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## **Analysis of The Implementation of the Mudarabah Contract in Improving the Welfare of Sharia-Based Msmes**

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### **ABSTRACT**

This study aims to analyze in depth the implementation of the mudarabah contract in improving the welfare of Sharia-compliant Micro, Small, and Medium Enterprises (MSMEs). MSMEs are a strategic sector in the national economy, yet they still face limited access to financing in accordance with Sharia principles. Therefore, the mudarabah contract, as a profit-sharing financing scheme, is a relevant alternative to support equitable and sustainable business growth. This study uses a qualitative approach with descriptive-analytical methods through a literature review of various scientific sources over the past five years. Data were obtained from accredited national journals, reports from Islamic financial institutions, and official government documents. The analysis was conducted by examining the theoretical concepts and empirical implementation of the mudarabah contract in MSME financing. The results show that the implementation of the mudarabah contract has a positive impact on improving the welfare of MSMEs, primarily through its fair and flexible profit-sharing mechanism. This system allows entrepreneurs to develop their businesses without the pressure of fixed payments, thus making them more adaptable to business risks. Furthermore, mudarabah financing also encourages increased productivity, business expansion, and the creation of new jobs. However, the implementation of this contract still faces various obstacles, such as low Sharia financial literacy among MSMEs, potential moral hazard, and the limitations of financial institutions in managing profit-sharing-based risk financing. Therefore, synergy between the government, Islamic financial institutions, and the public is needed to optimize the use of the mudarabah contract. From a Sharia economic perspective, the mudarabah contract aligns with the principles of justice ('adl), transparency, and benefit, and supports the achievement of the objectives of the maqasid of Sharia in improving public welfare.

*Mudarabah, MSMEs, Welfare, Islamic Economics, Sharia Financing.*

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## **INTRODUCTION**

The development of the Islamic economy in Indonesia in recent years has shown an increasingly positive trend. This is marked by the increasing number

of Islamic financial institutions and stronger regulatory support from the government. The Islamic economy is not solely oriented towards economic growth but also emphasizes aspects of distributive justice, sustainability, and social welfare (Ascarya, 2022).

Within the national economic structure, MSMEs play a highly strategic role. MSMEs not only contribute significantly to Gross Domestic Product (GDP) but are also a key sector in absorbing labor. According to a report by the Ministry of Cooperatives and SMEs (2023), MSMEs contribute more than 60% of national GDP and absorb approximately 97% of the workforce in Indonesia. However, MSMEs still face various challenges, particularly in terms of access to financing.

One of the main obstacles faced by MSMEs is limited access to formal financial institutions. Many business actors lack sufficient collateral or do not meet the administrative requirements set by conventional banks. Furthermore, the interest system in conventional financing often places a heavy burden on small businesses (Yuliana, 2023).

In this context, Islamic economics offers an alternative solution through a profit-sharing financing system, one of which is the *mudarabah* contract. This contract provides MSMEs with the opportunity to obtain business capital without having to bear fixed interest rates. Profits are shared according to the agreement, while losses are borne by the capital owner, provided there is no negligence on the part of the manager (Hidayat & Putri, 2023).

Despite its advantages, the implementation of the *mudarabah* contract in practice remains suboptimal. This is due to various factors, such as low Islamic financial literacy, limited MSME management capacity, and high financing risks for financial institutions (Pratama & Sari, 2022). Therefore, this research is crucial to more deeply examine the implementation of the *mudarabah* contract and its impact on MSME welfare.

## **RESEARCH METHOD**

This study employed a qualitative approach with descriptive-analytical methods. This approach was chosen because it provides a comprehensive understanding of the phenomenon of *mudarabah* contract implementation in the context of MSME financing.

The data used in this study is secondary data obtained through literature review from various scientific sources over the past five years. Data sources include SINTA-accredited national journals, international journals, Islamic economics reference books, and official reports from institutions such as the Financial Services Authority (OJK) and the Ministry of Cooperatives and SMEs.

Data analysis techniques were carried out through the stages of data reduction, data presentation, and conclusion drawing. The analysis focused on identifying patterns of mudarabah contract implementation, their impact on MSME welfare, and factors influencing their success (Miles et al., 2020).

## **RESULTS AND DISCUSSION**

The implementation of the mudarabah contract in MSME financing has demonstrated a significant contribution to improving the welfare of business owners. This is evident in the increased access to financing for MSMEs, which previously had difficulty obtaining capital from conventional financial institutions. With a profit-sharing system, business owners are not burdened by fixed payment obligations, allowing them to focus more on business development (Sari & Hakim, 2024).

Furthermore, the mudarabah contract also encourages a fairer partnership between financial institutions and MSMEs. In this system, both parties share risks and profits proportionally. This differs from conventional systems, which tend to shift the burden of risk to the debtor (Ascarya, 2022).

Economically, mudarabah-based financing can increase business productivity. MSMEs that receive financing tend to be able to increase production capacity, expand marketing networks, and improve product quality. These impacts ultimately contribute to increased income and business welfare (Hidayat & Putri, 2023).

Furthermore, the implementation of mudarabah contracts also has a positive social impact. The development of MSMEs creates new jobs, which can reduce unemployment and poverty. This aligns with the goal of Islamic economics, which prioritizes not only profit but also social welfare (Rahman, 2021).

However, several obstacles to the implementation of mudarabah contracts exist. One major obstacle is the low level of Islamic financial literacy among MSMEs. Many business owners do not understand the concept of profit sharing and transparent financial reporting mechanisms (Yuliana, 2023).

Furthermore, the risk of moral hazard is a serious challenge. In some cases, business owners fail to report profits honestly, resulting in losses for capital owners. This highlights the importance of an effective monitoring system and the use of digital technology in financial record-keeping (Pratama & Sari, 2022).

Another obstacle is the limited capacity of Islamic financial institutions to disburse mudarabah-based financing. This is due to the higher risk compared to other contracts, such as murabahah, which offer more certain returns. Therefore,

financial institutions tend to be more cautious in disbursing profit-sharing financing (OJK, 2024).

From an Islamic perspective, the practice of mudarabah aligns with the principles of mutual assistance and justice in transactions. As Allah SWT states in the Quran:

يَا أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَحْلُوا شَعِيرَ اللَّهِ وَلَا الشَّهْرَ الْحَرَامَ وَلَا الْهَدْيَ وَلَا الْقَلَئِدَ وَلَا ءَامِينَ الْبَيْتِ الْحَرَامِ  
يَبْتَغُونَ فَضْلًا مِّن رَّبِّهِمْ وَرِضْوَانًا وَإِذَا حَلَلْتُمْ فَاصْطَادُوا وَلَا يَجْرِمَنَّكُمْ شَنَا ءِ أَن قَوْمٍ ءَن صَدُّوكُمْ عَنِ  
الْمَسْجِدِ الْحَرَامِ أَن تَعْتَدُوا وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ  
شَدِيدُ الْعِقَابِ ﴿١٠١﴾

Artinya :

*Hai orang-orang yang beriman, janganlah kamu melanggar syi'ar-syi'ar Allah, dan jangan melanggar kehormatan bulan-bulan haram, jangan (mengganggu) binatang-binatang had-ya, dan binatang-binatang qalaa-id, dan jangan (pula) mengganggu orang-orang yang mengunjungi Baitullah sedang mereka mencari kurnia dan keridhaan dari Tuhannya dan apabila kamu telah menyelesaikan ibadah haji, maka bolehlah berburu. Dan janganlah sekali-kali kebencian(mu) kepada sesuatu kaum karena mereka menghalang-halangi kamu dari Masjidilharam, mendorongmu berbuat aniaya (kepada mereka). Dan tolong-menolonglah kamu dalam (mengerjakan) kebajikan dan takwa, dan jangan tolong-menolong dalam berbuat dosa dan pelanggaran. Dan bertakwalah kamu kepada Allah, sesungguhnya Allah amat berat siksa-Nya.*

This verse emphasizes that cooperation in economic activities must be based on the values of justice, honesty, and responsibility. This principle is reflected in the mudarabah contract, which prioritizes trust and transparency between both parties.

Furthermore, the implementation of the mudarabah contract also supports the achievement of the maqasid sharia, particularly in safeguarding assets (hifz al-mal) and improving community welfare. With a more equitable distribution of profits, economic disparities can be minimized and community welfare can be sustainably improved (Ascarya, 2022).

## CONCLUSION

The implementation of the mudarabah contract plays a crucial role in improving the welfare of MSMEs through a fair, profit-sharing financing system. Despite its significant potential, its implementation still faces various obstacles that need to be addressed through increased financial literacy, strengthened regulations, and innovation in the Islamic financing system.

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