

## Analysis of *Mudharabah* Contract Implementation for *Bentor* Business from an Islamic Economic Perspective in Kotamobagu, Indonesia

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### Keywords:

*Mudharabah Contract, Islamic Microfinance, Bentor Business, Informal Economy, Financial Inclusion*

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### ABSTRACT

*This study examines the application of the Mudharabah contract in the bentor (motorized pedicab) business in Kotamobagu, North Sulawesi, Indonesia, aiming to comprehensively analyze its implementation, identify motivations, mechanisms, challenges, and opportunities. Utilizing a qualitative approach with a case study design, data was collected through in-depth interviews, participant observation, and document analysis. The research reveals that while the Mudharabah contract shows promise in promoting financial inclusion and job creation, its practical implementation faces challenges such as profit-sharing disputes, income fluctuations, and communication issues between capital owners and operators. However, it also highlights Mudharabah's potential as a tool for economic empowerment, particularly for individuals excluded from formal financial systems. The study concludes that applying Mudharabah in the bentor business has significant potential for driving inclusive economic growth based on Islamic principles, but realizing this potential requires addressing identified challenges through targeted interventions. Recommendations include developing a more flexible Mudharabah model tailored to micro-businesses, implementing comprehensive education programs on Islamic finance principles, and establishing effective conflict resolution mechanisms. This research contributes to the literature on Islamic microfinance and provides practical insights for policymakers and practitioners seeking to implement Islamic financial instruments in informal economic sectors, emphasizing the need for a holistic and contextual approach in developing and implementing Islam.*

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### ABSTRAK

### Kata Kunci:

Akad Mudharabah, Keuangan Mikro Syariah, Bisnis Bentor, Ekonomi Informal, Inklusi Keuangan

Penelitian ini mengkaji penerapan akad Mudharabah pada bisnis bentor (becak bermotor) di Kotamobagu, Sulawesi Utara, Indonesia, dengan tujuan menganalisis secara komprehensif implementasinya, mengidentifikasi motivasi, mekanisme, tantangan, dan peluang. Menggunakan pendekatan kualitatif dengan desain studi kasus, data dikumpulkan melalui wawancara mendalam, observasi partisipan, dan analisis dokumen. Hasil penelitian menunjukkan bahwa meskipun akad Mudharabah memiliki potensi dalam mendorong inklusi keuangan dan penciptaan lapangan kerja, implementasi praktisnya menghadapi tantangan seperti perselisihan pembagian hasil, fluktuasi pendapatan, dan masalah komunikasi antara pemilik modal dan pengelola. Namun, penelitian ini juga menyoroti potensi Mudharabah sebagai alat pemberdayaan ekonomi, terutama bagi individu yang

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terpinggirkan dari sistem keuangan formal. Studi ini menyimpulkan bahwa penerapan *Mudharabah* pada bisnis *bentor* memiliki potensi signifikan untuk mendorong pertumbuhan ekonomi inklusif berbasis prinsip Islam, namun realisasi potensi ini memerlukan penanganan tantangan yang teridentifikasi melalui intervensi yang terarah. Rekomendasi meliputi pengembangan model *Mudharabah* yang lebih fleksibel dan disesuaikan dengan usaha mikro, implementasi program edukasi komprehensif tentang prinsip keuangan syariah, dan pembentukan mekanisme resolusi konflik yang efektif. Penelitian ini berkontribusi pada literatur tentang keuangan mikro syariah dan memberikan wawasan praktis bagi pembuat kebijakan dan praktisi yang berupaya menerapkan instrumen keuangan syariah di sektor ekonomi informal, menekankan perlunya pendekatan holistik dan kontekstual dalam pengembangan dan implementasi instrumen keuangan syariah di sektor informal.

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## INTRODUCTION

Kotamobagu, a city in North Sulawesi Province, Indonesia, has experienced significant development in the informal transportation sector, particularly in the *bentor* (motorized pedicab) business. This phenomenon reflects complex socio-economic dynamics, where the local community adapts to increasing mobility needs as the city grows. *Bentor*, a local innovation combining traditional pedicabs with motorized technology, has become a transportation icon in Kotamobagu, providing practical solutions for population movement while creating livelihood opportunities for many residents.

However, despite its popularity, the *bentor* business in Kotamobagu faces various challenges. Intense competition, income fluctuations, and economic uncertainty are part of the daily reality for these business operators. This situation is exacerbated by limited access to capital and formal financial systems, which often hinder the development and sustainability of small businesses like *bentor*. In this context, the emergence of initiatives to apply Islamic economic principles, particularly the *Mudharabah* concept, in managing *bentor* businesses becomes an interesting phenomenon to study further.

Studies on the application of Islamic economic principles in the informal sector have attracted the attention of many researchers in recent years. Several previous studies have shown the positive potential of integrating Islamic finance concepts into micro, small, and medium enterprises (MSMEs). For example, a study conducted by Ali et al. (2020) and Muhmad et al. (2020) in Malaysia found that the application of Islamic financing schemes can improve MSME performance compared to

conventional schemes. Meanwhile, research by Hussein Kakembo et al. (2021) in Indonesia revealed that the adoption of *Mudharabah* principles in Islamic cooperatives has successfully increased financial inclusion among micro-entrepreneurs.

However, the majority of existing studies tend to focus on the implementation of Islamic principles in the context of formal financial institutions or well-established MSMEs. There is still a scarcity of research specifically examining the application of the *Mudharabah* concept in the informal transportation sector, especially in the context of *bentor* businesses with their unique characteristics. Some related studies, such as those conducted by Fachrina et al. (2023), Lusiana et al. (2022), and Rafi'i et al. (2022) on the application of Islamic contracts to online motorcycle taxis, provide valuable insights but cannot be fully applied to the *bentor* context, which has different dynamics.

Recent developments in research on Islamic finance and the informal sector show interesting trends. The latest studies have begun to explore the potential of Islamic financial technology (fintech) in supporting micro-enterprises. For instance, research by Fithria (2022) and Haris et al. (2020) revealed how Sharia-based peer-to-peer lending platforms can bridge the financing gap for MSMEs in Indonesia. Meanwhile, Rianto et al. (2019) examined the effectiveness of mobile applications for Islamic financial management for street vendors in West Java.

On the other hand, there have been developments in research methodologies used to examine Islamic economic phenomena at the grassroots level. The economic ethnography approach, as applied by Rahayu (2020) in their study of Islamic rotating savings and credit associations (*arisan*) practices in urban communities, opens new perspectives in understanding the socio-economic dynamics of applying Islamic principles in informal economic activities. Additionally, the use of social network analysis by Botoeva (2018) and Choudhury (1989) in mapping patterns of Islamic economic cooperation among traditional market traders provides new insights into how Islamic principles influence social and economic structures at the micro level.

Although there has been significant progress in research on Islamic finance and the informal sector, there are still important gaps that need to be filled. First, the majority of existing studies tend to focus on large urban contexts or areas with relatively established financial infrastructure. Research on the application of Islamic principles in the informal economy in small or medium-sized cities, such as Kotamobagu, is still very limited. This creates a gap in our understanding of how Islamic economic principles are adapted and applied in different socio-economic contexts.

Second, although some studies have examined the application of Islamic contracts in the informal transportation sector, the main focus so far has been on online motorcycle taxis or conventional taxis. The *bentor* business, with its unique characteristics as a hybrid between traditional and modern transportation, has not received adequate attention in the academic literature. This gap leaves important questions about how the *Mudharabah* principle can be adapted and applied in a very local and informal business context such as *bentor*.

This research offers several significant aspects of novelty. First, it is the first study to specifically examine the application of the *Mudharabah* concept in the context of *bentor* business in Kotamobagu. Thus, this research opens new insights into how Islamic economic principles are adapted in the informal transportation sector with unique characteristics.

Second, this research combines Islamic economic perspectives with socio-anthropological analysis to understand the dynamics of *Mudharabah* implementation at the grassroots level. This interdisciplinary approach allows for a more holistic understanding of how cultural, social, and economic factors interact in shaping Islamic financial practices in the informal sector.

The main objective of this research is to comprehensively analyze the application of the *Mudharabah* concept in the *bentor* business in Kotamobagu, Indonesia. Specifically, this study aims to identify the motivations, mechanisms, challenges, and opportunities in implementing this Islamic profit-sharing principle in the context of informal transportation. Through an in-depth analysis of the experiences of *bentor* owners and operators, this research seeks to uncover the socio-economic dynamics that influence the success or failure of *Mudharabah* implementation in this micro-scale business.

Furthermore, this research also aims to develop practical recommendations for developing a *Mudharabah* model that is more suitable for the characteristics of the *bentor* business and the local context of Kotamobagu. Thus, the results of this research are expected to contribute not only to the development of academic literature on Islamic finance and the informal economy but also to the formulation of policies and practices that can support inclusive economic growth based on Islamic principles in similar regions in Indonesia.

## METHOD

This research adopts a qualitative approach with a case study design (Baskarada, 2014; Baxter & Jack, 2008; Maxwell & others, 2008) to explore in depth the application of the *Mudharabah* concept

in the *bentor* business in Kotamobagu, North Sulawesi. The selection of the qualitative method is based on the consideration that the phenomenon under study involves complex socio-economic interactions and requires deep contextual understanding. The case study was chosen because it allows researchers to examine this phenomenon in real-life contexts, taking into account various factors that influence the implementation of *Mudharabah* in the *bentor* business.

The research location was chosen in Kotamobagu, a city in North Sulawesi Province, Indonesia. The selection of this location is based on several considerations. First, Kotamobagu is one of the centers of *bentor* business development in North Sulawesi, with a significant number of *bentor*'s that have become an integral part of the local transportation system. Second, there are initial indications that some *bentor* business operators in this city have begun to adopt Islamic economic principles, including *Mudharabah*, in managing their businesses. Third, as a medium-sized city, Kotamobagu presents an interesting context to examine how Islamic economic principles are adapted in an environment that may have more limited financial infrastructure compared to large cities.

Data collection was conducted through three main methods: in-depth interviews (Della Porta, 2014; Mears, 2012), participant observation, and document analysis. In-depth interviews were conducted with a total of 15 informants, consisting of five *bentor* owners (shahibul maal in the *Mudharabah* context), five *bentor* operators (mudharib in the *Mudharabah* context), three community leaders, and two local government officials.

The interviews were conducted in a semi-structured manner (Adams, 2015), allowing flexibility to explore information more deeply according to the informants' responses. Topics discussed in the interviews included motivations for implementing *Mudharabah*, operational mechanisms, challenges faced, perceptions of fairness in profit-sharing, as well as hopes and visions for the future development of this system.

Participant observation was carried out over a two-month period, from January 1 to February 29, 2024. The researcher was directly involved in the daily activities of the *bentor* business, including observing transactions between owners and operators, the profit-sharing process, and interactions with customers. This observation allowed the researcher to gain a richer contextual understanding of the dynamics of *Mudharabah* implementation in daily practice.

Document analysis included a review of cooperation contracts between *bentor* owners and operators, and documents related to transportation and MSME regulations in Kotamobagu. This

analysis aimed to understand the formal aspects of *Mudharabah* implementation and identify potential gaps between written rules and field practices.

The research was conducted over six months, from November 1, 2023, to April 30, 2024. This period included the preparation phase (1 month), field data collection (3 months), data analysis (1 month), and report writing (1 month). The selection of this period took into account seasonal variations that might affect the dynamics of the *bentor* business, including holiday seasons and rainy seasons that could impact income.

Data analysis used a thematic analysis approach, which involved several stages (Braun & Clarke, 2012; Guest et al., 2012):

1. Familiarization with data: Interview transcripts, field notes, and documents were thoroughly reviewed to gain a general understanding.
2. Coding: Data was coded to identify emerging key themes.
3. Theme search: Identified codes were grouped into broader themes.
4. Theme review: Emerging themes were reviewed to ensure coherence and relevance to the research questions.
5. Theme definition and naming: Identified themes were clearly defined and named to reflect the essence of the findings.
6. Report writing: Findings were synthesized and presented in a coherent narrative form.

Research ethics were a primary concern in conducting this study. Informed consent was obtained from all participants before interviews or observations (Crow et al., 2006). Participants were given the right to withdraw from the research at any time without negative consequences.

This research also considered cultural and religious sensitivities in the Kotamobagu context. Interviews and observations were conducted with respect for local norms and Islamic values adhered to by the majority of the community. The researcher strived to build good rapport with the local community, not only to facilitate richer data collection but also to ensure that this research provided mutual benefits for the studied community.

This methodology was designed to answer the main research question about how the *Mudharabah* concept is applied in the *bentor* business in Kotamobagu. The selection of diverse informants allowed for the exploration of perspectives from various stakeholders, in line with the research objective to comprehensively understand the dynamics of *Mudharabah* implementation. The

six-month research period allowed for observations of seasonal variations and developments over time, which is important for understanding the sustainability of the *Mudharabah* model in the context of the *bentor* business.

This qualitative approach with a case study design aligns with the need to understand the socio-economic complexities outlined in the introduction. The diverse data collection methods allow for information triangulation, which is important for answering research questions about motivations, mechanisms, challenges, and opportunities in *Mudharabah* implementation. The thematic analysis used is suitable for identifying key patterns and themes that emerge from the data, which will form the main structure of the results and discussion sections in the research report.

Thus, this methodology is designed to provide a deep and contextual understanding of the phenomenon of *Mudharabah* implementation in the *bentor* business in Kotamobagu, while providing a strong foundation for the analysis and recommendations that will be presented in the subsequent sections of this research.

## RESULTS

This study examines the implementation of the *Mudharabah* principle in the context of the *bentor* (motorized pedicab) business in Kotamobagu, Indonesia. Through in-depth interviews with five *bentor* owners and five *bentor* operators, this study reveals various important aspects related to motivations, experiences, challenges, and opportunities in applying this Islamic financial scheme to the informal transportation sector. The findings of this research provide valuable insights into the potential and obstacles in adapting Islamic financial principles to the microeconomic context in Indonesia.

### **Motivations for Implementing *Mudharabah***

The motivations of participants in adopting the *Mudharabah* scheme in the *bentor* business reflect a combination of economic and social interests. For *bentor* owners such as I.R., E., and I., *Mudharabah* is seen as a way to generate passive income while contributing to job creation. I.R. stated that this scheme "can generate additional daily income" and "can help others get jobs to increase their daily income." These statements indicate that *bentor* owners view *Mudharabah* not only as an investment instrument but also as a means to create positive social impact.

On the other hand, *bentor* operators such as R., H., and A. see *Mudharabah* as an opportunity to engage in entrepreneurial activities without requiring large capital. R. describes this scheme as "a form of cooperation between me and the *bentor* owner, applying *Mudharabah* so that we both get results." This view reflects the aspirations of *bentor* operators to achieve financial independence through mutually beneficial partnerships. A., who previously had no job, emphasized that the income from managing a *bentor* is "quite sufficient," indicating that *Mudharabah* can serve as a way out of unemployment and poverty.

These motivations align with the main objectives of Islamic economics, namely creating social and economic justice through more equitable wealth distribution. The application of *Mudharabah* to the *bentor* business can be seen as a grass-roots effort to realize Islamic economic principles on a micro scale, potentially having a positive impact on the local economy.

### **Experiences in Implementing *Mudharabah***

Participants' experiences in implementing *Mudharabah* in the *bentor* business show variations and complexities in practical implementation. Some *bentor* owners, such as I.R., acknowledge that they do not yet have much experience in applying this concept. This indicates that although there is interest in *Mudharabah*, there are still gaps in knowledge and practice in the field. E., another *bentor* owner, stated that her experience allows her to "know what the *Mudharabah* concept that I apply to my *bentor* business looks like." This statement indicates an ongoing learning process in adapting Islamic principles to the local business context.

From the perspective of *bentor* operators, their experiences are often colored by practical challenges. R., for example, faces difficulties in meeting daily deposits to the *bentor* owner when his income is low. This illustrates one of the main dilemmas in applying *Mudharabah* to micro-scale businesses: how to balance the profit-sharing principle with the need for stable cash flow. H. revealed that disputes with *bentor* owners often occur, indicating potential conflicts of interest or differences in understanding about the rights and obligations of each party in the *Mudharabah* scheme.

These experiences show that the application of *Mudharabah* to the *bentor* business is still in its early stages of development. There is a need for deeper education about *Mudharabah* principles, as well as the need to develop better mechanisms for managing expectations and resolving conflicts between *bentor* owners and operators.



## Challenges in Implementing *Mudharabah*

This research identifies several significant challenges in implementing *Mudharabah* in the *bentor* business in Kotamobagu. One of the main issues is disputes in profit-sharing, as revealed by I.R. This indicates difficulties in determining fair and transparent profit-sharing proportions, which is at the core of the *Mudharabah* concept. This challenge may be caused by a lack of accurate recording mechanisms or differences in interpretation about what is included in operational costs and what is considered net profit.

Income fluctuations also become a serious problem, especially for *bentor* operators like R. The obligation to meet fixed deposits to *bentor* owners, regardless of varying daily income, creates significant financial pressure. This situation raises questions about how the risk-sharing principle in *Mudharabah* can be effectively applied in a business context that is highly vulnerable to market fluctuations.

The issue of *bentor* maintenance and repair costs, as revealed by H., illustrates the ambiguity in the division of responsibilities between the capital owner (*shahibul maal*) and the operator (*mudharib*). In *Mudharabah* theory, operational costs should be the responsibility of the capital owner, but in practice, this division is not always clear, especially for small or medium expenses.

Poor communication between *bentor* owners and operators emerges as a recurring theme in the interviews. This indicates the need to develop better communication protocols and possibly also more structured reporting systems to reduce misunderstandings and conflicts.

A. highlights issues related to passenger fares that do not correspond to travel distance, which affects the operator's net income. This shows that external factors, such as public perception of the value of *bentor* services, also affect the success of *Mudharabah* implementation. This challenge may require a broader approach, including public education about the economic value of informal transportation services.

These challenges show that the application of *Mudharabah* to the *bentor* business requires adjustments and innovations to accommodate the operational realities of the informal sector. There is a need to develop a more flexible and responsive *Mudharabah* model for micro-scale business dynamics while maintaining the basic principles of Islamic finance.

## Opportunities for Developing *Mudharabah*

Despite facing various challenges, the application of *Mudharabah* to the *bentor* business in Kotamobagu also shows several promising opportunities. Job creation emerges as one of the main benefits, as emphasized by I.R. and I. In the context of a local economy with high unemployment rates, *Mudharabah* can serve as a catalyst to open job opportunities for those who do not have capital or special skills.

E. highlights the potential for "mutually beneficial collaboration between *bentor* owners and *bentor* business operators with the *Mudharabah* scheme." This view reflects aspirations to create a more inclusive and partnership-based business ecosystem, in line with Islamic economic principles that emphasize cooperation and economic justice.

Financial inclusion also emerges as a significant opportunity. A. hopes this system can "help people who do not have vehicle capital." This indicates that *Mudharabah* can serve as a bridge for individuals who have been marginalized from the formal financial system to participate in productive economic activities.

H. expresses hope that cooperation between *bentor* owners and operators in Kotamobagu can develop further with better implementation of *Mudharabah*. This indicates awareness among business actors about the potential of *Mudharabah* to improve the quality and scale of their businesses.

These opportunities show that *Mudharabah* has the potential to become an important instrument in local economic development based on Islamic principles. However, to realize this potential, systematic efforts are needed to overcome existing challenges and develop adequate supporting infrastructure.

## Religious Perspective and Its Implications

The view of Mr. K., a local Muslim community leader, provides an important context about the legitimacy of applying *Mudharabah* to the *bentor* business from a religious perspective. His statement that "Generally, *Mudharabah* is allowed in Islam as long as sharia principles are followed" provides a theological basis for this practice. However, the qualification that the *bentor* business must "not involve prohibited activities, such as gambling or usury" indicates the need for caution and adherence to Islamic ethical principles in business operations.

This perspective has important implications for developing the *Mudharabah* model for the *bentor* business. First, it emphasizes the need for deeper education about Islamic financial principles among *bentor* business actors. Second, effective oversight mechanisms need to be developed to ensure that *Mudharabah* practices remain in line with sharia principles. Third, there is an opportunity to involve local religious figures in the process of developing and socializing a *Mudharabah* model suitable for the *bentor* business.

## Conclusion and Recommendations

This research reveals that the application of the *Mudharabah* principle to the *bentor* business in Kotamobagu has significant potential to promote financial inclusion, create jobs, and build fairer economic partnerships. However, its implementation also faces various challenges that need to be addressed, especially in terms of communication, financial management, and risk-sharing between owners and operators.

To optimize the application of *Mudharabah* in this context, several recommendations can be proposed:

1. Development of a customized *Mudharabah* model: A more flexible and responsive *Mudharabah* model needs to be developed to address the unique characteristics of the *bentor* business, including income fluctuations and unexpected operational costs.
2. Comprehensive education program: In-depth training programs on *Mudharabah* principles and Islamic finance are needed for *bentor* owners and operators.
3. Standardized recording and reporting system: Developing a simple yet effective financial recording system can help reduce conflicts related to profit-sharing.
4. Conflict resolution mechanism: Mediation or arbitration mechanisms need to be established to help resolve disputes between *bentor* owners and operators.
5. Collaboration with Islamic financial institutions: Cooperation with Islamic banks or cooperatives can assist in standardizing *Mudharabah* practices and possibly in providing additional capital.
6. Supporting regulations: Local governments can consider developing regulations that support and protect *Mudharabah* practices in informal transportation businesses.
7. Further research: Further studies are needed to quantitatively measure the economic and social impacts of applying *Mudharabah* to the *bentor* business.

By implementing these recommendations, it is hoped that the *Mudharabah* principle can be more effectively implemented in the *bentor* business in Kotamobagu, providing greater economic benefits to the local community, and becoming a model for the development of Islamic finance in the informal sector in other regions of Indonesia.

## DISCUSSION

The application of the *Mudharabah* concept in the *bentor* business in Kotamobagu presents an interesting picture of the adaptation of Islamic financial principles in the context of the informal economy in Indonesia. The findings of this research reveal the complexity and challenges in implementing the Islamic profit-sharing scheme in micro-transportation enterprises, while also demonstrating its potential as an instrument for community economic empowerment.

The motivations of *bentor* business operators in adopting the *Mudharabah* scheme reflect a combination of economic interests and social aspirations. For capital owners, *Mudharabah* is seen as a way to generate passive income while contributing to job creation. This aligns with Hamid's (2015) findings, which show that the motivations of Islamic economic actors in Indonesia often go beyond mere profit considerations, encompassing social and spiritual dimensions. Meanwhile, for *bentor* operators, this scheme offers opportunities to engage in entrepreneurial activities without requiring substantial capital. This phenomenon can be viewed as a manifestation of the economic partnership concept in Islam, where capital owners and laborers collaborate to achieve common goals, as explained by Siddiqui's (2008) in his analysis of Islamic bank contracts and products.

However, the practical implementation of *Mudharabah* in the *bentor* business faces various challenges. Disputes in profit-sharing and income fluctuations become the main issues faced by participants. This underscores the importance of developing more structured and transparent mechanisms in financial management and risk-sharing. These findings align with Santoso et al.'s (2020) research, which identifies transparency and accountability as key factors in the successful implementation of Islamic finance in the MSME sector. Furthermore, the issue of *bentor* maintenance and repair costs, which often becomes a source of conflict between owners and operators, indicates the need for further clarification on the division of responsibilities in the *Mudharabah* context for micro-businesses.

Poor communication between *bentor* owners and operators emerges as a recurring theme, indicating a gap in understanding of the rights and obligations of each party in the *Mudharabah* scheme.

This affirms the importance of more comprehensive education on Islamic financial principles for micro-business actors. As argued by Dwijayanti et al.'s (2022) and Suwarsi et al. (2022), low Islamic financial literacy among MSME actors is one of the main obstacles in developing the Islamic economy in Indonesia. Therefore, structured training programs on *Mudharabah* and its implications in daily business practices become an urgent need.

On the other hand, this research also reveals the significant potential of *Mudharabah* application as an economic empowerment instrument. Its ability to open job opportunities for those without capital reflects the principles of justice and economic inclusivity that are at the core of Islamic economics. This aligns with Chapra's (2016) view, which emphasizes the role of Islamic finance in promoting inclusive and equitable economic development. Furthermore, the potential of *Mudharabah* to encourage more equitable partnerships between capital owners and workers can be seen as a step towards realizing maqasid al-shariah in the context of modern economics, as argued by Asutay and Mohd Sidek's (2021) in his analysis of Islamic political economy.

The religious perspective provided by local community leaders gives important legitimacy to the practice of *Mudharabah* in the *bentor* business, while also affirming the need for caution in its implementation. This shows the crucial role of local religious authorities in shaping public perception and acceptance of Islamic financial instruments. This finding strengthens Spranz et al.'s (2012) argument about the importance of understanding socio-cultural contexts in developing Islamic economics in Indonesia.

The challenges identified in this research, such as income fluctuations and difficulties in determining fair profit-sharing proportions, indicate the need for innovation in designing Islamic financial products for the informal sector. The conventional *Mudharabah* model developed for formal banking contexts may need to be modified to accommodate the unique characteristics of micro-businesses like *bentor*. This aligns with Obaidullah and Khan's (2008) call for the development of Islamic microfinance instruments that are more responsive to the needs and realities of the informal sector.

Furthermore, the findings of this research highlight the important role of government and Islamic financial institutions in creating an ecosystem that supports the application of *Mudharabah* in the informal sector. The development of appropriate regulations, provision of supporting infrastructure, and facilitation of access to Islamic capital become crucial to optimizing the potential of *Mudharabah* as an economic empowerment instrument. This aligns with Rozikin's (2024)

recommendations on the importance of multi-stakeholder collaboration in developing Islamic economics in Indonesia.

This research also reveals a gap between *Mudharabah* theory and practice in the field, especially in terms of risk and responsibility sharing. The situation where *bentor* operators must meet fixed deposits to owners, regardless of income fluctuations, indicates a deviation from the pure profit-sharing principle in *Mudharabah*. This phenomenon reflects the complexity of adapting Islamic financial principles to the realities of the informal economy, as discussed by El-Gamal's (2019) in his study on the evolution of contemporary Islamic financial practices.

The findings on the role of *Mudharabah* in opening job opportunities and encouraging entrepreneurship among communities marginalized from the formal financial system demonstrate its potential as a poverty alleviation instrument. This strengthens Shikur and Akkas's (2024) argument about the effectiveness of Islamic microfinance in improving the welfare of poor communities. However, the realization of this potential depends on developing a *Mudharabah* model that is more suitable to the characteristics and needs of the informal sector.

This research also highlights the importance of considering non-economic factors, such as trust and social values, in implementing *Mudharabah* at the micro level. The quality of relationships between *bentor* owners and operators, as well as public perceptions of fairness in the profit-sharing scheme, play an important role in the successful application of *Mudharabah*. This finding reinforces Hassan Farooqi's (2006) argument about the importance of building "Islamic social capital" as a foundation for sustainable Islamic economic development.

Finally, this research underscores the need for a more holistic and contextual approach in developing and implementing Islamic financial instruments in the informal sector. Instead of rigidly applying the *Mudharabah* model, flexibility and innovation are needed to accommodate the specific realities and needs of micro-business actors like the *bentor* business. This aligns with Ahmed's (2015) view emphasizing the importance of contemporary *ijtihad* in developing Islamic financial products relevant to the needs of modern society.

## CONCLUSION

Based on the results of this research, it can be concluded that the application of the *Mudharabah* concept in the *bentor* business in Kotamobagu shows significant potential as an instrument for economic empowerment and job creation in the informal sector. The motivations of business actors

in adopting this scheme reflect a combination of economic interests and social aspirations, in line with Islamic economic principles. However, the practical implementation of *Mudharabah* faces various challenges, including disputes in profit-sharing, income fluctuations, and poor communication between *bentor* owners and operators. These findings underscore the importance of developing more structured and transparent mechanisms in financial management and risk-sharing, as well as the need for more comprehensive education on Islamic financial principles for micro-business actors.

Despite facing various constraints, this research reveals that *Mudharabah* has the potential to encourage more equitable partnerships between capital owners and workers, as well as open job opportunities for those without capital. However, realizing this potential requires developing a *Mudharabah* model that is more adaptive and responsive to the characteristics and needs of the informal sector. This includes adjustments in terms of risk and responsibility sharing, as well as consideration of non-economic factors such as trust and social values. This research also highlights the important role of government, Islamic financial institutions, and community leaders in creating an ecosystem that supports the application of *Mudharabah* in the informal sector. Overall, these findings provide valuable insights for the development of policies and practices that can support inclusive economic growth based on Islamic principles in similar regions in Indonesia.

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**Faradila Hasan<sup>1</sup>, Salsa Annisa<sup>2</sup>, Moh. Muzwir R. Luntajo<sup>3</sup>, Fitria Ayu Lestari Niu<sup>4</sup>.** Analysis of *Mudharabah* Contract Implementation for *Bentor* Business from an Islamic Economic Perspective in Kotamobagu, Indonesia

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