

## Implementation of Mudharabah Contract to Enhance Sharia Capital Access for MSMEs through BUMDesa Berkah Sejahtera Tambakrejo, Jombang

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### **ABSTRACT**

*This study aims to analyze the implementation of the mudharabah contract in enhancing access to sharia-based capital for Micro, Small, and Medium Enterprises (MSMEs) in BUMDesa Berkah Sejahtera Tambakrejo, Jombang Regency. The background of this research is based on the limited access to sharia-compliant financing at the village level and the need to optimize the role of BUMDesa as a sharia financial intermediation institution that upholds justice and social equity. This study employs a qualitative approach with a descriptive case study type. Data were collected through in-depth interviews, participatory observation, and documentation involving BUMDesa managers, MSME actors, and village officials. Data analysis used the Miles and Huberman model, including data reduction, presentation, and verification, supported by an evaluation of organizational and operational factors affecting the implementation of the mudharabah contract. The results show that BUMDesa acts as the shahibul maal providing capital to MSME actors as mudharib through a profit-sharing system with a ratio of 60:40. This scheme successfully increases capital access and strengthens public trust in the sharia financial system. However, challenges remain in financial literacy and the managerial capacity of business actors, which require continuous development and supervision to achieve sustainable empowerment.*

**Keywords:** *Mudharabah; Syariah Capital Access; Micro, Small and Medium Enterprises; BUMDesa.*

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### **INTRODUCTION**

Economic development is a fundamental pillar for achieving equitable and just national welfare. Villages in Indonesia hold a strategic position as the foundation of community life and a primary base for the people's economy. They function not only as administrative entities but also as centers of social, cultural, and economic activities that directly influence community welfare. Over the past two decades, national development paradigms have shifted from top-down to bottom-up approaches, recognizing villages as key drivers of local economic development. The government has implemented decentralization policies, such as Law Number 6 of 2014 concerning Villages, providing autonomy for villages to manage assets, finances, and resources independently, supported by increasing village funds aimed at infrastructure, community empowerment, and local economic growth.

As part of this strategy, Village-Owned Enterprises (BUMDesa) have been established as community-managed economic institutions operating on cooperation and collective principles. BUMDesa are intended to productively manage local economic potential, stimulate business activities, and create employment in rural areas. However, many BUMDesa face structural and technical challenges, including limited human resource capacity, weak financial management, minimal business innovation, and restricted access to capital. These constraints hinder the growth of village enterprises and limit their ability to respond to market dynamics. In this context, sharia-based financing mechanisms, particularly the mudharabah contract, offer a promising solution. Mudharabah allows profit-sharing partnerships between capital owners and business managers without interest or guaranteed returns, aligning with the principles of trust, participation, and social responsibility that characterize BUMDesa operations.

While previous studies have largely focused on implementing mudharabah in formal financial institutions such as Islamic banks and cooperatives, limited research has explored its application in village-based economic institutions. This study addresses this gap by examining how BUMDesa Berkah Sejahtera in Tambakrejo can implement the mudharabah contract as a sharia-compliant financing

mechanism to increase MSMEs' access to capital. The novelty of this research lies in applying sharia financing principles to a local, community-based enterprise context, bridging the gap between potential economic resources and actual access to ethical funding. This study positions BUMDesa not only as a funding provider but also as a strategic partner, supporting productive, just, and sustainable village economic empowerment. The objective of this study is to analyze the implementation of the mudharabah contract in enhancing sharia-compliant capital access for MSMEs at BUMDesa Berkah Sejahtera Tambakrejo.

## **METHOD**

This study employed a qualitative approach with a descriptive case study design to explore the implementation of the mudharabah contract at BUMDesa Berkah Sejahtera Tambakrejo, Jombang Regency. The qualitative approach allowed for an in-depth understanding of social processes, meanings, and dynamics from the participants' perspectives, rather than testing hypotheses. The researcher acted as the primary instrument, directly engaging in observation, in-depth interviews with BUMDesa managers, MSME recipients, and local leaders, as well as documentation of activities and field notes, while maintaining objectivity and ethical standards. The research location was purposively selected for its active implementation of sharia-based financing for MSMEs, and the village's socio-economic diversity and strong communal values provided rich contextual data. Secondary data, including BUMDesa profiles, financial reports, meeting minutes, academic literature, and relevant regulations, were also collected to support data triangulation. Data were systematically organized, reduced, displayed, and analyzed using Miles and Huberman's interactive model, allowing patterns, relationships, and implications to be drawn, followed by repeated verification to ensure accuracy. To ensure data validity, the study applied credibility, transferability, dependability, and confirmability through triangulation of sources and methods, member checking, thick descriptions, and systematic documentation. This methodological approach provides a comprehensive and replicable framework for understanding how mudharabah-based financing can empower local village economies while aligning with sharia principles, emphasizing fairness, partnership, and community welfare.

## **RESULT AND DISCUSSION**

BUMDesa Berkah Sejahtera Tambakrejo, located in Tambakrejo Village, Jombang District, East Java, is a village-owned enterprise revitalized in 2021. Previously named BUMDesa Sejahtera Tambakrejo, the institution was restructured into BUMDesa Berkah Sejahtera to optimize business unit management and expand the economic benefits for the village community. Led by Director Arif Rohmatius Salam under the leadership of Village Head Mohammad Nasir Fadlillah, the BUMDesa manages various business units based on local village potential, aiming to improve community welfare and Village Original Revenue (PADesa).

The managed business units include waste management and a waste bank through "Sahabat Sampah" and "Adem Ayam" units, event equipment rental "Berkah Gala Equipment", a fruit shop "Toko Sumber Berkah", management of the village store and football field "Berkah Desa", village catering, and a food security unit "Sumber Gizi Berkah" that supplies local food products and supports the government's "Free Nutritious Meal MBG" program. In addition, BUMDesa provides electronic payment services through "BUMDes-Pay," facilitating residents in paying property taxes, BPJS contributions, electricity tokens, phone credit, and Telkom services.

From a social and institutional perspective, BUMDesa also supports the establishment of a village football club Tambakrejo FC and manages village information media. The diversity of these business units earned BUMDesa Berkah Sejahtera recognition as the best-performing BUMDesa at the Jombang Regency level in 2025. The award was based on the number of business units, contribution to the local economy, community involvement, and legal status.

Tambakrejo Village had a population of approximately 3,253 in 2018, with the majority employed as farmers, small traders, farm laborers, and household artisans. This diversity reflects significant local economic potential, particularly for micro and small-to-medium enterprises (MSMEs) utilizing village resources. The high level of religiosity among residents serves as a foundation for forming economic behavior based on honesty, trustworthiness, and mutual assistance, consistent with the principles of Islamic economics.

### **Discussion**

Mudharabah Contract in the BUMDesa Capital Scheme, In 2024, BUMDesa introduced a Sharia-based financing system using the mudharabah contract to assist MSMEs in accessing capital without

interest, applying a profit-sharing system. In this scheme, BUMDesa acts as the shahibul mal (capital provider), while MSME actors act as mudharib (capital manager). Profit distribution follows a 60:40 ratio, with 60% allocated to the entrepreneur and 40% to BUMDesa.

“We started implementing the profit-sharing or mudharabah system because many people in the community were reluctant to borrow under an interest-based system. So, we tried a Sharia-compliant system to ensure fairness and blessing. BUMDesa provides the capital, while the residents run the business, and the profits are shared according to the agreement,” explained the Director of BUMDesa. This model strengthens village economic independence while raising awareness of financial management based on justice and blessing. The principle aligns with QS. Al-Muzzammil [73]:20, emphasizing the importance of working to seek Allah’s bounty.

#### Business Units and Financial Performance

As of 2025, there are two active business units operating under a Sharia partnership scheme: Toko Sembako Berkah and Toko Buah Barokah.

**Table 1. Initial Capital, Net Profit, and Profit-Sharing Ratio**

Business Unit	Capital Provided (IDR)	Average Monthly Net Profit (IDR)	Profit Sharing (BUMDesa : MSME)	Profit Sharing (%)
Toko Sembako Berkah	15,000,000	1,200,000	40:60	BUMDesa 40%, MSME 60%
Toko Buah Barokah	35,000,000	1,000,000	40:60	BUMDesa 40%, MSME 60%

**Table 2. Monthly Profit Allocation Based on Profit-Sharing**

Business Unit	Net Profit (IDR)	BUMDesa Share (IDR)	MSME Share (IDR)
Toko Sembako Berkah	1,200,000	480,000	720,000
Toko Buah Barokah	1,000,000	400,000	600,000

These results indicate that Toko Sembako Berkah, with a smaller capital, generates a higher return compared to Toko Buah Barokah, emphasizing operational efficiency over mere capital size.

#### Mudharabah Implementation Procedure

The mudharabah contract is implemented through several stages:

1. Business Proposal Submission: Prospective MSMEs submit a simple business proposal to BUMDesa.
2. Feasibility Verification and Analysis: BUMDesa evaluates business potential, risk, and managerial capability.
3. Mudharabah Contract Signing: Conducted in the presence of village officials, including agreement on profit-sharing ratio.
4. Capital Distribution: Funds are disbursed in stages according to business needs and monitored.
5. Profit Evaluation and Distribution: Profits are calculated and distributed according to the agreed ratio at the end of each period (3–6 months).

“We always involve community leaders to maintain transparency. All transactions are manually recorded and reported in monthly meetings,” stated BUMDesa management.

This transparency aligns with the Hadith of the Prophet Muhammad SAW:

“Muslims are bound by the conditions they make, as long as they do not make what is prohibited lawful or make what is lawful prohibited.” (HR. Abu Dawud No. 3594; At-Tirmidzi No. 1352, Hasan Sahih)

#### Economic and Social Impacts

The implementation of the mudharabah contract has produced positive impacts:

Impact	Description	Field Evidence
Increased Capital Access	MSMEs can obtain funds without collateral	2 active MSMEs received Sharia-compliant capital
Micro Business Growth	Emergence of new businesses in food processing and agriculture	4 new types of businesses during 2024–2025

Strengthened Social Trust	Sharia system perceived as fair and trustworthy	87% of capital recipients reported satisfaction
Enhanced Sharia Literacy	Community understands profit-sharing and prohibition of riba	Routine training provided by BUMDesa
Women Empowerment	Housewives involved in small-scale businesses	6 out of 12 business owners are women

The two business units have employed six local workers and expanded economic distribution networks among villagers, aligning with BUMDesa Berkah Sejahtera's vision: "Building fair, productive, and civilized village economic independence."

#### Challenges and Mitigation Efforts

The main challenges include:

1. Low Sharia financial literacy among residents.
2. Limited human resources competent in Sharia management.
3. Absence of clear legal framework from the village government.
4. Variation in entrepreneur discipline in reporting business outcomes.

BUMDesa strategies: routine training, mentoring from Sharia economics experts, and collaboration with Islamic educational institutions.

"We are coordinating with universities and FoSSEI East Java for Sharia finance training, aiming for better structured and professional management in the future," said the Director of BUMDesa.

The study shows that mudharabah implementation aligns with Islamic economic principles: profits are distributed based on agreed ratios, losses are borne by the capital provider, and BUMDesa serves as an intermediary connecting capital potential with MSMEs.

## CONCLUSION

This study concludes that the implementation of the mudharabah contract through BUMDesa Berkah Sejahtera Tambakrejo has proven effective in enhancing Sharia-compliant capital access for MSMEs at the village level. By positioning BUMDesa as the *shahibul maal* (capital provider) and MSMEs as *mudharib* (business managers), the profit-sharing scheme with a 60:40 ratio (in favor of MSMEs) promotes financial inclusion, fairness, and social equity. The model successfully increased local economic productivity, built community trust in Islamic financial principles, and created a sustainable partnership between the institution and small entrepreneurs.

The findings demonstrate that the mudharabah system aligns with Islamic teachings emphasizing justice and mutual benefit, as reflected in QS. Al-Baqarah [2]: 275, which prohibits *riba* and encourages trade and partnership based on fairness. Additionally, the Prophet's Hadith stating, "*Muslims are bound by their conditions as long as they do not permit what is unlawful or prohibit what is lawful*" (HR. Abu Dawud No. 3594) reinforces the ethical foundation of the agreement.

However, several challenges remain, including limited Sharia literacy, managerial capacity, and legal frameworks to support structured implementation. Continuous training, supervision, and collaboration with Islamic economic institutions and universities are essential to ensure sustainability and expansion. In substance, this research contributes to the practical development of Sharia-based rural financing models that promote justice, partnership, and empowerment. Future studies may explore comparative analysis with other villages or regions, assess long-term financial impacts, and integrate digital Sharia finance systems to enhance transparency and efficiency.

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