

Conceptual Analysis: A Model for Developing Village Entrepreneurship Through the Mudharabah Contract

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ABSTRAK

Penelitian ini bertujuan merumuskan model konseptual pengembangan kewirausahaan desa berbasis akad mudharabah dalam perspektif ekonomi Islam. Metode penelitian menggunakan pendekatan kualitatif deskriptif melalui studi pustaka sistematis dan analisis konseptual dengan kerangka *maqashid al-syariah*. Analisis tematik dilakukan terhadap literatur yang membahas praktik mudharabah, UMKM desa, dan digitalisasi ekonomi, sehingga diperoleh sintesis mengenai peran akad ini dalam pembangunan ekonomi desa. Hasil penelitian menunjukkan bahwa mudharabah berfungsi sebagai instrumen multifungsi: *pertama*, menyediakan akses modal berbasis bagi hasil yang lebih adil; *kedua*, memperkuat solidaritas sosial melalui transparansi dan amanah; *ketiga*, menumbuhkan motivasi spiritual dengan orientasi keberkahan; *keempat*, membangun kepercayaan digital produk desa di marketplace; dan *kelima*, meningkatkan daya tahan masyarakat terhadap risiko usaha.

Keywords:

Mudharabah
Kewirausahaan Desa
Ekonomi Islam

ABSTRACT

This study aims to formulate a conceptual model of village entrepreneurship development based on the mudharabah contract within the perspective of Islamic economics. The research method employs a descriptive qualitative approach through systematic literature review and conceptual analysis using the framework of *maqashid al-shariah*. Thematic analysis was conducted on literature discussing the practice of mudharabah, village-based micro, small, and medium enterprises UMKM, and economic digitalization, resulting in a synthesis of the role of this contract in rural economic development. The findings reveal that mudharabah functions as a multifunctional instrument: first, providing more equitable access to capital through profit-sharing schemes; second, strengthening social solidarity through transparency and trustworthiness (*amanah*); third, fostering spiritual motivation with an orientation toward blessings (*barakah*); fourth, building digital trust for village products in online marketplaces; and fifth, enhancing community resilience against business risks.

Keywords:

Mudharabah
Village Entrepreneurship
Islamic Economics

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Introduction

In general business development often encounters a variety of complex challenges (Andersen, 2020) Innovative ideas frequently emerge, yet limited capital remains the primary obstacle to their

realization. Conversely, there are individuals or groups who possess sufficient financial resources but lack the capability to formulate creative ideas that could stimulate business growth (Salvatore, 2022). This condition creates a significant gap within the business ecosystem, where the potential for innovation is frequently hindered by the absence of collaboration between financial resources and creativity (Hung Tai Tsou, 2019). The development of village entrepreneurship through the mudharabah contract is not merely an alternative financing mechanism but rather a manifestation of the Islamic economic paradigm in addressing the structural challenges of villages in the contemporary era (Nunik Nurhayati, 2022).

Villages have often been positioned as mere objects of development, despite their significant productive potential in the agricultural, fisheries, and digitally-based Micro, Small, and Medium Enterprises (Hajar, 2020). Classic constraints, such as limited capital, frequently render rural communities vulnerable to exploitation by interest-based conventional financial institutions. Within this framework, the mudharabah contract emerges as an instrument that not only provides capital but also establishes a fair business system grounded in partnership principles and upholding the concept of *shirkah fil ghum wal ghum* (profit and risk sharing) (Setiawan, 2020). Here, Micro, Small, and Medium Enterprises (MSMEs) play a highly significant role in driving Indonesia's economic growth. According to data from the Ministry of Cooperatives and SMEs and the Indonesian Chamber of Commerce and Industry (KADIN), in 2024 the number of MSMEs in Indonesia reached more than 65 million business units spread across various sectors, including at the village level. These MSMEs serve as the backbone of the national economy, making a substantial contribution to GDP and employment absorption. (Kadin, 2024).

In light of this, the urgency of the mudharabah contract becomes increasingly apparent when villages are confronted with the forces of global economic digitalization. The integration of marketplaces, Sharia-compliant e-commerce, and halal fintech requires rural entrepreneurs to have access to inclusive and interest-free capital. Mudharabah addresses this need by emphasizing the principles of *shidq* (honesty), *amanah* (trustworthiness), and *'adl* (justice) (Siti, 2023). Through this contract, capital owners do not demand a fixed return but rather share risks with the manager. This approach aligns with the *maqashid al-shariah* in preserving wealth (*hifdz al-maal*) and honor (*hifdz al-'irdh*), while simultaneously freeing villages from oppressive financial dependency (Syamsuddin, 2022).

Furthermore, the mudharabah contract is also capable of fostering a collective-based entrepreneurial culture (Rana Zayadin, 2020). Villages are no longer perceived as passive entities, but rather as development subjects capable of creating economic self-reliance (Bidodkk, 2023). In a study conducted by (R. Hidayat, 2023), it was stated that the implementation in Sidogiri Village, Pasuruan, demonstrated how cooperatives can manage community funds through the mudharabah scheme to develop local trade and culinary sectors, while simultaneously strengthening socio-economic solidarity. This model appears to be supported by the research of (Lestari., 2021) in Wonokerto Village (Pekalongan), within the fisheries sector, where the results show a synergy between community social capital and Sharia principles.

In line with the findings of (Setiawan, 2020) in Ciburial Village, Bandung, it was demonstrated that the *mudharabah* contract serves as an essential instrument in empowering micro, small, and medium enterprises (MSMEs) in the agricultural and tourism sectors. Through partnerships between local investors and village business managers, there has been an increase in the capacity of nature-based micro enterprises and tourism. This system not only supports the economic independence of the village but also encourages more sustainable environmental management. A study in Mulyasari Village likewise revealed that food-processing MSMEs gained significant benefits from *mudharabah*-based financing distributed through village-level Islamic microfinance institutions. This scheme enhanced the ability of MSMEs to improve product quality, expand market reach, and adapt to competition in the digital era (Priyono., 2021).

When analyzing the foregoing explanation, it becomes evident that *mudharabah* is not merely a financial instrument, but also a means of community empowerment. The digital era brings with it the challenges of global competition, while simultaneously offering opportunities for villages to access broader markets. Entrepreneurship development grounded in *mudharabah* enables rural communities to harness technology without losing their Islamic identity. It is not simply an economic pathway, but rather a civilizational strategy: fostering villages that are independent, just, and guided by Islamic values. Thus, *mudharabah* in the contemporary context is not only a technical solution to capital constraints, but also a restoration of the spirit of *mu'āmalah* as an act of worship that bridges worldly interests with the blessings of the hereafter (R. Pramono, 2022).

In general, previous research has predominantly focused on empirical studies within specific sectors, emphasizing the implementation practices and their impact on community income enhancement. Such studies remain limited to descriptive accounts of particular cases without conceptually elaborating a developmental model of village entrepreneurship based on *mudharabah* within the theoretical framework of Islamic economics and *maqāṣid al-sharī'ah*. Therefore, this study addresses the gap by offering a broader conceptual analysis, namely formulating an integrative model of village entrepreneurship development through the *mudharabah* contract that is relevant in the digital era and can serve as a strategic reference for sustainable rural economic development.

Methods

This study employs a descriptive qualitative approach with a conceptual analysis method. The objective is to formulate a development model for village entrepreneurship through the application of the *mudharabah* contract within the framework of Islamic economics. Data were collected through a systematic literature review, encompassing journals, books, and official institutional reports related to *mudharabah*, village-based micro, small, and medium enterprises (MSMEs), and economic digitalization. The qualitative approach was chosen for its capacity to explore the profound meanings derived from the integration of theory, Sharia principles, and the realities of village entrepreneurship (J. W. Creswell, 2018). The analysis was carried out using thematic analysis techniques to identify emerging patterns and concepts, which were then interpreted within the framework of *maqāṣid al-sharī'ah*. This approach emphasizes the integration of Islamic normative values with the realities of contemporary development, with the expectation that the research outcomes will generate a conceptual model that is applicable for villages and Islamic financial institutions (M. U. Chapra, 2008).

Result and Discussion

This study finds that the *mudharabah* contract can be constructed as a conceptual foundation for the development of rural entrepreneurship. A review of the literature indicates that the root of rural problems does not solely lie in the scarcity of resources but rather in the limited access to equitable capital. Conventional financing schemes tend to position small-scale entrepreneurs in a disadvantaged situation, as fixed interest obligations constrain productivity. By positioning *mudharabah* as an alternative instrument, this study demonstrates that the profit-and-loss sharing principle provides a more humane as well as Sharia-compliant mechanism (Supriatna, 2020). In the social context, *mudharabah* functions as more than merely a financial instrument. The relationship between the *shahibul maal* (capital provider) and the *mudharib* (entrepreneur or business manager) forms an ecosystem grounded in trust and collective responsibility. This relationship is particularly significant in rural communities, where economic interactions are inseparable from social and cultural life. The framework of *maqāṣid al-sharī'ah* underscores this dimension through *hifẓ al-īrd* (the preservation of dignity), which is manifested in ethical and mutually beneficial business practices.

Furthermore, regarding the potential for a more equitable economic distribution, the *mudharabah* model demonstrates stronger prospects compared to the capitalist system. This study confirms that proportional profit-sharing reduces asymmetry between capital owners and managers. The model generates a broader multiplier effect since profits are reinvested into the community rather than being

concentrated among capital elites. Thus, mudharabah can be understood as a corrective mechanism to address rural economic disparities. The integration of mudharabah with the digital village ecosystem underscores that when village-based micro, small, and medium enterprises (MSMEs) are connected to marketplaces, the demand for capital not only increases but also requires greater flexibility. The mudharabah contract provides an effective solution, as risks are shared collectively. This strategy demonstrates high relevance in the digital economy era, where product innovation and marketing serve as critical drivers of business sustainability. Mudharabah fosters innovative transformation in rural entrepreneurship. The funds obtained are not limited to fulfilling working capital needs but are also directed toward the creation of added value (Sayudin, 2023). This can be observed in the efforts of micro, small, and medium enterprises (MSMEs) that allocate sharia-based capital toward improving product quality, obtaining halal certification, and enhancing digital branding. From the perspective of *maqāṣid al-sharī'ah*, this reflects the manifestation of *ḥifẓ al-māl*, namely the preservation of wealth through the utilization of capital in a lawful and productive manner.

In addition, there exists a spiritual dimension that reinforces the work motivation of rural communities. Sharia literacy fosters the perception that conducting business through a *mudharabah* contract constitutes an act of worship. This dimension distinguishes the Sharia-based rural entrepreneurship model from its secular counterpart, as business success is measured not solely by profit, but also by blessings (*barakah*) and the sustainability of economic morality. This perspective is in line with the ultimate objective of Islamic economics, namely *falah* (well-being in both the worldly and the hereafter) (Khaerul Aqbar, 2020). More decisively, the mudharabah system demonstrates stronger resilience in facing economic risks. In conventional lending systems, losses are borne entirely by the business manager. Conversely, in mudharabah, risks are shared according to mutual agreement, thereby preventing excessive social pressure. From the perspective of *maqāṣid al-sharī'ah*, this arrangement is interpreted as part of *ḥifẓ al-naḥs* (protection of life), since it prevents society from being trapped in cycles of debt and household crises. Furthermore, mudharabah has the potential to enhance the reputation of village-based products in the digital marketplace. The emphasis on transparency and the principle of *ṣidq* (truthfulness) within this contract fosters digital trust, which is increasingly vital in the e-commerce ecosystem. Consumer trust thus becomes a key determinant of the success of rural MSMEs in penetrating wider markets. The model scheme of village entrepreneurship development through the mudharabah contract can be presented in the following table;

Table 1. Village Entrepreneurship Development Model through the Mudharabah Contract

Aspect	Key Findings	Sharia Relevance (<i>Maqashid al-Shariah</i>)	Practical Implications for Villages
Conceptual Foundation	<i>Mudharabah</i> as a profit-sharing financing alternative, considered fairer than fixed-interest schemes	<i>Hifdz al-irdh</i> (protection of dignity) through ethical and honorable business practices.	Expands humane access to capital and reduces inequality among small enterprises.
Social Relations	The relationship between <i>shahibul maal</i> (capital provider) and <i>mudharib</i> (entrepreneur) fosters a trust-based ecosystem.	<i>Amanah</i> (trustworthiness) and <i>shidq</i> (truthfulness) as principles of Islamic business ethics.	Suitable for villages where social and economic life is closely interconnected.
Economic Equity	Proportional profit distribution reduces asymmetry between owners and managers; generates broader multiplier effects.	<i>Hifdz al-maal</i> (protection of wealth) through fair profit distribution.	Decreases socio-economic disparities; profits are reinvested into the community.
Digital Integration	Linking village MSMEs to marketplaces requires flexible capital and product innovation	<i>Hifdz al-maal</i> through the use of halal capital for digital branding, halal	Strengthens competitiveness of village MSMEs in the digital economy era.

		certification, and quality improvement.	
Spiritual Dimension	Sharia literacy fosters awareness of business as worship; success measured by both profit and blessing	<i>Falah</i> (well-being in this world and the hereafter) as the ultimate objective of Islamic economics.	Reinforces work motivation and economic morality within rural communities.
Risk Management	Risks are shared according to mutual agreement, unlike conventional systems that burden managers.	<i>Hifdz al-nafs</i> (protection of life) by preventing excessive debt burdens.	Reduces social pressure and enhances the sustainability of rural enterprises.
Product Reputation	The principle of <i>shidq</i> (honesty) builds digital trust in e-commerce.	<i>Amanah</i> and transparency as core values of the contract.	Improves consumer trust in village products within digital markets.

Through this developmental model, *mudharabah* is not merely an economic instrument but also a civilizational one. It integrates financial, social, spiritual, and digital dimensions within a single entrepreneurial development framework. Guided by the *maqāṣid al-sharī'ah*, *mudharabah* ensures that economic development does not lose its moral orientation and blessing. The conceptual model formulated herein may serve as a reference for village policies, Islamic financial institutions, and governmental bodies in fostering an inclusive, just, and sustainable village economy.

Conclusion

This study affirms that *mudharabah* is not merely a Sharia-based financing instrument but also functions as an integrative mechanism linking economic, social, spiritual, and digital dimensions. The analysis based on *maqāṣid al-shariah* shows that *hifdz al-maal* is reflected in asset protection mechanisms and fair profit distribution; *hifdz al-nafs* is manifested through reduced social vulnerability due to interest-free financing schemes; *hifdz al-'irdh* emerges from contract transparency and the enhancement of village enterprise reputation; while *hifdz al-akhlaq* and *hifdz al-din* are internalized through Islamic business ethics practices that maintain a balance between material and spiritual interests. Thus, this model holds potential as a foundation for sustainable village entrepreneurship development.

Based on these findings, it is recommended that policymakers formulate regulations supporting the digitalization of Sharia-based financing through *mudharabah* at the village level. Islamic financial institutions should develop microfinancing schemes tailored to the characteristics of Village-Owned Enterprises (BUMDes), accompanied by risk management training and governance grounded in Sharia compliance principles. Meanwhile, BUMDes are encouraged to adopt this model in developing productive business units capable of strengthening local economic resilience while preserving the integrity of Islamic values.

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