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The Islamic Economic Perspective on the Practice of Partnership Cooperation Contracts

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ABSTRACT

Partnership cooperation contracts constitute one of the essential instruments within the Islamic economic system, aiming to realize justice, balance, and mutual welfare among the contracting parties. Partnership practices are widely found across various economic sectors, including trade, agriculture, services, and Islamic finance. This article seeks to examine the Islamic economic perspective on the practice of partnership cooperation contracts through a literature-based approach. The method employed is a literature review of classical and contemporary fiqh al-muʿāmalāt texts, scholarly journals, fatwas issued by authoritative institutions, and regulations related to Islamic economics. The findings indicate that Islamic economics provides a clear normative framework for partnership contracts, such as musyārakah, muḍārabah, muzāraʿah, and musāqah, which emphasize the principles of justice, transparency, honesty, and the proportional sharing of risks and profits. Nevertheless, contemporary practices continue to exhibit deviations from these principles, particularly in terms of unequal bargaining positions and imbalanced risk allocation. Therefore, strengthening the understanding of Islamic contractual principles and enhancing the supervision of their implementation are crucial to ensuring partnerships that are consistent with Islamic economic values.

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1. INTRODUCTION

The development of modern economic activities is characterized by increasingly complex and intensive forms of cooperation and partnership across various business sectors, including trade, industry, agriculture, as well as the service and financial sectors(Zreik, 2024). These partnership arrangements are fundamentally designed to generate synergy, efficiency, and mutual benefits among economic actors. However, empirical realities indicate that partnership practices within conventional economic systems often fail to achieve these ideal objectives. Cooperative relationships are frequently marked by unequal power relations, the dominance of parties possessing greater capital and market access, and tendencies toward the exploitation of partners occupying weaker bargaining positions(Kaplinsky & Kraemer-Mbula, 2022). The predominant orientation toward profit maximization often leads to the neglect of justice, ethical considerations, and the sustainability of long-term relationships, thereby rendering partnerships susceptible to conflict and structural inequality(Brand et al., 2021; Chindondondo & Reddy, 2025).

Such conditions underscore the need for an alternative economic paradigm that is not solely oriented toward material profit but also places moral values and justice at the core of economic activity. In this context, Islamic economics emerges as a comprehensive system that integrates economic, legal, moral, and social dimensions(Orts, 2023). Islamic economics views economic activity as an integral part of muʿāmalah worship, which must be conducted in accordance with Shariah principles. Consequently, every transaction is evaluated not only in terms of its formal legal validity but also in light of its ethical and social implications. One of the fundamental instruments within Islamic economics is the ʿaqd (contract), which serves both as the legal foundation of a transaction and as a moral binding mechanism for the contracting parties(Al-Umari & Alqudah, 2024; Ercanbrack, 2024).

Partnership cooperation contracts in Islamic economics occupy a strategic position because they embody core Shariah values such as taʿāwun (mutual assistance), shirkah (collective participation), justice, and balance(Yaşar, 2022). Contractual forms such as musyārakah and muḍārabah are designed to ensure the proportional sharing of risks and profits in accordance with each party's contribution. This principle fundamentally distinguishes Islamic partnerships from conventional cooperation practices that tend to shift risks onto particular parties. Accordingly, Shariah-based partnership contracts function not only as economic instruments but also as mechanisms for the distribution of justice and the empowerment of the community(Ercanbrack & Ali, 2024).

Nevertheless, prior studies indicate that discussions on partnership cooperation contracts in Islamic economics remain largely normative and conceptual. Scholarly works that specifically examine the gap between the ideal conceptualization of partnership contracts in fiqh al-muʿāmalāt and their contemporary implementation are still relatively limited(Monawer et al., 2022; Speidl, 2025). In practice, many cooperative arrangements claim to adhere to Shariah principles, yet their implementation does not fully reflect the values of justice, transparency, and balance as envisioned by Islamic economics. Therefore, this study is essential in critically examining the Islamic economic perspective on the practice of partnership cooperation contracts, while also identifying the relevance, challenges, and opportunities for implementing Shariah principles within the context of the modern economy.

2. METHODS

This study employs a literature review method using a qualitative–descriptive approach, structured in a comprehensive and systematic manner. This approach was selected because the objective of the research is not to empirically test hypotheses, but rather to understand, interpret, and synthesize various theoretical and normative perspectives on partnership cooperation contracts within the framework of Islamic economics. A literature review enables the researcher to trace the development of concepts, principles, and intellectual discourses among scholars and academics concerning Shariah-based partnership practices, both in classical and contemporary contexts(Raimi, 2024; Sulaeman et al., 2025).

The data sources consist of relevant primary and secondary literature. Primary sources include classical and contemporary fiqh al-muʿāmalāt texts that discuss the concepts of shirkah, musyārakah, muḍārabah, muzāraʿah, and musāqah, as well as official fatwas issued by the National Shariah Council of the Indonesian Council of Ulama (DSN–MUI), which serve as authoritative references for Islamic economic practices in Indonesia. Secondary sources encompass Islamic economics textbooks, national and international scholarly journal articles, conference proceedings, and regulations and policies related to Islamic economics and finance. The selection of sources was conducted purposively, taking into account topical relevance, author credibility, and their contribution to the development of partnership contract studies.

Data collection was carried out through systematic searches of academic journal databases, institutional repositories, and other reliable scholarly sources. The collected literature was then analyzed through several stages. The first stage involved identification, namely cataloguing key concepts, principles, and major findings related to partnership cooperation contracts in Islamic economics. The second stage was classification, in which the literature was grouped according to themes, types of contracts, and the normative or practical approaches employed. The third stage consisted of synthesis and interpretation, whereby the various perspectives and findings were integrated to construct a comprehensive understanding, while also identifying gaps between ideal conceptual frameworks and contemporary partnership practices. Through these analytical stages, the study is expected to present a thorough and in-depth account of the Islamic economic perspective on partnership cooperation contracts and to provide a strong conceptual foundation for the development and implementation of more just and sustainable Shariah-based partnerships.

3. FINDINGS AND DISCUSSION

The following table presents a concise synthesis of the key findings of this study concerning partnership cooperation contracts in Islamic economics. It systematically outlines the conceptual foundations, practical implications, and critical research notes related to various forms of Shariah-based partnership contracts and their governing principles. By juxtaposing normative concepts with empirical and contemporary observations, the table highlights both the strengths and the implementation challenges of Islamic partnership arrangements, thereby providing an integrated overview of how these contracts function in theory and practice within modern economic contexts.

Table: Summary of Research Findings on Partnership Contracts in Islamic Economics

Aspect of Findings	Conceptual Description	Practical Implications	Key Research Notes
General Concept of Partnership Contracts	Partnership contracts (*shirkah*) are agreements between two or more parties to conduct a joint business, in which profits are shared according to mutual agreement and losses are borne proportionally based on each party’s contribution.	Serve as the foundation of business partnerships that emphasize justice and shared risk.	Reflect the characteristics of Islamic economics, which rejects exploitation and emphasizes distributive justice.

Musyārakah	A business partnership in which all parties contribute capital and participate in business management.	Suitable for joint ventures involving active participation by all partners.	Reflects the principle of justice, as both risks and profits are shared collectively.
Muḍārabah	A partnership between the capital provider (*ṣāḥib al-māl*) and the entrepreneur or manager (*muḍārib*) based on a profit-sharing arrangement.	Widely applied in Islamic financial institutions and micro, small, and medium enterprises (MSMEs).	Challenges arise when business risks are, in practice, shifted disproportionately to the manager.
Muzāraʿah	An agricultural partnership between landowners and cultivators based on a profit-sharing system.	Relevant to the agrarian sector and the empowerment of farmers.	Demonstrates the flexibility of Shariah contracts in accordance with socio-economic conditions.
Musāqah	A partnership contract for the maintenance of crops, particularly perennial plants, with profits shared from the harvest.	Commonly applied in plantations and long-term agricultural activities.	Reinforces the principle of partnership based on labor contribution.
Principle of Justice (***al-ʿadl***)	Proportional sharing of profits and risks.	Prevents the domination of one party over others in partnerships.	In practice, this principle has not been fully realized.
Principle of Transparency and Honesty	Clarity of contracts, business objects, and the rights and obligations of all parties.	Reduces the potential for business disputes and conflicts.	Limited understanding among business actors constitutes a major obstacle.
Prohibition of Ribā, Gharar, and Maysir	Contracts must be free from interest, uncertainty, and excessive speculation.	Requires the formulation of clear and equitable contractual arrangements.	Contemporary practices still exhibit concealed conventional patterns.
Contemporary Practice of Shariah-Based Partnerships	Implemented in Islamic banking, MSMEs, and agribusiness sectors.	Holds potential for promoting inclusive and equitable economic development.	A gap persists between ideal concepts and practical realities.
Implementation Challenges	Dominance of certain parties, unequal profit-sharing, and low levels of Shariah understanding.	Necessitates strengthened literacy and Shariah supervision.	Constitutes a key finding underscoring the need for continuous guidance and development.

Sources: analysis of research document, 2025

The findings of this study indicate that partnership contracts in Islamic economics (shirkah) constitute a fundamental instrument for building business partnerships grounded in justice, shared risk, and the ethics of muʿāmalah(Alhejaili, 2025; Nouman, Siddiqi, Ullah, & Jan, 2021). Various contractual forms, such as musyārakah, muḍārabah, muzāraʿah, and musāqah, reflect the flexibility of

Islamic economics in accommodating business needs across the financial, micro, small and medium enterprise (MSME), and agrarian sectors, based on the principle of proportional sharing of profits and risks in accordance with each party's contribution.

The findings further emphasize that Shariah-based partnerships should ideally be conducted in accordance with the principles of justice (al-ʿadl), transparency, honesty, and the prohibition of ribā, gharar, and maysir. Nevertheless, contemporary practices continue to face various challenges, including the dominance of one party, unequal profit-sharing arrangements, and a low level of understanding among business actors regarding Shariah principles(Alam & Miah, 2024; Yaya, Saud, Hassan, & Rashid, 2021). These conditions indicate a gap between the normative ideals of Islamic economics and the realities of practical implementation, thereby highlighting the need for strengthened literacy, capacity building, and continuous Shariah supervision

Based on the literature review summarized in the research findings, it can be understood that partnership contracts in Islamic economics (shirkah) occupy a highly strategic position as instruments of just and ethical economic development. Partnership contracts are not viewed merely as business agreements oriented toward material profit, but rather as mechanisms for the distribution of economic justice that integrate moral, social, and spiritual dimensions. This perspective affirms that Islamic economics regards economic activity as a form of social worship (muʿāmalah māliyyah) aimed at realizing collective welfare(Kader, 2021).

Conceptually, partnership contracts in Islamic economics emphasize the principle of shared responsibility in bearing risks and enjoying profits. The findings indicate that the fundamental concept of shirkah rejects exploitative relationships commonly found in conventional economic systems. Profit distribution is determined by mutual agreement, while losses are borne proportionally according to capital or labor contributions. This principle reflects distributive justice as a defining characteristic of the Islamic economic system and aligns with the objectives of maqāṣid al-sharīʿah, particularly the protection of wealth (ḥifẓ al-māl) and social justice.

Various forms of partnership contracts, such as musyārakah, muḍārabah, muzāraʿah, and musāqah, demonstrate the flexibility of Islamic economics in responding to societal needs across different sectors. Musyārakah emphasizes an egalitarian partnership, as all parties contribute capital and participate in business management, thereby sharing risks and profits equitably. In contrast, muḍārabah represents a partnership model that distinguishes between the roles of capital providers and business managers and is widely applied in Islamic financial institutions and MSMEs. However, the findings indicate that the implementation of muḍārabah frequently encounters deviations, particularly when business risks are implicitly transferred to the managing party, which contradicts the principle of Shariah-based justice.

In the agrarian sector, muzāraʿah and musāqah illustrate the relevance of Islamic economics in empowering rural communities and farmers. These contracts function not only as economic instruments but also as mechanisms for redistributing access to productive resources. This finding underscores the contextual and responsive nature of Islamic economics in addressing socio-economic realities, especially disparities in land and capital ownership.

Furthermore, the findings confirm that the success of partnership contracts is highly dependent on the application of core principles of muʿāmalah, particularly justice (al-ʿadl), transparency, and honesty. The principle of justice requires the absence of domination by any party, both in contract formulation and profit distribution. Transparency demands clarity regarding contractual terms, business objects, and the rights and obligations of all parties to minimize the potential for disputes. Nevertheless, the findings reveal that limited understanding of Shariah principles among business actors remains a major obstacle to the ideal implementation of partnership contracts.

In addition, the prohibition of ribā, gharar, and maysir constitutes the ethical foundation that distinguishes Shariah-based partnerships from conventional practices. Partnership contracts should be free from interest, uncertainty, and excessive speculation. However, the review indicates that contemporary practices still exhibit concealed conventional patterns, particularly in the shifting of risks onto weaker parties. This phenomenon highlights the gap between the normative framework of Islamic economics and the realities of practical implementation.

In contemporary contexts, Shariah-based partnership contracts have been implemented in Islamic banking, MSMEs, and agribusiness, and they hold significant potential for promoting inclusive and equitable economic development. Nevertheless, challenges such as the dominance of certain parties, unequal profit-sharing arrangements, and weak Shariah supervision underscore the need to strengthen supporting systems. Therefore, the implementation of partnership contracts requires not only moral commitment from the contracting parties but also active involvement from supporting institutions, including regulators, Islamic financial institutions, and Shariah supervisory boards.

In conclusion, this discussion affirms that partnership contracts in Islamic economics serve as strategic instruments for realizing economic justice and community empowerment. Strengthening Islamic economic literacy, ensuring continuous capacity building, and enhancing effective Shariah supervision are essential steps to bridging the gap between ideal concepts and actual practices. These efforts are expected to ensure that partnership contracts are not only legally valid but also aligned with ethical values and the objectives of maqāṣid al-sharīʿah.

4. CONCLUSION

This study concludes that partnership cooperation contracts in Islamic economics constitute a fundamental instrument designed to realize justice, balance, and public welfare (maṣlaḥah) in economic activities. Through a comprehensive literature review of classical and contemporary fiqh al-muʿāmalāt, authoritative fatwas, and Shariah economic regulations, the study finds that Islamic economics provides a clear and comprehensive normative framework for partnership practices, particularly through musyārakah, muḍārabah, muzāraʿah, and musāqah contracts. All of these contractual forms emphasize proportional sharing of profits and risks according to each party's contribution, while rejecting exploitative practices and unilateral risk transfer. The findings further indicate that partnership contracts from the Islamic economic perspective function not only as business agreements but also as ethical and social instruments that integrate the values of justice (al-ʿadl), transparency, honesty, and the prohibition of ribā, gharar, and maysir. These principles position partnerships as mechanisms for the distribution of economic justice and community empowerment across Shariah-compliant financial institutions, MSMEs, and the agrarian sector.

Nevertheless, this study identifies a gap between normative concepts and contemporary Shariah-based partnership practices. Various deviations persist, including unequal bargaining positions, the dominance of one party, imbalanced profit-sharing arrangements, and a tendency to shift risks onto weaker parties. These conditions demonstrate that the implementation of Shariah partnership contracts has not yet fully reflected the values of justice and the ethics of muʿāmalah as envisioned by Islamic economics. Therefore, this study emphasizes the importance of strengthening Islamic economic literacy among business actors, enhancing the role of supporting institutions such as regulators and Shariah supervisory boards, and ensuring continuous guidance and supervision in the implementation of partnership contracts. Through these measures, partnership cooperation contracts are expected to be not only legally valid in a formal sense but also capable of realizing the objectives of maqāṣid al-sharīʿah and contributing meaningfully to the development of an inclusive, just, and sustainable economic system.

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