality standards, transparent product grading, complaint handling, and separation of business and household finances can improve the consistency of ethical governance.

This study is limited to nine traditional cane sugar MSMEs within a single agroindustrial setting and is therefore not intended for statistical generalization. Future research may compare different agroindustries, business scales, or regional contexts and examine whether different levels of institutionalization are associated with outcomes such as quality consistency, operational efficiency, partner trust, and business sustainability.

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