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Aligning Maqasid al-Shariah and SDGs: Evidence from South Sumatra, Indonesia

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ABSTRACT

This study examines the alignment between Maqasid al-Shariah and the Sustainable Development Goals (SDGs) through a multidimensional welfare framework in South Sumatra, Indonesia during the 2020–2025 period. The study develops a sub-national Maqasid-based Welfare Index (MWI) by incorporating five dimensions: social welfare (Din), health (Nafs), education (Aql), human development (Nasl), and economic welfare (Mal), proxied respectively by social indicators, life expectancy, mean years of schooling, Human Development Index (HDI), and poverty rate. Using panel data across districts/cities, this research applies a composite index approach combined with panel regression analysis to examine the determinants and dynamics of multidimensional welfare. The results reveal a significant welfare decline during the COVID-19 pandemic in 2021, followed by a gradual recovery throughout 2022–2025. The regression findings indicate that health and education exert positive and significant effects on Maqasid-based welfare, while poverty negatively affects welfare performance. The findings demonstrate that the integration of Maqasid al-Shariah and SDGs provides a broader welfare perspective beyond conventional economic indicators. Despite improvements in human development, regional disparities and poverty remain major challenges for inclusive welfare achievement. This study contributes empirically by operationalizing a Maqasid-based Welfare Index (MWI) at the sub-national level and offers policy implications for strengthening human capital investment, social protection, and sustainable regional development strategies in Indonesia.

Introduction

The Sustainable Development Goals (SDGs) provide a global framework for measuring development outcomes across multiple dimensions, including poverty reduction, health, education, and economic welfare (United Nations, 2015). The SDGs emphasize inclusive and sustainable development through multidimensional indicators that extend beyond conventional economic growth measurements. Nevertheless, the dominant development indicators, such as Gross Domestic Product (GDP) and the Human Development Index (HDI), are often criticized for their limited ability to capture moral, social, and spiritual dimensions of welfare.

In Islamic economics, welfare is conceptualized through the framework of *Maqasid al-Shariah*, which emphasizes the protection and preservation of religion (*din*), life (*nafs*), intellect (*aql*), lineage (*nasl*), and wealth (*mal*) (Chapra, 2016; Kamali, 2019). Unlike conventional welfare approaches, Maqasid al-Shariah promotes a holistic understanding of human well-being encompassing material prosperity, social justice, ethical values, and human dignity. Therefore, integrating Maqasid al-Shariah with the SDGs offers a broader perspective for evaluating sustainable development performance.

Recent studies have attempted to operationalize Maqasid al-Shariah into empirical development indicators aligned with the SDGs framework (Ascarya & Yumanita, 2018; Anto et al., 2020; Harahap et al., 2023). Existing literature generally confirms that Islamic development principles are substantially compatible with sustainable development objectives, particularly in areas related to poverty alleviation, education, health, and social inclusion. However, several important limitations remain.

First, most previous studies are predominantly conceptual or normative, with limited empirical application at the regional or sub-national level. Second, existing studies frequently rely on cross-sectional or national-level data, thereby overlooking regional disparities and welfare dynamics across districts and municipalities. Third, prior research often discusses Maqasid al-Shariah and SDGs separately rather than integrating both frameworks into a unified multidimensional welfare measurement model.

Furthermore, the COVID-19 pandemic has intensified socioeconomic vulnerabilities and widened welfare disparities across regions. The period 2020–2025 therefore provides a unique analytical context for examining multidimensional welfare dynamics, including the shock–recovery pattern experienced during and after the pandemic period. Evaluating welfare resilience from the perspective of Maqasid al-Shariah may provide deeper insights into sustainable and inclusive regional development.

South Sumatra represents an important case study due to its heterogeneous regional development characteristics, varying poverty levels, and disparities in human development performance across districts and cities. These conditions make South Sumatra relevant for examining the alignment between Maqasid al-Shariah principles and SDGs-oriented development outcomes.

This study aims to:

1. Construct a Maqasid-based Welfare Index (MWI);
2. Analyze multidimensional welfare dynamics during 2020–2025;
3. Examine the determinants of welfare using panel regression analysis; and
4. Evaluate the alignment between Maqasid al-Shariah and SDGs.

The novelty of this study lies in three main aspects. First, this research develops a sub-national Maqasid-based Welfare Index (MWI) integrating Islamic welfare dimensions with SDGs-related indicators. Second, the study applies panel data analysis to capture welfare dynamics and post-pandemic recovery patterns across districts and cities. Third, this study provides empirical evidence regarding multidimensional Islamic welfare measurement

at the regional level, contributing to the growing literature on Islamic sustainable development and regional policy evaluation.

Method

Research Design

This study employs a quantitative panel data approach using district/city-level data in South Sumatra, Indonesia during the 2020–2025 period. The study combines multidimensional index construction with panel regression analysis to examine welfare dynamics and the alignment between *Maqasid al-Shariah* and Sustainable Development Goals (SDGs).

Panel data analysis is selected because it enables the observation of both cross-sectional and time-series variations, allowing a more comprehensive evaluation of multidimensional welfare across districts/cities over time (Baltagi, 2021; Wooldridge, 2020). The study particularly captures the welfare shock during the COVID-19 pandemic and the subsequent recovery phase.

Variables and Measurement

The study constructs a Maqasid-based Welfare Index (MWI) consisting of five dimensions derived from *Maqasid al-Shariah* principles.

Table 1. Variables and Measurement

Dimension	Maqasid Dimension	Proxy Indicator
Din	Social Welfare	Social indicator
Nafs	Health	Life Expectancy (AHH)
Aql	Education	Mean Years of Schooling (RLS)
Nasl	Human Development	Human Development Index (HDI)
Mal	Economic Welfare	Poverty Rate (inverse)

The selected indicators represent multidimensional welfare aspects aligned with both Maqasid al-Shariah and SDGs-related development objectives. The poverty rate is inversely transformed so that lower poverty corresponds to higher welfare performance.

HDI is included as a complementary indicator to capture broader human development achievements beyond sectoral indicators. Although HDI partially overlaps with education and health variables, it is treated as a multidimensional proxy reflecting aggregate human development capacity rather than isolated sectoral performance.

Construction of the Maqasid-based Welfare Index (MWI)

The Maqasid-based Welfare Index (MWI) is constructed using a composite index approach. All indicators are first standardized through min–max normalization to ensure comparability across variables with different measurement scales. The normalization formula is expressed as:

$$X' = \frac{X - X_{min}}{X_{max} - X_{min}}$$

After normalization, the indicators are aggregated into a composite index representing multidimensional welfare performance across districts/cities.

The validity of the index is assessed conceptually through consistency between selected indicators and Maqasid al-Shariah dimensions. This approach follows previous multidimensional Islamic welfare studies emphasizing integrated social, educational, health, and economic indicators.

Data Analysis Technique

This study applies several analytical techniques, including:

1. Min–max normalization;
2. Composite index construction;
3. Trend analysis;
4. Panel regression analysis.

Trend analysis is employed to identify welfare dynamics and shock–recovery patterns during the observation period. Panel regression analysis is then used to examine the determinants of multidimensional welfare.

Three panel estimation approaches are initially considered, namely pooled ordinary least squares (POLS), fixed effects model (FEM), and random effects model (REM). Model selection is conducted using Chow and Hausman tests to determine the most appropriate specification.

The pooled regression model is ultimately employed because the statistical tests indicate that cross-sectional effects are relatively limited across districts/cities during the observation period. In addition, the pooled model provides efficient estimation considering the balanced panel structure and relatively short observation period.

The Chow and Hausman tests indicate that the pooled regression model is the most appropriate specification for the dataset. Diagnostic tests further show no serious multicollinearity, heteroscedasticity, or autocorrelation problems.

To ensure robustness, several diagnostic tests are conducted, including multicollinearity, heteroscedasticity, autocorrelation, and normality tests. Variance Inflation Factor (VIF) analysis is used to evaluate potential conceptual overlap among explanatory variables

HDI was excluded from the regression estimation to avoid multicollinearity and conceptual overlap, since HDI already incorporates education and health dimensions represented by RLS and AHH variables.

The regression model is specified as follows:

$$MWI_{it} = \alpha + \beta_1 AHH_{it} + \beta_2 RLS_{it} + \beta_3 POV_{it} + \mu_i + \varepsilon_{it}$$

where:

- MWI_{it}represents the Maqasid-based Welfare Index;
- AHH_{it}denotes life expectancy;

- RLS_{it} represents mean years of schooling;
- POV_{it} denotes poverty rate;
- μ_i captures individual-specific effects; and

ε_{it} represents the error term.

Results and Discussion

Table 2. Descriptive Statistics of Normalized Variables

Variable	Mean	Minimum	Maximum	Std. Dev.
MWI	0.384	0.054	0.810	0.156
AHH (Health)	0.468	0.000	1.000	0.236
RLS (Education)	0.319	0.000	1.000	0.236
HDI	0.367	0.000	1.000	0.212
Poverty	0.688	0.000	1.000	0.210

Source: Processed data (2026)

Table 2 presents the descriptive statistics of the research variables used in this study. The results indicate considerable variation in multidimensional welfare performance across districts/cities in South Sumatra during the observation period. The average MWI value suggests moderate welfare achievement, while the variation in poverty, education, and human development indicators reflects persistent regional disparities in socioeconomic conditions.

MWI Trend Analysis (2020–2025)

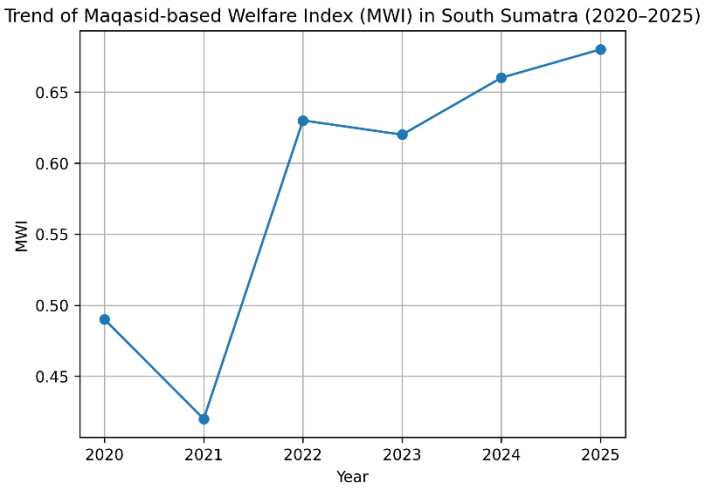

Figure 1. Trend of Maqasid-based Welfare Index (MWI) in South Sumatra, 2020–2025, Source: Processed data (2026)

The results indicate a clear shock–recovery pattern in the Maqasid-based Welfare Index (MWI) across districts/cities in South Sumatra during the 2020–2025 period. Welfare performance declined significantly in 2021, reflecting the adverse socioeconomic effects of the COVID-19 pandemic. This decline demonstrates the vulnerability of multidimensional

welfare to macroeconomic disruptions, particularly in regions with limited economic resilience and social protection capacity.

Following the contraction in 2021, the MWI experienced a substantial rebound in 2022, indicating the beginning of the post-pandemic recovery phase. Although a slight fluctuation occurred in 2023, the welfare index resumed its upward trend in 2024 and continued to increase in 2025, reaching its highest level during the observation period. Overall, the trend suggests that multidimensional welfare recovery in South Sumatra was gradual rather than fully linear, yet it reflects improving regional resilience and strengthening human development performance.

The recovery pattern also indicates that welfare improvement was not solely driven by short-term economic expansion but was closely associated with improvements in education, health, and broader human development indicators. This finding supports the argument that sustainable welfare requires multidimensional capability enhancement rather than merely income growth.

To further examine the determinants of welfare, panel regression analysis is conducted.

Regression Analysis

The estimated model is:

$$MWI_{it} = -3.177 + 0.0457\, AHH_{it} + 0.0703\, RLS_{it} - 0.0123\, POV_{it}$$

Table 3. Panel Regression Results

Variable	Coefficient	t-statistic	Significance
AHH (Health)	0.0457	21.49	***
RLS (Education)	0.0703	21.30	***
Poverty	-0.0123	-8.44	***

R-squared = 0.959

Note: *** p < 0.01

The regression results indicate that health and education exert positive and statistically significant effects on multidimensional welfare, while poverty has a negative and significant impact. The positive coefficient of life expectancy suggests that improvements in health conditions contribute substantially to Maqasid-based welfare achievement. Similarly, the education variable demonstrates the strongest positive contribution, indicating that human capital development plays a central role in strengthening multidimensional welfare performance.

Conversely, the negative coefficient of poverty confirms that economic deprivation remains a major obstacle to sustainable welfare achievement. Districts with higher poverty levels tend to experience lower welfare performance, reflecting the importance of inclusive economic policies and equitable resource distribution.

The model demonstrates strong explanatory power, as reflected by the relatively high R-squared value, indicating that the selected variables explain a substantial proportion of welfare variation across districts/cities.

However, this result should be interpreted cautiously because some explanatory variables may contain overlapping multidimensional information, particularly between HDI and sectoral indicators such as education and health. Therefore, the findings should be

understood as complementary welfare relationships rather than strictly isolated causal effects.

Discussion: Maqasid al-Shariah and SDGs Alignment

The findings support the theoretical framework of *Maqasid al-Shariah*, where human development constitutes a central component of welfare enhancement (Chapra, 2016). From the Maqasid perspective, welfare is not limited to material prosperity but also includes the protection of human dignity, intellectual capacity, health, and social well-being. The empirical evidence therefore reinforces the relevance of Maqasid al-Shariah as a multidimensional welfare framework compatible with sustainable development objectives.

The alignment between Maqasid dimensions and SDGs can be observed empirically through several key indicators:

- Health → *Hifz al-Nafs* → SDG 3 (Good Health and Well-being)
- Education → *Hifz al-Aql* → SDG 4 (Quality Education)
- Poverty Reduction → *Hifz al-Mal* → SDG 1 (No Poverty)

These findings indicate that the relationship between Maqasid al-Shariah and SDGs is not merely conceptual but also empirically observable at the regional level. In particular, improvements in education and health significantly contribute to welfare enhancement, confirming that human capability development constitutes a critical foundation of sustainable welfare.

Moreover, the shock–recovery pattern observed during the pandemic period demonstrates that regions with stronger human development capacity were relatively more resilient in maintaining welfare performance. This finding is consistent with Islamic development theory emphasizing social protection, capability enhancement, and collective welfare as essential elements of development resilience.

Nevertheless, the persistence of poverty disparities across districts/cities suggests that distributive justice (*al-'adl*) has not yet been fully achieved. Although aggregate welfare indicators improved during the recovery period, unequal access to economic opportunities and public services remains a significant challenge. This implies that regional development success should not only focus on economic growth but also on equitable welfare distribution and inclusive social policies.

The findings further suggest that Maqasid-oriented development places greater emphasis on long-term human capability enhancement rather than short-term economic expansion alone. Therefore, integrating Maqasid al-Shariah into regional development evaluation may provide a broader and more comprehensive framework for assessing sustainable welfare beyond conventional indicators such as GDP and HDI.

Policy Implications

The findings imply that multidimensional welfare improvement in South Sumatra is primarily driven by human development factors, particularly education and health, while poverty and regional inequality remain major constraints.

Accordingly, several policy priorities should be emphasized:

1) Strengthening investment in education and healthcare sectors;
2) Reducing regional disparities through targeted development programs;
3) Expanding social protection and poverty alleviation policies;
4) Promoting inclusive economic development strategies; and
5) Optimizing Islamic social finance instruments to support equitable welfare distribution.

These findings indicate the need for integrated regional development policies combining economic growth, human capital investment, and social equity in order to achieve sustainable and inclusive welfare aligned with both SDGs and Maqasid al-Shariah principles.

Conclusion

This study examines the alignment between Maqasid al-Shariah and the Sustainable Development Goals (SDGs) through the construction of a multidimensional Maqasid-based Welfare Index (MWI) using panel data from districts/cities in South Sumatra during the 2020–2025 period. The findings reveal a clear shock–recovery pattern in multidimensional welfare following the COVID-19 pandemic. Welfare performance declined during the crisis period and gradually improved throughout the recovery phase. The empirical results further demonstrate that health and education exert positive and statistically significant effects on welfare, while poverty negatively affects welfare performance. Among these variables, education emerges as the strongest determinant, highlighting the central role of human capital development in achieving Maqasid-oriented welfare.

This study also provides empirical evidence that Maqasid al-Shariah and SDGs are substantially aligned, particularly in the dimensions of health, education, and economic welfare. Nevertheless, persistent poverty disparities across regions indicate that distributive justice (*al-'adl*) remains an important challenge for achieving inclusive and sustainable welfare. Theoretically, this study contributes to the growing literature on Islamic sustainable development by operationalizing Maqasid al-Shariah into a measurable multidimensional welfare framework. Methodologically, the study demonstrates the applicability of a composite index and panel data approach for evaluating regional welfare dynamics. Empirically, it offers sub-national evidence that remains relatively limited in the existing literature. From a policy perspective, the findings emphasize the importance of strengthening human capital investment, reducing regional disparities, and promoting inclusive development strategies. The integration of Islamic social finance instruments, such as zakat and waqf, may further support equitable welfare distribution and sustainable development outcomes.

This study has several limitations. First, the analysis is limited to one province and a relatively short observation period, thereby restricting broader generalization. Second, the availability of regional Islamic social finance data remains limited, particularly for zakat and waqf indicators at the district/city level. Third, several welfare indicators may contain overlapping multidimensional information, particularly between HDI and sectoral development variables, which should be interpreted cautiously. Future research may expand the geographical scope, incorporate longer panel observations, and apply more advanced econometric techniques, such as dynamic panel or spatial analysis, to better capture long-term welfare dynamics and regional disparities. Further studies may also incorporate regional Islamic social finance indicators to better examine the contribution of zakat, waqf, and other Islamic financial instruments toward multidimensional welfare development.

Overall, this study reinforces the relevance of Maqasid al-Shariah as a comprehensive framework for evaluating sustainable welfare beyond conventional economic indicators in contemporary development contexts.

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