



LITERATURE REVIEW ON THE ROLE OF SHARIAH VENTURE CAPITAL IN SUPPORTING THE GROWTH OF SMES IN INDONESIA

Indah Permata Sari¹, Hafni Juniyaniti Hasibuan², Rozalinda³, Norma Alias⁴,
Muchlis Bahar⁵, Ahmad Wira⁶

^{1,2,3,5,6} Universitas Islam Negeri Imam Bonjol, Padang, Indonesia

⁴Universitas Teknologi Malaysia

Correspondence: 2420030019@uinib.ac.id

Abstract

Research aims: This study analyzes the role of Sharia venture capital in enhancing the growth, competitiveness, and sustainability of MSMEs in Indonesia, while mapping global trends, thematic clusters, challenges, and opportunities in Sharia-based venture financing.

Design/Methodology/Approach: A Systematic Literature Review (SLR) using the PRISMA protocol is combined with bibliometric analysis through VOSviewer. Publications from 2020–2024 indexed in Scopus were screened with defined criteria, and keyword co-occurrence mapping was conducted to identify thematic structures and research directions.

Research findings: Six thematic clusters emerged: financing mechanisms, macroeconomic dynamics, technological innovation, governance and risk, entrepreneurship, and global market integration. Sharia venture capital strengthens MSME financing access, innovation, and ethical economic development, though challenges persist in literacy, collaboration, and regulatory support.

Theoretical Contribution/Originality: The study fills a literature gap by integrating Islamic ethical principles with modern venture financing and offering a conceptual understanding of Sharia risk-sharing models in MSME empowerment.

Practitioners/Policy Implications: Findings highlight the need for stronger regulation, investor education, institutional collaboration, digital transformation, and MSME capacity building.

Research Limitations/Implications: Limitations stem from reliance on secondary data and database scope. Future research should assess empirical impacts, digital Sharia VC models, and governance mechanisms.

Keyword: Sharia Venture Capital, MSMEs, Islamic Finance, Financing, Economic Growth.

Introduction

Indonesia's economic growth has been largely supported by the contribution of Micro, Small, and Medium Enterprises (MSMEs), which play a dominant role in employment and GDP formation (Snigdha et al., 2025). The growth of MSMEs in Indonesia faces various challenges, particularly in terms of access to financing (Sinha, Kunwar Jee, Shweta Sinha, 2024). Despite accounting for 60.5% of Indonesia's GDP and employing over 96% of the total workforce, around 74% of MSMEs still



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struggle to obtain financing due to collateral and literacy constraints (Hasibuan & Marliyah, 2024, Ilma et al., 2024). Many MSMEs struggle to obtain capital due to limited collateral and a lack of understanding about available financial products (Faiez & Vijayendra, 2019). Therefore, Islamic venture capital plays a crucial role in promoting MSME growth in Indonesia by serving as a financing source that can provide a significant solution to enhance access to capital for MSMEs, while also fostering more inclusive and sustainable economic growth in Indonesia (Ahmad, N., Noor, A., & Ishak, 2024; Efendi & Mustika, 2025; Sarianti et al., 2024).

Table 1

List of Sharia Venture Capital Companies in Indonesia

No.	Company Name	Total Financing Disbursements
1.	MBK Ventura	Rp.4,3 Trillion
2.	MCI	Rp. 2,85 Trillion
3.	BRI Ventures	Rp. 1,58 Trillion
4.	PNM VC	Rp.1,31 Trillion
5.	PT. Esta Dana Ventura	Rp.1,15 Trillion
6.	Bina Artha Ventura	Rp.1,14 Trillion
7.	Celebes Artha	Rp.1,07 Trillion
8.	Bahana Artha Ventura	Rp. 510 Billion
9.	PT. PNM Ventura Syariah	Rp. 440 Billion
10.	PT. Central Capital	Rp.320 Billion

Source: OJK Roadmap (Sanusi, 2024)

The presence of sharia venture capital not only accommodates the interests of Muslims (Hasan et al., 2021), but also prioritizes factors of excellence and benefits by providing financing assistance to small, medium, and large economic activities, as well as by applying principles in accordance with sharia (Zimq Marquiza et al., 2024; Wong & Amri, 2024; Permata & Zulvianti, 2025). Sharia venture capital provides partnership-based financing for entrepreneurs while adhering to Islamic principles that prohibit riba, gharar, and unethical activities (Kumalasari, 2016, Aini & Mugiati, 2024). The importance of Sharia venture capital in supporting MSMEs cannot be underestimated, but there are several challenges that need to be overcome to realize the full potential of this approach. The main challenges include limited understanding of Sharia principles among entrepreneurs and insufficient collaboration between government, financial institutions, and MSME stakeholders (Ukkas, 2017, Fuandi, 2020; Hasanah et al., 2025; Aulia et al., 2025).

Previous studies have examined the importance of venture capital in driving entrepreneurial growth and innovation (Sulistyowati, 2020; Suci, 2022; Hamid, 2015). However, most of these works focus on conventional venture capital models with profit-oriented frameworks and limited



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attention to the ethical, social, and spiritual dimensions emphasized in Islamic finance. Furthermore, empirical and conceptual research on Shariah venture capital remains scarce, particularly in mapping its role in addressing MSMEs' financing constraints within Indonesia's Islamic economic framework. To date, few studies have conducted a systematic and bibliometric analysis that integrates global literature to identify trends, challenges, and opportunities for Shariah-based venture capital. This absence of comprehensive mapping represents the main research gap that this study seeks to address.

This study aims to provide a comprehensive and systematic overview of existing research concerning the role of Shariah venture capital in supporting the growth of Micro, Small, and Medium Enterprises (MSMEs). Specifically, the study identifies dominant trends, emerging themes, and directions of venture capital research particularly those aligned with Islamic finance principles. It further examines how Shariah venture capital contributes to expanding financial accessibility, encouraging innovation, and fostering inclusive and sustainable economic development in Indonesia. By synthesizing key findings from previous literature, this study seeks to develop a conceptual framework that emphasizes the strategic importance of Shariah venture capital as an ethical, equitable, and sustainable model of entrepreneurship development.

Literature Review

Sharia Venture Capital

The term venture capital comes from the word venture, which can be interpreted as something that involves risk or can also be interpreted as business. In linguistic terms, venture capital is capital invested in companies that involve risk (Marquiza et al., 2024). According to Tony Lorenz, venture capital is long-term investment capital that provides risky capital, and investors (venture capitalists) primarily expect capital gains as well as interest income and dividends (Azis & Wira, 2023). The definition of a venture capital company according to Presidential Decree No. 61 of 1988 is a financing activity in the form of capital participation in a company that receives financial support for a certain period (Zimq Marquiza et al., 2024). In accordance with POJK No. 35/POJK.05/2015, a Venture Capital Company (VCC) is a business entity that conducts venture capital activities, venture fund management, paid services, and other business activities with the approval of the OJK (Hamid, 2015).

Based on various views on Venture Capital and Sharia Venture Capital, it can be concluded that basically these two concepts are not



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much different in terms of the activities carried out. The difference lies in the profit mechanism applied by financial institutions. Sharia Venture Capital uses an approach that offers additional financing, with profits agreed upon in advance and the application of a partnership model for companies working with Sharia Venture Capital. Sharia Venture Capital has specific characteristics to comply with Sharia principles, namely (DSN-MUI, 2008). The presence of a Sharia Supervisory Board tasked with overseeing the implementation of Sharia principles in all business activities. All business activities must comply with Sharia principles and do not allow activities that contradict these values. Business activities that contradict Sharia principles include: gambling and games classified as gambling or prohibited trade; conventional financial institution activities (riba-based), including conventional banking and insurance; production, distribution, and trade in haram food and beverages; production, distribution, or provision of goods or services that are morally harmful and detrimental; and investment in companies that, at the time of the transaction, have a debt ratio (nisbah) to ribawi financial institutions exceeding their own capital.

Sharia Venture Capital Financing

Before discussing the types of sharia venture capital financing, venture capital financing is divided into several types, namely (Soemitra, 2010):

1. Based on the Method of Providing Assistance
 - a. Single tier approach. This method places the Venture Capital Company (VCC) in two functions at once, namely as a provider of financing assistance (fund company) and as a provider of management assistance or fund management (management company).
 - b. Two tier approach. This method allows Business Partners to receive financing assistance and management assistance from different VCCs.
2. Based on Fundraising Methods
 - a. Leverage venture capital Leverage venture capital is venture capital sourced from a venture capital company, with most of its funds raised in the form of loans from various parties.
 - b. Equity venture capital Equity venture capital is venture capital sourced from a venture capital company, with most of its funds raised in the form of its own capital in various forms.
3. Based on Ownership



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- a. Private venture capital company is a venture capital company that has not gone public or sold its shares through the stock exchange.
- b. Public venture capital company is a venture capital company that has gone public or sold its shares through the stock exchange.
- c. A bank affiliate venture capital company is a venture capital company established by banks that have surplus funds or have a specific mission related to venture capital.
- d. A conglomerate venture capital company is a venture capital company established or owned by a number of large companies.

Growth of MSMEs

MSMEs are economic activities carried out by individuals or business entities whose scope is small, micro or medium and meets the criteria (Rahadi & Wardiman, 2022). From this definition, it can be classified that MSMEs have a small business category carried out by the lower middle class (Rizal, 2022). Micro, Small and Medium Enterprises (MSMEs) are currently recognized as a very important business sector because of their considerable role in the economy. Micro, Small and Medium Enterprises (MSMEs) are businesses that are a priority for people in their daily lives (Habibie, 2023). Micro, Small, and Medium Enterprises (MSMEs) are currently recognized as a very important business sector due to their significant role in the economy. MSMEs contribute 63.58% to GDP, employ up to 99.45% of the workforce, and account for approximately 99.84% of all existing business units (Windusancono, 2021). The existence of SMEs holds great potential in absorbing labor, creating job opportunities, and serving as a driving force for the economy, especially post-crisis (Al Farisi et al., 2022). This has prompted the government to continue developing the SME sector. However, SMEs still face various challenges, such as limited capital, low quality of human resources, and insufficient mastery of science and technology (Sedyastuti, 2018). Other issues include unclear business prospects and inadequate planning.

In facing global competition, SMEs must be able to innovate, develop human resources, expand marketing areas, and effectively utilize technology. The MSME (Micro, Small and Medium Enterprises) sector is a key driver of economic growth and job creation in both developed and developing countries (Ilma et al., 2024, Maulidia et al., 2025). This aims to enable MSMEs to compete with foreign products that currently dominate industry and manufacturing in Indonesia, given that this sector plays a significant role in the national economy (Sudaryanto & Jember, 2022). According to Ade Raselawati (2011), the classification of MSMEs based on their development includes: (1) Livelihood Activities, which are small



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businesses as a means of livelihood, such as street vendors; (2) Micro Enterprises, which are small craft-based businesses but do not yet have entrepreneurial characteristics; (3) Small Dynamic Enterprises, which are small businesses that have entrepreneurial spirit and are capable of accepting subcontracting work and exports; and (4) Fast Moving Enterprises, which are businesses that already have entrepreneurial spirit and have the potential to transform into large businesses (UB).

Integration of Theoretical Framework and Indonesian Context

The theoretical framework of venture capital emphasizes risk return tradeoffs and innovation driven financing (Lorenz, 2023; Azis & Wira, 2023). In contrast, the Islamic venture capital (IVC) model integrates financial, ethical, and social objectives derived from Shariah principles such as *musharakah* (partnership) and *mudharabah* (trust-based investment). These contracts emphasize fair profit-loss sharing and prohibit interest-based returns (*riba*), distinguishing them from conventional venture capital schemes.

In the Indonesian context, several institutions such as PT PNM Ventura Syariah, MBK Ventura, and Bina Artha Ventura have implemented Sharia-compliant venture mechanisms. These firms not only provide capital but also business mentoring and value-based guidance, aligning with the Islamic principle of *maslahah* (social benefit). The implementation of *musharakah* financing in PT PNM Ventura Syariah where profit ratios range between 60:40 and 70:30 illustrates how theoretical Sharia financing models operate in practice under OJK and DSN-MUI supervision. To better illustrate the differences between conventional and Islamic venture capital, the following table compares their fundamental structures and operational mechanisms.

Table2

Comparative Analysis of Conventional and Sharia Venture Capital

Aspect	Conventional Venture Capital	Sharia Venture Capital
Contract Structure	Equity-based, profit-seeking	Partnership-based (<i>musyarakah</i> , <i>mudharabah</i>)
Return Mechanism	Interest, dividends	Profit-loss sharing (risk-sharing model)
Risk Distribution	Investor bears lower risk	Both parties share risks and returns
Regulatory Authority	OJK under POJK No.35/POJK.05/2015	OJK + Sharia Supervisory Board (DSN-MUI, 2008)



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Ethical Boundaries	Sector-neutral	Limited to <i>halal</i> and socially responsible sectors
Application in Indonesia	BRI Ventures, Mandiri Capital Indonesia	PT PNM Ventura Syariah, MBK Ventura, Bina Artha Ventura

Source: Compiled from Hamid (2015), Kumalasari (2016), Hasan et al. (2021), Aini & Mugiati (2024), Sanusi (2024).

This synthesis highlights that Sharia venture capital embodies not only financial intermediation but also social transformation aligned with Islamic economic ethics. The integration between theoretical and practical perspectives provides a contextual foundation for understanding how *sharia*-based venture models support MSME growth in Indonesia's dual financial system.

Research Methodology

A systematic literature review (SLR) is a systematic research method for collecting, critically evaluating, integrating, and presenting findings from various research studies on a research question or topic of interest. It is "systematic" because it adopts a consistent and widely accepted methodology (Nu'man, 2023). SLR is useful for researchers, providing clear motivation for new research, and for practitioners, providing comprehensive evidence to guide decision-making in their work. The method used in this study is the SLR method, which aims to map previous research on social capital in farming communities. This is intended to understand social capital in rural farming communities. The research data was collected from 2015 to 2024 from the Scopus database. The researcher used Scopus as the main source of information because it is considered to have a broader coverage than other indexes. In this study, the researcher analyzed documents related to social capital in rural farmers collected using the Mendeley application, then processed using the PRISMA method (Arissona Dia Indah Sari et al., 2023).

Literature searches were conducted through various academic databases using keywords such as "Venture Capital," covering publications from 2020 to 2024. After the initial identification process, studies were selected based on inclusion and exclusion criteria that emphasized relevance, year of publication, and methodological rigor with the aim of mapping the latest research developments and trends regarding the role of venture capital, especially that based on sharia principles, in supporting MSME growth.



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After the initial identification process, studies were selected based on inclusion and exclusion criteria that emphasized relevance of topic, publication year range, and methodological rigor. Articles not directly related to venture capital financing, sharia investment systems, or MSME development were excluded from the analysis. This selection process was documented using the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) flowchart to illustrate the number of publications identified, screened, eliminated, and finally included in the final synthesis.

As a complement to the systematic review, VOSviewer software was used to perform bibliometric analysis and visualization. VOSviewer facilitates mapping of keyword co-occurrence, citation networks between authors and journals, and thematic clusters in the literature. This analysis enables data-driven identification of emerging research themes, such as Sharia-based venture capital financing models, the role of venture capital in MSME performance, regulatory and Sharia compliance challenges, and digital transformation in Sharia investment financing. What are the research trends regarding the role and development of venture capital, particularly Sharia venture capital, in supporting MSME financing and growth in the 2020–2024 period?

By integrating the PRISMA systematic review protocol and bibliometric mapping using VOSviewer, this study provides a comprehensive understanding of the Islamic financing and investment ecosystem that influences the development of MSMEs in the digital economy era. The findings of this study are expected to provide strategic insights for Islamic financial institutions, investors, policymakers, and academics who focus on strengthening the role of venture capital in the Islamic-based financial system.

Identification, Screening, and Feasibility Process

This study used a number of keywords, such as “Religious Tourism,” to find relevant publications. Electronic data sources were obtained from the main literature base. Through the Scopus database, 51 initial documents were identified as relevant to the keywords used. The next stage was screening. To narrow down and filter the articles found from the database search results, this study applied specific inclusion and exclusion criteria.



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Table 3
The inclusion and exclusion criteria

Criteria	Eligibility	Exclusion
Language	English	Non-English
Keyword	Vecture Capitals	Article without "Venture Capitals" as Keyword

Source: The inclusion and exclusion criteria

After the screening process was carried out, the remaining articles were selected based on their quality and publication in scientific journals in the last five years. The final stage was a feasibility check. A total of eleven publications were selected for further analysis, namely publications that were considered capable of answering the research questions and worthy of discussion in the final synthesis.

Results and Discussions

Bibliometric Visualization

The bibliometric visualization generated using VOSviewer software in Figure 1 shows a map of keyword co-occurrence in literature related to venture capital, particularly in the context of MSME development and Islamic finance. Several thematic clusters are visible, indicated by nodes of different colors, which illustrate the main focus of research in the field of venture capital.

This analysis was conducted to support a systematic literature review by mapping the most frequently co-occurring keywords. This mapping provides a clear picture of the knowledge structure, dominant topics, and research trends related to venture capital in the context of economics, finance, and entrepreneurship.

Identification of Thematic Clusters

Based on the results of the bibliometric analysis, six main clusters were found that describe the focus of academic studies related to venture capital between 2020 and 2024. Each cluster is identified based on color and keyword relevance in the VOSviewer map as follows:

Cluster 1 (Red – Venture Capital and Business Financing)

Key words: venture capital, crowdfunding, syndication, performance

This cluster represents research that discusses the structure, mechanisms, and effectiveness of venture capital in supporting business growth, including the relationship between financing and company performance. In the context of sharia venture capital, this cluster shows a focus on the effectiveness of musyarakah and mudharabah-based financing on improving the performance of MSMEs.

Cluster 2 (Blue – Investment and Macroeconomics)



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Key words: investment, economics, financial management, industrial investment

This cluster groups studies that examine the relationship between venture capital investment and macroeconomic growth, including contributions to industrial innovation. For the Islamic economy, this illustrates the potential of Islamic venture capital as a driver of real sector growth and community economic empowerment.

Cluster 3 (Green – Technology and Digital Innovation)

Key words: artificial intelligence, technology transfer, machine learning, startups

This cluster shows the relationship between venture capital and technological innovation, digital startups, and Industry 4.0 transformation. In line with the trend of Islamic finance digitalization, venture capital plays an important role in supporting technology-based startups that uphold Islamic values (halal tech).

Cluster 4 (Yellow – Investment Governance and Risk)

Key words: governance, uncertainty, risk assessment, growth

Focuses on investment governance, risk mitigation, and uncertainty factors in venture capital management. In Islamic financing, risks are not only financial but also include compliance with Islamic principles (Sharia compliance), making research in this cluster highly relevant.

Cluster 5 (Purple – Entrepreneurship and Startups)

Key words: entrepreneur, startups, innovation, firm performance

This cluster discusses the role of entrepreneurship and startups as the main recipients of venture capital investment. It reflects the potential of Sharia Venture Capital in growing the halal entrepreneurship ecosystem in Indonesia.

Cluster 6 (Orange – Global Market Ecosystem and Internationalization)

Key words: emerging markets, internationalization, capital flow, globalization

The study in this cluster highlights the relationship between venture capital and cross-border capital flows and global market expansion. This illustrates the opportunity for Indonesian Sharia venture capital to integrate into the international market through cross-border investments based on Sharia ethics. **Thematic Synthesis and Relevance to the Article.** From the mapping results, it can be concluded that the academic literature on venture capital is currently developing in two main orientations. **Financial–Innovative Orientation:** Focuses on how venture capital drives innovation, startup growth, and the digitization of financing systems



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Governance–Sharia Orientation: Focus on the application of governance principles, risk management, and compliance with sharia values in venture financing models. These two orientations have the potential to complement each other in forming an inclusive, sustainable Sharia Venture Capital ecosystem that can strengthen the competitiveness of Indonesian MSMEs.

Implications and Key Findings

- a. Venture capital, including Sharia-based venture capital, plays a strategic role in strengthening the capital structure and innovation of MSMEs.
- b. Global research developments show a shift from traditional financing models to collaborative and technology-based financing (crowdfunding, fintech).
- c. The application of Sharia governance and risk mitigation principles is a key factor in the success of the Sharia Venture Capital model.
- d. There are still great opportunities for empirical research in Indonesia that assesses the effectiveness of Sharia venture investments on the financial and social performance of MSMEs.

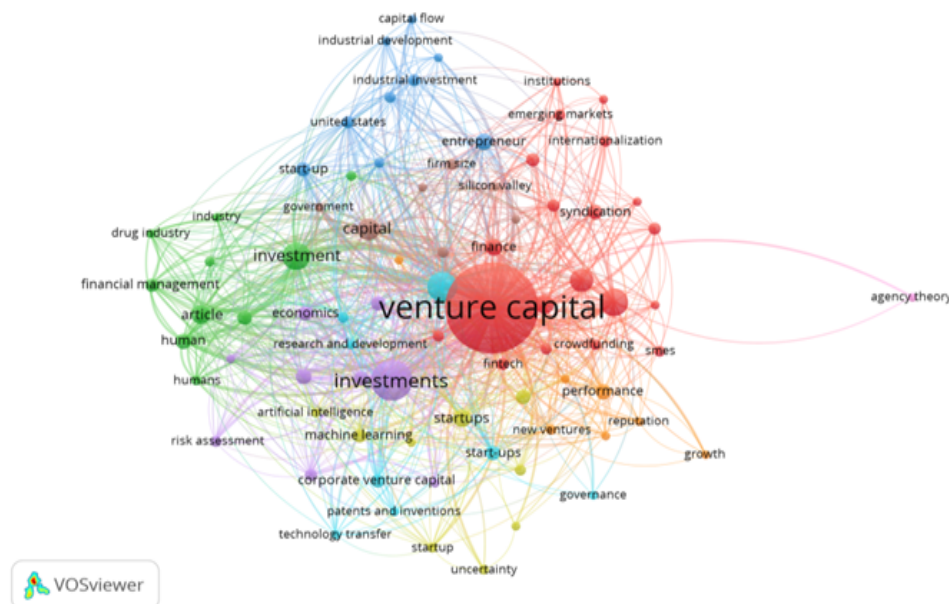
Recommendations for Further Research

- a. Conduct empirical studies on the effectiveness of Sharia Venture Capital in improving the performance and competitiveness of MSMEs.
- b. Explore models for the digitalization of halal fintech-based Sharia venture capital.
- c. Analyze government policies that support collaboration between Sharia financial institutions and startups receiving venture capital.
- d. Develop a Sharia investment risk evaluation model that is integrated with social and economic sustainability aspects



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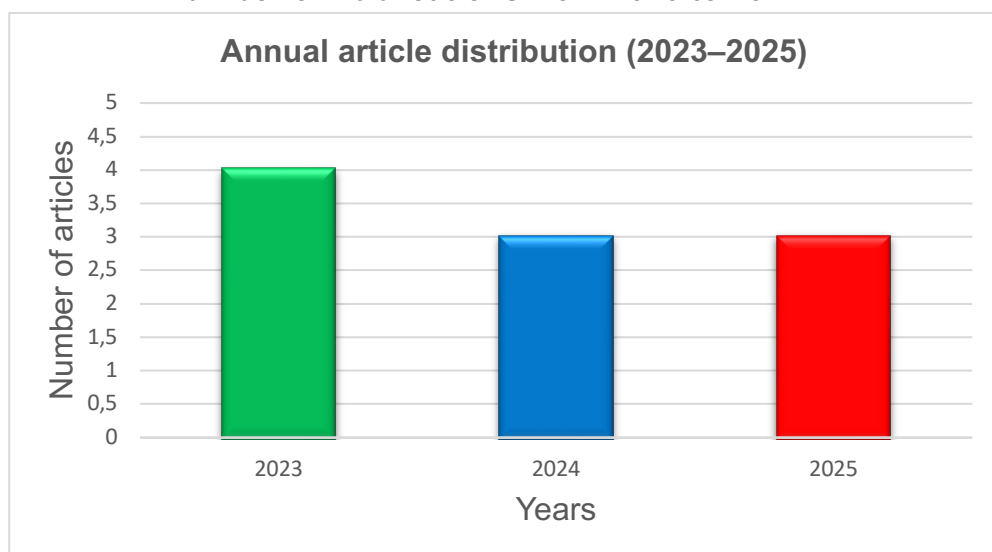
Figure 1.
Relationships between keywords using VOSviewer



Source: Relationships between keywords using VOSviewer

A total of 80 articles were found after the identification and collection process from 2016 to 2024 through the Scopus database. The number of articles published in 2023 was 4 articles; in 2024, there were 3 articles; in 2025, there were 3 articles. (see Figure 2).

Figure 2
Number of Publications from 2020 to 2024



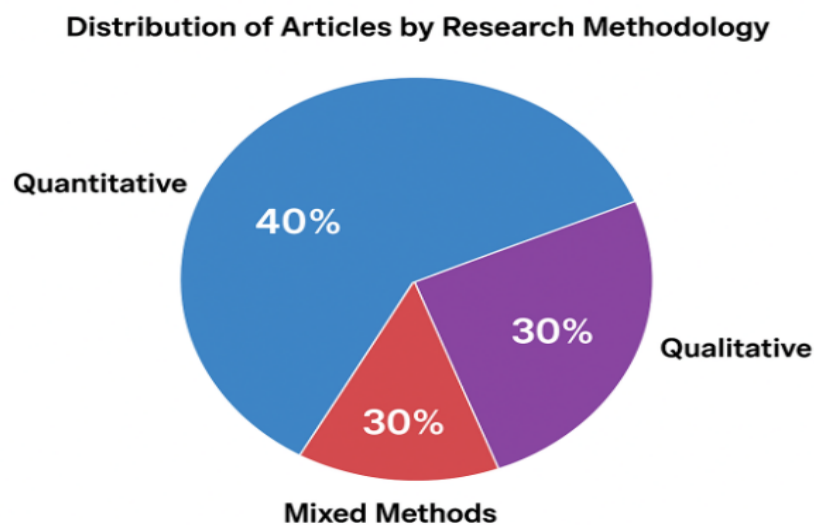
Source: Number of Publications



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This study describes various techniques used in previous studies to assess consumer sentiment towards Muslim abaya fashion on digital platforms. As shown in Figure 2, of the 10 selected articles, 4 articles used qualitative methods, 3 articles used a mixed approach, and 3 articles used quantitative methods.

Figure 3
Methods Used in Previous Studies



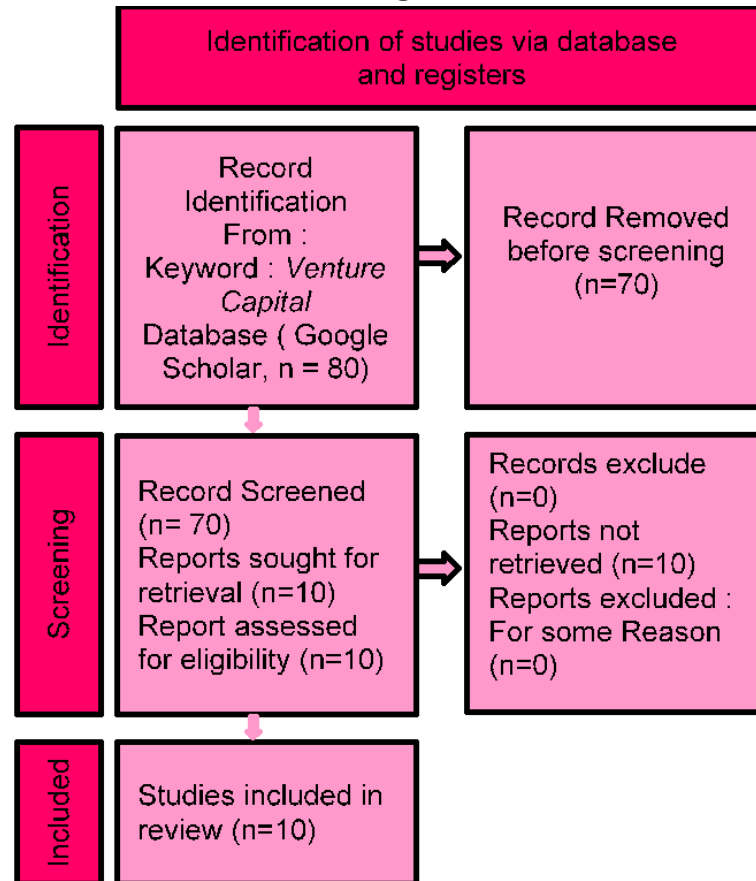
Source: Methods Used in Previous Studies

By applying the Systematic Literature Review (SLR) protocol, researchers successfully identified 80 relevant articles in the Scopus database. There were 10 journals that were the sources of the selected publications. Table 2 specifically lists the journals of the articles used in this study, while Figure 4 illustrates the journal selection procedure using the PRISMA flowchart.



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Figure 4
Prism Diagram



Source: Prism Diagram

Table 1
Summary of Selected Articles Included in the Systematic Review

No	Title of Article	Years	Journal Source
1	Accessing Alternative Finance in Europe: The Role of Venture Capital and SMEs	2025	Journal of Risk and Financial Management
2	Start-up Acquisitions, Venture Capital and Innovation Performance	2025	International Journal of Industrial Organization
3	Funding the Future: Venture Capital's Role in Sustainable Entrepreneurship	2025	Polish Journal of Environmental Studies
4	Entrepreneurial Finance and Sustainability: Do Venture Capital Investments Matter?	2024	Journal of Business Venturing Insights
5	How Healthcare Entrepreneurship Enhances Ecosystem Growth through Venture Capital	2024	International Journal of Entrepreneurial



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			Behavior & Research
6	Spurring Entrepreneurship with Public Venture Capital in Emerging Economies	2024	Journal of Entrepreneurship in Emerging Economies
7	Navigating the Volatile World of Digital Entrepreneurship and Venture Funding	2023	Business Horizons
8	A New Multi-Dimensional Framework for Start-Up Financing and Venture Growth	2023	Journal of Risk and Financial Management
9	Strategic Management Theories in Startups Assisted by Venture Capital	2023	Journal of Management World
10	Returnees, Institutions, and Networks: Making Entrepreneurial Ecosystems Work	2023	Anthropology of the Middle East

Source: Summary of Selected Articles Included in the Systematic Review

An analysis of ten selected articles shows the diversity of approaches and research focuses in understanding the role of venture capital in the growth of small and medium enterprises (SMEs), innovation, and sustainable economic development. A review of the latest literature shows that research on venture capital is increasingly developing towards a multidisciplinary approach, with three main orientations: financing and business growth, sustainability and innovation, and entrepreneurial ecosystem development.

Most studies focus on the role of venture capital in supporting business expansion and innovation. Six articles explicitly raise this issue, such as *Accessing Alternative Finance in Europe: The Role of Venture Capital and SMEs* (2025), which compiles a systematic mapping of alternative financing access for MSMEs in Europe, confirming that venture capital is a major catalyst for innovative business growth. The article *A New Multi-Dimensional Framework for Start-Up Financing and Venture Growth* (2023) reinforces this finding by offering a conceptual model of the relationship between financing structure, innovative capabilities, and startup growth. Meanwhile, *Spurring Entrepreneurship with Public Venture Capital in Emerging Economies* (2024) highlights the importance of the government's role in creating synergy between public venture capital and the private sector to strengthen the entrepreneurial ecosystem in developing countries.

The theme of sustainability emerged prominently in three other articles. *Funding the Future: Venture Capital's Role in Sustainable Entrepreneurship* (2025) and *Entrepreneurial Finance and Sustainability: Do Venture Capital Investments Matter?* (2024) explain that venture



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capital investments are not only profit-oriented but also aimed at achieving sustainable development goals. These studies highlight a paradigm shift in investment from simply funding innovative businesses to building impact-driven ventures with social and environmental dimensions. Meanwhile, *How Healthcare Entrepreneurship Enhances Ecosystem Growth through Venture Capital* (2024) emphasizes the role of venture capital in driving social innovation in the healthcare sector, where funding is directed towards strengthening the sustainability of technology-based healthcare ecosystems.

The third prominent theme is the development of entrepreneurial ecosystems and social networks. *Returnees, Institutions, and Networks: Making Entrepreneurial Ecosystems Work* (2023) shows that the performance of startup ecosystems is highly dependent on social networks, knowledge transfer, and institutional relationships between business actors. Similarly, *Strategic Management Theories in Startups Assisted by Venture Capital* (2023) links venture capital support to company management strategies that are oriented towards innovation and sustainability. The article *Navigating the Volatile World of Digital Entrepreneurship and Venture Funding* (2023) highlights the uncertainty of the digital market and how venture investors adapt through strategic financing of technology-based startups.

Based on this synthesis, a common pattern merges showing that venture capital functions not only as a source of funding, but also as an enabler in shaping innovation, building entrepreneurial capacity, and strengthening business ecosystem networks. This phenomenon signals a transformation in the function of venture capital from a mere provider of funds to an agent of economic development that promotes the integration of economic, social, and environmental sustainability values. Thus, these studies provide a strong conceptual basis for understanding how Sharia Venture Capital can play a role in creating a fair, ethical, and sustainable MSME ecosystem in Indonesia.

From a methodological perspective, the approaches used by researchers also varied. Four articles (40%) used quantitative methods, with statistical analysis and modeling of relationships between variables, such as the effect of venture investment on business performance and innovation. Three articles (30%) used qualitative methods, with case studies and in-depth interviews to explore the social dynamics within the entrepreneurial ecosystem. Meanwhile, three other articles (30%) used a mixed methods approach, integrating empirical analysis with conceptual approaches to provide a more comprehensive understanding. This pattern



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shows that research on venture capital is moving towards the integration of data-based quantitative analysis and context-based qualitative exploration.

An important finding from this synthesis is that venture capital plays a strategic role in strengthening the innovative capacity and competitiveness of MSMEs. However, there is still a gap in the literature regarding the Sharia perspective in venture capital practices. Most studies are secular and oriented towards economic efficiency, while the values of ethics, justice, and partnership that form the basis of the Sharia financial system have not been widely integrated into venture financing models. This gap is the main relevance of your research, which is to fill the void in global literature by presenting the concept of Sharia Venture Capital as an alternative financing system that combines economic, social, and spiritual principles in supporting the growth of MSMEs in Indonesia.

Conclusion

This study concludes that Sharia venture capital plays a strategic role in supporting the growth and sustainability of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Through partnership-based financing, Sharia venture capital not only provides access to capital but also contributes to the development of innovation, business capacity, and competitiveness of MSMEs. Theoretically, this research enriches the literature on Islamic finance by integrating the concept of risk-sharing venture capital with the objectives of *Maqashid al-Shariah* and sustainable economic development. It also bridges the gap between conventional and Sharia-based financing models by highlighting equity-oriented, ethical, and inclusive mechanisms.

From a policy perspective, several strategic implications emerge. The government should strengthen the regulatory framework, provide fiscal and non-fiscal incentives, and establish coordination platforms between regulators, investors, and MSMEs. Islamic financial institutions are encouraged to expand Sharia venture capital schemes, enhance investor education, and foster collaborations with technology-based MSMEs to enhance scalability. MSME actors, on the other hand, need to improve transparency, financial management, and digital readiness to attract Sharia-based investments.

Practically, the success of Sharia venture capital implementation depends on creating an integrated ecosystem involving regulators, academia, financial institutions, and business actors. Future research should empirically examine performance indicators, governance models,



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and risk mitigation mechanisms in Sharia venture capital to strengthen its application across various sectors of the halal industry. Strengthening this ecosystem will not only enhance MSME resilience but also promote inclusive, ethical, and sustainable economic growth in Indonesia.

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