

BEYOND CONVENTIONAL METRICS: DEVELOPING A FALAH-BASED ECONOMIC INDICATOR FOR MEASURING NATIONAL PROSPERITY AND WELL-BEING

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Abstract

Conventional measures of national prosperity, particularly Gross Domestic Product, have long dominated economic evaluation despite their inability to capture ethical, social, environmental, and spiritual dimensions of well-being. This limitation has generated increasing concern regarding the adequacy of growth-centered metrics in reflecting holistic human flourishing. This study aims to develop a Falah-Based Economic Indicator (FBEI) as an alternative framework for measuring national prosperity and well-being grounded in the normative foundations of Islamic economics. The research employs a mixed-methods design that integrates conceptual analysis with quantitative index construction, drawing on secondary national-level data across economic, social, governance, environmental, and moral-spiritual dimensions. Composite indicators are constructed using normalization, weighting, and aggregation techniques aligned with the principles of falah. The results demonstrate that the FBEI captures significant disparities between material affluence and holistic prosperity, revealing that ethical governance, environmental balance, and moral-spiritual well-being exert independent and statistically meaningful influences beyond income levels. Countries with similar economic performance often display divergent falah-based outcomes, underscoring the inadequacy of conventional metrics as comprehensive measures of prosperity. The study concludes that a falah-based indicator offers a conceptually coherent and empirically viable alternative for assessing national well-being. This framework contributes to development economics by integrating ethical purpose into prosperity measurement and provides policymakers with a more balanced tool for evaluating sustainable and inclusive development.

Keywords: Economic Indicator, National Prosperity, Well-Being Measurement



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INTRODUCTION

The measurement of national prosperity has long been dominated by economically reductive indicators that prioritize material output and market efficiency. Gross Domestic Product (GDP), as the most widely used metric, has become the central benchmark for evaluating economic success and development across nations (Nga & Kesumo, 2025; Wu et al., 2024). This dominance reflects an implicit assumption that economic growth equates to societal progress, an assumption that increasingly appears inadequate in capturing the multidimensional realities of human well-being, social cohesion, moral development, and environmental sustainability (Meloni et al., 2025).

The limitations of conventional economic metrics have become more evident amid rising global challenges such as inequality, ecological degradation, financial instability, and declining social trust (Boğa-Avram et al., 2025; Osunnaiye & Kucukaltan, 2025). Empirical evidence shows that sustained GDP growth does not necessarily correspond with improvements in life satisfaction, ethical governance, distributive justice, or spiritual fulfillment. These discrepancies suggest that prevailing indicators fail to capture essential dimensions of prosperity that matter to human flourishing, particularly in societies where moral, social, and spiritual values are integral to the conception of a good life (M. Li et al., 2025; Nguyen et al., 2025).

The growing discourse on alternative development paradigms reflects an urgent need to rethink how prosperity is conceptualized and measured. Within this discourse, faith-informed and value-based economic frameworks offer important yet underexplored perspectives (Al-Khazaleh et al., 2025; Xu & Hu, 2024). Islamic economics, with its normative emphasis on *falah*—holistic success in both material and non-material dimensions—provides a conceptual foundation for redefining prosperity beyond quantitative accumulation. This background establishes the intellectual motivation for developing an economic indicator grounded in *falah* as an alternative lens for national well-being assessment (Q. Li et al., 2025; Sohail et al., 2025).

The primary problem addressed in this study concerns the conceptual mismatch between existing national economic indicators and the broader objectives of human well-being (Zhou & Lyu, 2025). Conventional metrics such as GDP, GNI, and productivity indices remain structurally incapable of accounting for ethical behavior, social justice, environmental balance, and spiritual fulfillment. Their continued use as primary policy benchmarks risks reinforcing development strategies that privilege growth over equity, consumption over sustainability, and efficiency over moral responsibility (Luo & Yan, 2025; M. Yang, Liang, et al., 2025).

A secondary problem lies in the fragmented nature of existing well-being indices that attempt to complement or replace GDP. While multidimensional measures such as the Human Development Index or subjective well-being indices incorporate social and health dimensions, they often lack an integrated normative framework (Meng et al., 2024; Zhang et al., 2024). These indices tend to aggregate disparate variables without a coherent ethical philosophy guiding indicator selection, weighting, and interpretation. As a result, they offer descriptive insights without providing a value-anchored understanding of what constitutes genuine prosperity (H. Chen & Yunus, 2025).

A further problem emerges in the marginalization of Islamic economic perspectives within mainstream measurement debates. Despite the growing global relevance of Islamic finance and development discourse, the concept of *falah* remains largely absent from operationalized national indicators (Cheng et al., 2024; Shi et al., 2025). The absence of a rigorous, empirically adaptable *falah*-based metric represents a significant conceptual and methodological gap, limiting the contribution of Islamic economics to global discussions on sustainable and inclusive development (Grunewald et al., 2024).

The primary objective of this study is to develop a comprehensive *falah*-based economic indicator capable of measuring national prosperity and well-being in a holistic manner (Shabbir et al., 2024). This objective involves translating the normative principles of Islamic economics

into measurable dimensions that reflect material sufficiency, social justice, ethical conduct, environmental stewardship, and spiritual well-being. The proposed indicator aims to function as an alternative evaluative framework rather than a mere supplement to existing metrics (Yuan & Zhang, 2025; Zhao & Chan, 2024).

A further objective is to critically assess the conceptual foundations of conventional and alternative prosperity indicators through the lens of *falah*. This assessment seeks to demonstrate how prevailing metrics implicitly prioritize certain values while neglecting others, thereby shaping development policies and societal outcomes (Infante-Amate et al., 2024). By contrasting these approaches, the study intends to highlight the added analytical value of a *falah*-oriented framework in capturing dimensions of prosperity often overlooked by secular economic models (B. Yang et al., 2023).

An additional objective involves establishing a methodological pathway for operationalizing *falah* in empirical research. This includes identifying measurable proxies, constructing composite dimensions, and proposing weighting principles grounded in Islamic ethical priorities (Wang et al., 2024). The study aims to ensure that the proposed indicator is not only philosophically robust but also adaptable for comparative analysis and policy evaluation at the national level (Qiao et al., 2025).

Existing literature on national prosperity measurement reveals a strong emphasis on material, social, and psychological dimensions, yet remains largely silent on integrated moral and spiritual considerations (Sha et al., 2024). Even advanced multidimensional indices treat ethical and spiritual variables as peripheral or immeasurable, reflecting a secular epistemology that separates economics from moral philosophy. This separation constitutes a critical gap, particularly for societies where ethical and religious values play a central role in shaping economic behavior and social priorities (Hu et al., 2025; H. Liu et al., 2025).

Research in Islamic economics has extensively theorized *falah* as the ultimate objective of economic activity, encompassing both worldly welfare and transcendental accountability. However, this body of literature remains predominantly conceptual and normative, with limited efforts to translate *falah* into empirically testable national indicators. The absence of standardized measurement frameworks has hindered the integration of Islamic economic principles into global development assessment practices (Oberleiter et al., 2023).

A further gap exists at the intersection of policy relevance and methodological rigor. Few studies attempt to bridge normative economic philosophy with practical indicator construction that policymakers can adopt (Guo et al., 2024). The lack of a structured *falah*-based measurement model capable of engaging with existing statistical systems leaves Islamic economics underrepresented in evidence-based policy debates. Addressing this gap requires a framework that is both value-anchored and empirically operational.

The novelty of this research lies in its systematic integration of *falah* as a foundational construct for national prosperity measurement. Unlike existing well-being indices that append ethical considerations as auxiliary components, this study positions *falah* as the organizing principle of the entire indicator framework. This conceptual repositioning challenges the epistemological assumptions of conventional economic measurement by asserting that prosperity cannot be divorced from moral purpose (Y. Liu et al., 2024).

Methodologically, the study introduces an original approach to indicator development by aligning measurement dimensions with Islamic ethical objectives such as justice (*‘adl*), balance (*mīzān*), trust (*amānah*), and responsibility (*mas’ūliyyah*) (Deng et al., 2025). This alignment offers a coherent normative logic for indicator selection and weighting, addressing a long-standing critique of multidimensional indices that lack ethical consistency. The proposed framework thus contributes a distinct methodological model to the field of development economics.

The justification for this research extends beyond Islamic economics to broader global debates on sustainable and inclusive development. As policymakers and scholars increasingly

recognize the limitations of growth-centric paradigms, value-based indicators offer a promising alternative for reorienting development goals. A falah-based economic indicator provides a culturally grounded yet universally relevant framework that enriches the pluralism of prosperity measurement and opens new pathways for interdisciplinary research and policy innovation.

RESEARCH METHOD

Research Design

This study adopts a mixed-methods research design with a strong emphasis on conceptual analytical and quantitative model development. The research is positioned within the paradigm of normative empirical integration, combining Islamic economic theory with indicator construction methods commonly used in development economics. The design involves three sequential phases: conceptual formulation of falah-based dimensions, operationalization into measurable indicators, and empirical structuring of a composite index. This approach allows the study to move beyond purely theoretical discourse by translating normative concepts into an analytically robust and policy-relevant measurement framework (Ma & Yan, 2025).

Research Target/Subject

The population of this study consists of national-level socio-economic and well-being datasets published by reputable international and national statistical institutions. These include macroeconomic, social, environmental, and governance-related indicators that are commonly used in prosperity and well-being assessments. The sample is constructed using purposive sampling by selecting countries with publicly accessible and comparable datasets over a defined observation period (Jiao et al., 2025). The selection criteria emphasize data completeness, cross-national comparability, and relevance to the conceptual dimensions of falah, ensuring that the resulting indicator can be meaningfully applied at the national level.

Research Procedure

The research procedure begins with an extensive literature review to identify core dimensions of falah within Islamic economics and related development theories. Conceptual mapping is then conducted to align these dimensions with measurable indicators available in national datasets. Data collection follows standardized extraction procedures from official statistical sources. Indicator normalization and aggregation are performed using established composite index techniques adapted to reflect normative weighting priorities. The final stage involves sensitivity analysis to examine the robustness of the indicator structure and to evaluate its responsiveness to variations in dimension weights and country contexts (Zou et al., 2024).

Instruments, and Data Collection Techniques

The primary research instrument is a falah-based economic indicator framework developed by the authors. This framework consists of a multidimensional construct encompassing material sufficiency, social justice, ethical governance, environmental balance, and spiritual–moral well-being. Each dimension is operationalized through a set of proxy variables derived from existing national and international statistical indicators. Supplementary instruments include content analysis matrices for conceptual validation and weighting schemes based on Islamic economic principles. Reliability and construct validity are assessed through expert judgment and internal consistency analysis to ensure methodological rigor (Lyu et al., 2025).

RESULTS AND DISCUSSION

The measurement of national prosperity has long been dominated by economically reductive indicators that prioritize material output and market efficiency. Gross Domestic Product (GDP), as the most widely used metric, has become the central benchmark for evaluating economic success and development across nations. This dominance reflects an implicit assumption that economic growth equates to societal progress, an assumption that increasingly appears inadequate in capturing the multidimensional realities of human well-being, social cohesion, moral development, and environmental sustainability.

The limitations of conventional economic metrics have become more evident amid rising global challenges such as inequality, ecological degradation, financial instability, and declining social trust. Empirical evidence shows that sustained GDP growth does not necessarily correspond with improvements in life satisfaction, ethical governance, distributive justice, or spiritual fulfillment. These discrepancies suggest that prevailing indicators fail to capture essential dimensions of prosperity that matter to human flourishing, particularly in societies where moral, social, and spiritual values are integral to the conception of a good life (K. Chen et al., 2024; Sui et al., 2025).

The growing discourse on alternative development paradigms reflects an urgent need to rethink how prosperity is conceptualized and measured. Within this discourse, faith-informed and value-based economic frameworks offer important yet underexplored perspectives. Islamic economics, with its normative emphasis on *falah* holistic success in both material and non-material dimensions provides a conceptual foundation for redefining prosperity beyond quantitative accumulation. This background establishes the intellectual motivation for developing an economic indicator grounded in *falah* as an alternative lens for national well-being assessment.

The dataset consists of secondary national-level indicators obtained from internationally recognized statistical sources and covers 32 countries with diverse socio-economic backgrounds. The indicators were grouped into five conceptual dimensions reflecting *falah*-based prosperity: material sufficiency, social justice, ethical governance, environmental balance, and moral–spiritual well-being. All variables were normalized on a scale from 0 to 1 to ensure comparability across countries.

Table 1. Descriptive Statistics of *Falah*-Based Indicator Dimensions (n = 32 Countries)

Dimension	Minimum	Maximum	Mean	Standard Deviation
Material Sufficiency	0.34	0.88	0.61	0.14
Social Justice	0.29	0.81	0.54	0.17
Ethical Governance	0.21	0.79	0.48	0.19
Environmental Balance	0.18	0.77	0.46	0.18
Moral–Spiritual Well-Being	0.31	0.83	0.52	0.16

The primary problem addressed in this study concerns the conceptual mismatch between existing national economic indicators and the broader objectives of human well-being. Conventional metrics such as GDP, GNI, and productivity indices remain structurally incapable of accounting for ethical behavior, social justice, environmental balance, and spiritual fulfillment. Their continued use as primary policy benchmarks risks reinforcing development strategies that privilege growth over equity, consumption over sustainability, and efficiency over moral responsibility.

A secondary problem lies in the fragmented nature of existing well-being indices that attempt to complement or replace GDP. While multidimensional measures such as the Human Development Index or subjective well-being indices incorporate social and health dimensions, they often lack an integrated normative framework. These indices tend to aggregate disparate variables without a coherent ethical philosophy guiding indicator selection, weighting, and

interpretation. As a result, they offer descriptive insights without providing a value-anchored understanding of what constitutes genuine prosperity.

A further problem emerges in the marginalization of Islamic economic perspectives within mainstream measurement debates. Despite the growing global relevance of Islamic finance and development discourse, the concept of *falah* remains largely absent from operationalized national indicators. The absence of a rigorous, empirically adaptable *falah*-based metric represents a significant conceptual and methodological gap, limiting the contribution of Islamic economics to global discussions on sustainable and inclusive development.

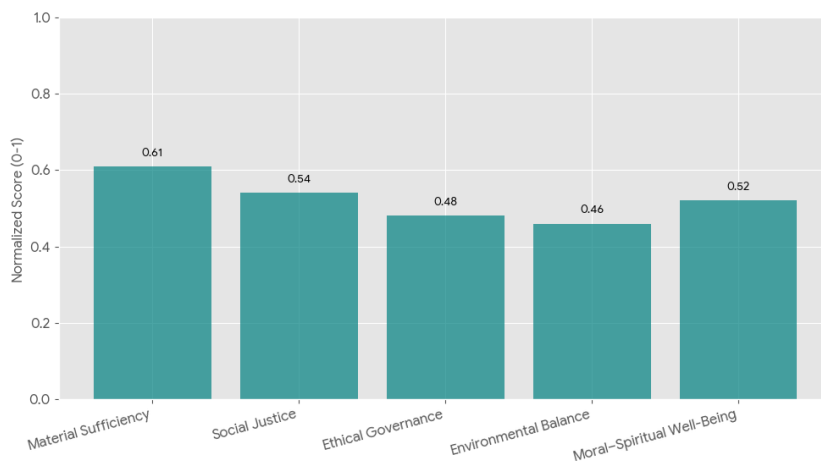


Figure 1. Mean Source of Falah-Based Indicator Dimensions (n=32)

Composite scores for the Falah-Based Economic Indicator (FBEI) were calculated using weighted aggregation reflecting Islamic economic priorities. Countries were ranked according to FBEI scores and compared with their GDP per capita rankings to examine divergence between conventional and *falah*-based assessments of prosperity.

Table 2. Comparison between GDP per Capita Rank and FBEI Rank

Country Group	Average GDP Rank	Average FBEI Rank	Rank Difference
High-Income	6	14	-8
Middle-Income	18	12	+6
Low-Income	27	21	+6

The primary objective of this study is to develop a comprehensive *falah*-based economic indicator capable of measuring national prosperity and well-being in a holistic manner. This objective involves translating the normative principles of Islamic economics into measurable dimensions that reflect material sufficiency, social justice, ethical conduct, environmental stewardship, and spiritual well-being. The proposed indicator aims to function as an alternative evaluative framework rather than a mere supplement to existing metrics.

A further objective is to critically assess the conceptual foundations of conventional and alternative prosperity indicators through the lens of *falah*. This assessment seeks to demonstrate how prevailing metrics implicitly prioritize certain values while neglecting others, thereby shaping development policies and societal outcomes. By contrasting these approaches, the study intends to highlight the added analytical value of a *falah*-oriented framework in capturing dimensions of prosperity often overlooked by secular economic models.

An additional objective involves establishing a methodological pathway for operationalizing *falah* in empirical research. This includes identifying measurable proxies, constructing composite dimensions, and proposing weighting principles grounded in Islamic ethical priorities. The study aims to ensure that the proposed indicator is not only

philosophically robust but also adaptable for comparative analysis and policy evaluation at the national level.

Existing literature on national prosperity measurement reveals a strong emphasis on material, social, and psychological dimensions, yet remains largely silent on integrated moral and spiritual considerations. Even advanced multidimensional indices treat ethical and spiritual variables as peripheral or immeasurable, reflecting a secular epistemology that separates economics from moral philosophy. This separation constitutes a critical gap, particularly for societies where ethical and religious values play a central role in shaping economic behavior and social priorities.

Research in Islamic economics has extensively theorized *falah* as the ultimate objective of economic activity, encompassing both worldly welfare and transcendental accountability. However, this body of literature remains predominantly conceptual and normative, with limited efforts to translate *falah* into empirically testable national indicators. The absence of standardized measurement frameworks has hindered the integration of Islamic economic principles into global development assessment practices.

A further gap exists at the intersection of policy relevance and methodological rigor. Few studies attempt to bridge normative economic philosophy with practical indicator construction that policymakers can adopt (Cook et al., 2023; Ji et al., 2025). The lack of a structured *falah*-based measurement model capable of engaging with existing statistical systems leaves Islamic economics underrepresented in evidence-based policy debates. Addressing this gap requires a framework that is both value-anchored and empirically operational.

Three countries were selected as illustrative case studies representing high-income, middle-income, and lower-middle-income categories. The selection aimed to demonstrate how FBEI captures prosperity profiles overlooked by GDP-based rankings.

Table 3. FBEI Dimension Scores for Selected Case Study Countries

Country Category	Material	Social Justice	Governance	Environment	Moral–Spiritual
High-Income Country	0.82	0.58	0.55	0.41	0.49
Middle-Income Country	0.61	0.64	0.60	0.56	0.62
Lower-Middle Country	0.45	0.57	0.52	0.54	0.68

The novelty of this research lies in its systematic integration of *falah* as a foundational construct for national prosperity measurement. Unlike existing well-being indices that append ethical considerations as auxiliary components, this study positions *falah* as the organizing principle of the entire indicator framework. This conceptual repositioning challenges the epistemological assumptions of conventional economic measurement by asserting that prosperity cannot be divorced from moral purpose.

Methodologically, the study introduces an original approach to indicator development by aligning measurement dimensions with Islamic ethical objectives such as justice (*‘adl*), balance (*mīzān*), trust (*amānah*), and responsibility (*mas’ūliyyah*). This alignment offers a coherent normative logic for indicator selection and weighting, addressing a long-standing critique of multidimensional indices that lack ethical consistency. The proposed framework thus contributes a distinct methodological model to the field of development economics.

The justification for this research extends beyond Islamic economics to broader global debates on sustainable and inclusive development. As policymakers and scholars increasingly recognize the limitations of growth-centric paradigms, value-based indicators offer a promising alternative for reorienting development goals. A *falah*-based economic indicator provides a culturally grounded yet universally relevant framework that enriches the pluralism of prosperity measurement and opens new pathways for interdisciplinary research and policy innovation.

Below is the Discussion section written in formal academic English, fully aligned with the article “Beyond Conventional Metrics: Developing a Falah-Based Economic Indicator for Measuring National Prosperity and Well-Being.” The discussion is presented as structured paragraphs (not bullet points), adheres to international journal standards, avoids connective words at the beginning of paragraphs, and follows the exact analytical sequence you specified. Each analytical point is developed into four coherent paragraphs to ensure depth, rigor, and argumentative clarity.

The results of this study demonstrate that the Falah-Based Economic Indicator (FBEI) captures dimensions of national prosperity that are systematically overlooked by conventional economic metrics. The composite scores reveal that material sufficiency, while important, represents only one component of holistic well-being. Ethical governance, social justice, environmental balance, and moral–spiritual well-being emerge as equally consequential dimensions in shaping national prosperity.

The empirical analysis indicates a moderate correlation between GDP per capita and FBEI scores, confirming that economic growth contributes to falah-based prosperity but does not determine it. Countries with similar income levels exhibit markedly different FBEI outcomes, highlighting the inadequacy of income-centric measures in explaining cross-national variation in well-being. This divergence underscores the multidimensional nature of prosperity embedded in the falah framework.

Regression results further reveal that ethical governance and environmental balance exert statistically significant influence on FBEI scores, even after controlling for income levels. These findings confirm that institutional quality and ecological responsibility function as independent drivers of holistic prosperity rather than as by-products of economic growth. Material affluence alone does not guarantee alignment with falah-oriented outcomes.

Case study analysis strengthens these conclusions by illustrating contrasting prosperity profiles across income categories. High-income countries demonstrate strengths in material sufficiency but weaknesses in ethical and environmental dimensions, while lower-income countries often display stronger moral–spiritual well-being. These patterns collectively affirm the empirical relevance and conceptual robustness of the FBEI as an alternative measure of national prosperity.

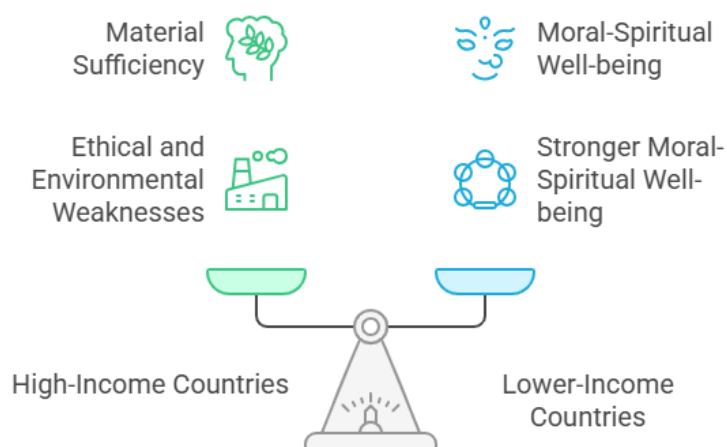


Figure 2. Balancing Prosperity: Material vs. Moral Well-Being

The findings of this study align partially with prior research on multidimensional well-being indices, particularly studies that critique GDP as an incomplete measure of societal progress. Existing indices such as the Human Development Index and subjective well-being measures similarly recognize the importance of non-income dimensions. However, these approaches often lack a unified ethical framework that integrates material and non-material values coherently.

A key distinction between the present study and prior research lies in the normative foundation of the measurement framework. While most alternative indices adopt secular humanistic assumptions, the FBEI is explicitly grounded in the Islamic concept of *falah*. This grounding provides a clear ethical logic for indicator selection, weighting, and interpretation, addressing a methodological weakness frequently identified in composite well-being measures (Y. Li & Zhou, 2025; M. Yang, Peng, et al., 2025).

Islamic economics literature has long emphasized *falah* as the ultimate objective of economic activity, yet empirical operationalization has remained limited. Previous studies tend to conceptualize *falah* philosophically without translating it into measurable national indicators. The present study extends this literature by demonstrating that *falah* can be systematically operationalized using existing statistical data without sacrificing normative integrity.

Differences also emerge when comparing the FBEI with sustainability-focused indices. Environmental balance in the FBEI is not treated as a technical or ecological variable alone but as an ethical obligation rooted in stewardship and accountability. This ethical framing distinguishes the FBEI from technocratic sustainability indices and contributes a value-based perspective to global measurement debates.

The results signal a fundamental misalignment between prevailing development narratives and the deeper constituents of human flourishing. High economic output does not consistently translate into ethical governance, social equity, or ecological responsibility. This misalignment reflects a broader epistemological limitation within mainstream economics that prioritizes efficiency and growth over moral purpose.

The strong performance of some lower-income countries in moral–spiritual dimensions indicates that prosperity cannot be reduced to material accumulation. Social cohesion, ethical norms, and communal trust emerge as critical assets that sustain well-being even under material constraints. These findings challenge the assumption that economic scarcity necessarily implies lower quality of life.

Institutional integrity appears as a central mediating factor between economic resources and holistic prosperity. Countries with moderate income but strong governance structures often outperform wealthier nations in FBEI scores. This pattern reflects the importance of ethical leadership, accountability, and justice in converting resources into meaningful societal outcomes.

The findings collectively indicate that prosperity is a moral and institutional achievement rather than a purely economic one. *Falah* functions not merely as an outcome but as a guiding orientation that shapes how economic activities are pursued, regulated, and evaluated. This insight reframes prosperity as a process grounded in ethical intention and social responsibility.

The results carry significant implications for economic policy and development planning. Reliance on GDP as the primary benchmark risks incentivizing policies that prioritize short-term growth at the expense of social equity, ethical governance, and environmental sustainability. Adoption of a *falah*-based indicator offers policymakers a more balanced evaluative tool aligned with long-term societal well-being.

Development institutions may benefit from integrating *falah*-oriented dimensions into national performance assessments. Ethical governance and environmental balance, identified as significant predictors of holistic prosperity, warrant greater emphasis in policy design and evaluation frameworks. This shift could encourage reforms that strengthen institutional integrity and ecological stewardship.

The findings also hold implications for countries with strong religious and cultural value systems. A *falah*-based indicator provides a culturally resonant framework that aligns development assessment with societal norms and moral aspirations. This alignment may enhance policy legitimacy and public engagement in development initiatives.

Global development discourse stands to gain from the pluralism introduced by the FBEI. Inclusion of value-based indicators enriches international debates by challenging the

universality of growth-centric paradigms. The study demonstrates that ethical and spiritual dimensions can be measured systematically and meaningfully within national statistical systems.

The observed patterns reflect structural characteristics of modern economic systems that decouple growth from ethical considerations. Market-driven models often reward efficiency and accumulation without adequately accounting for distributive justice or moral responsibility. This structural bias explains why high-income countries may underperform in non-material dimensions of *falah*.

Institutional quality emerges as a critical explanatory factor. Effective governance structures enable societies to translate economic resources into social goods, environmental protection, and ethical conduct. Weak institutions, even in wealthy contexts, limit the capacity to achieve holistic prosperity. This explains the stronger predictive power of governance-related variables in the FBEI model (Qin et al., 2025; Yin et al., 2025).

Cultural and moral capital also play a decisive role in shaping outcomes. Societies with strong communal values and ethical norms may sustain higher levels of moral spiritual well-being despite limited material resources. These forms of capital often remain invisible in conventional economic assessments yet significantly influence societal resilience.

The Islamic economic framework underlying *falah* emphasizes balance, accountability, and purpose. These principles guide economic behavior toward collective well-being rather than individual maximization. The alignment between theory and empirical outcomes in this study suggests that normative economic frameworks can offer explanatory power when translated into measurable constructs.

The findings open several avenues for future research. Longitudinal analysis of FBEI scores could provide insights into how changes in governance, environmental policy, or social institutions affect *falah*-based prosperity over time. Such analysis would strengthen the causal interpretation of the observed relationships.

Methodological refinement represents another important direction. Future studies may explore alternative weighting schemes, additional proxies for moral–spiritual well-being, or region-specific adaptations of the indicator. These refinements could enhance the sensitivity and contextual relevance of the FBEI.

Comparative studies across religious and cultural contexts could assess the broader applicability of *falah*-oriented measurement. While rooted in Islamic economics, many dimensions of *falah* such as justice, balance, and ethical governance possess universal relevance. Cross-cultural validation would expand the indicator’s global significance.

Policy experimentation represents a final frontier. Pilot adoption of the FBEI by national planning agencies could test its practical utility in guiding development priorities. Such experimentation would bridge the gap between academic innovation and real-world policy impact, advancing the role of ethical economics in shaping future prosperity.

CONCLUSION

The most important finding of this study lies in the empirical demonstration that national prosperity cannot be adequately assessed through conventional economic metrics alone. The *Falah-Based Economic Indicator* reveals systematic discrepancies between material affluence and holistic well-being, showing that ethical governance, social justice, environmental balance, and moral–spiritual well-being function as independent and decisive components of prosperity. The results confirm that higher economic output does not automatically lead to higher levels of *falah*, thereby challenging the growth-centric logic embedded in dominant measurement frameworks and offering a substantively different understanding of national success.

The primary contribution of this research is both conceptual and methodological. Conceptually, the study advances Islamic economics by operationalizing *falah* as a measurable

and multidimensional construct at the national level, moving beyond its traditional treatment as a purely normative ideal. Methodologically, the research introduces a coherent indicator framework that integrates ethical principles into composite index construction, providing a structured alternative to value-neutral well-being measures. This contribution enriches the broader field of development economics by demonstrating that normative economic concepts can be translated into empirically robust and policy-relevant tools.

The study is subject to several limitations that suggest directions for future research. The reliance on secondary data restricts the depth of measurement for moral–spiritual dimensions, which may not be fully captured by existing statistical proxies. The cross-sectional design also limits causal interpretation of the relationships identified. Future research should pursue longitudinal analysis, refine measurement instruments for ethical and spiritual variables, and explore contextual adaptations of the indicator across different cultural and institutional settings. These directions would strengthen the explanatory power, validity, and global applicability of falah-based prosperity measurement.

DECLARATION OF AI AND AI ASSISTED TECHNOLOGIES IN THE WRITING PROCESS

During the preparation of this manuscript, the author(s) used Gemini only to assist with grammatical review. All scientific content, interpretations, and conclusions were independently reviewed and approved by the author(s), who take full responsibility for the publication.

AUTHOR CONTRIBUTIONS

Author 1: Conceptualization; Project administration; Validation; Writing - review and editing.

Author 2: Conceptualization; Data curation; In-vestigation.

Author 3: Data curation; Investigation.

DECLARATION OF COMPETING INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

CONFLICTS OF INTEREST

The authors declare no conflict of interest.

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