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Profit-Sharing Practices in Catfish Farming: An Islamic Economic Law Analysis in South Sumatra Indonesia

Silvia Ayu Awalia[1], Relit Nur Edi[2], Juhratul Khulwah[3]
Raden Intan State Islamic University of Lampung, Lampung, Indonesia
Email:[1]silviayuawalia@gmail.com,
[2]relit@radenintan.ac.id,[3]juhrotul.khulwah@radenintan.ac.id

Abstract

This study analyzes profit-sharing practices in catfish farming in Srikaton Village, Buay Madang Timur District, East Ogan Komering Ulu Regency, South Sumatra, from the perspective of Islamic economic law. The main objective of this research is to examine the conformity of existing profit-sharing mechanisms with the principles of mudharabah as regulated in Islamic jurisprudence and sharia economic regulations. This research employs a qualitative field research approach using participatory observation, in-depth interviews, and document analysis. Data were collected from key informants consisting of capital owners, pond managers, and religious figures, and were analyzed using the Miles and Huberman interactive model. The findings indicate that profit-sharing practices in catfish farming are generally based on verbal agreements without written contracts, resulting in unclear contractual terms, limited cost transparency, and unilateral changes in profit-sharing ratios at the end of the production cycle. These practices do not fully comply with the fundamental principles of mudharabah, particularly contractual clarity, transparency (*al-shafāfiyyah*), and justice (*al-ʻadl*). Changes in profit-sharing ratios without prior mutual consent potentially lead to injustice and undermine trust between the contracting parties. This study contributes to Islamic economic law by providing empirical evidence from the fisheries sector and highlighting the importance of formalized mudharabah contracts in rural economic activities. It recommends the implementation of written agreements, full cost transparency, and periodic review mechanisms to ensure fairness, legal certainty, and the sustainability of profit-sharing partnerships in accordance with sharia principles.

Keywords: profit-sharing; catfish farming; Islamic economic law; mudharabah; transparency

Abstrak

Penelitian ini menganalisis praktik bagi hasil dalam budidaya ikan patin di Desa Srikaton, Kecamatan Buay Madang Timur, Kabupaten Ogan Komering Ulu Timur, Sumatera Selatan, dari perspektif hukum ekonomi Islam. Tujuan utama penelitian ini adalah untuk menilai kesesuaian mekanisme bagi hasil yang diterapkan dengan prinsip akad mudharabah sebagaimana diatur dalam fiqh muamalah dan regulasi ekonomi syariah. Penelitian ini menggunakan pendekatan kualitatif dengan jenis penelitian lapangan (field research) melalui observasi partisipatif, wawancara mendalam, dan studi dokumentasi. Informan penelitian terdiri atas pemilik modal, pengelola kolam, dan tokoh agama. Data dianalisis menggunakan model interaktif Miles dan Huberman. Hasil penelitian menunjukkan bahwa praktik bagi hasil dalam budidaya ikan patin umumnya dilakukan berdasarkan kesepakatan lisan tanpa kontrak tertulis, sehingga menimbulkan ketidakjelasan akad, rendahnya transparansi biaya, serta perubahan rasio bagi hasil secara sepihak pada akhir siklus produksi. Praktik tersebut belum sepenuhnya sesuai dengan prinsip-prinsip akad mudharabah, khususnya terkait kejelasan

akad, transparansi (al-shafāfiyyah), dan keadilan (al-'adl). Perubahan rasio bagi hasil tanpa persetujuan bersama berpotensi menimbulkan ketidakadilan dan melemahkan kepercayaan antara para pihak. Penelitian ini memberikan kontribusi empiris bagi pengembangan hukum ekonomi Islam di sektor perikanan dengan menegaskan pentingnya formalitas akad mudharabah dalam kegiatan ekonomi pedesaan. Penelitian ini merekomendasikan penerapan kontrak tertulis, keterbukaan informasi biaya sejak awal, serta mekanisme evaluasi berkala guna menjamin keadilan, kepastian hukum, dan keberlanjutan kerja sama bagi hasil sesuai dengan prinsip syariah.
Kata kunci: *bagi hasil; budidaya ikan patin; hukum ekonomi Islam; mudharabah; transparansi.*

Introduction

Srikaton Village, Buay Madang Timur District, East Ogan Komering Ulu (OKU) Regency, South Sumatra, has considerable potential in the fisheries sector, particularly in catfish cultivation. Catfish has become a strategic freshwater commodity due to its high economic value, adaptability to local conditions, and steadily increasing market demand, making it a major source of income for the local community and a significant contributor to the village economy.

Globally, the aquaculture sector has expanded rapidly over the past decades. The FAO's *State of World Fisheries and Aquaculture 2024* reports that aquaculture has surpassed capture fisheries as the primary source of fish for human consumption (FAO, 2024). Despite its economic contribution, this growth also presents structural challenges, particularly related to sustainability, equitable profit distribution, and the protection of small-scale actors. In Indonesia, freshwater aquaculture—especially catfish farming—has emerged as a dominant livelihood option; however, profit-sharing arrangements at the local level often remain problematic.

In Srikaton Village, catfish farming is commonly conducted through cooperative arrangements between capital owners or landowners and pond managers, with profit-sharing intended to benefit both parties. Nevertheless, similar to findings in other fisheries contexts, these arrangements frequently lack clear contractual frameworks. Previous research shows that even when profit-sharing practices generally align with *mudharabah* principles, the absence of written agreements may generate disputes and legal uncertainty regarding the rights and obligations of the parties, particularly under unforeseen conditions (Maulida, T., Yusrizal, Y., & Syahriza, 2025). This underscores the importance of transparency, fairness, and legal certainty in fisheries-based profit-sharing systems.

From the perspective of Islamic economic law, profit-sharing arrangements must be grounded in the principles of justice, honesty, and transparency. Sharia emphasizes the necessity of clear agreements from the outset, particularly concerning the amount of capital, operational costs, and the distribution of profits. These requirements are consistent with the core characteristics of the *mudharabah* contract, which mandates clarity in profit-sharing ratios, transparency in capital management, and fairness for all contracting parties (Arief, A. R., Fitriyah, L., Syafii, 2024). Empirical studies indicate that clear financial disclosure and the prior determination of profit-sharing ratios are crucial for maintaining fairness between capital providers and managers, as the absence of transparency often results in contractual imbalances and disputes. At the global level, the rapid growth of Islamic finance reflects increasing demand for ethical, sharia-compliant financial systems that emphasize risk-sharing and equitable economic relations (Allied Market Research, 2024).

The Islamic finance market is projected to reach USD 7.7 trillion by 2033, with a compound annual growth rate (CAGR) of approximately 12 percent between 2024 and 2033. This rapid expansion is driven by growing awareness of Islamic finance principles and increasing demand for Sharia-compliant financial products. Financing instruments based on risk-sharing, such as *mudharabah*, play a strategic role in promoting sustainable economic practices, enhancing community welfare, and supporting environmental conservation (Pitchay et al., 2025).

The application of Islamic finance in the aquaculture sector has also demonstrated considerable potential. Empirical evidence from the sea cucumber industry in Malaysia indicates that Sharia-compliant financing instruments, including *mudharabah*, can foster sustainable aquaculture practices while simultaneously improving community welfare through inclusive partnerships and supportive policy frameworks (Pitchay et al., 2025). However, the effective implementation of Sharia principles in profit-sharing arrangements remains challenging. Research by Dariah, Sundaya, & Nurhasanah (2018) shows that changes in income distribution under *mudharabah* contracts are influenced not only by initial agreements but also by contextual factors such as business performance, organizational changes, workforce size, and the level of trust between contracting parties.

The integration of digital technology into Islamic finance also opens up new opportunities to increase transparency and accountability. According to S&P Global Ratings, the integration of financial technology (fintech) into Islamic finance is expected to grow the Islamic finance industry by 10% by 2024 (Lexology, 2024). Rapidly growing Islamic fintech platforms offer Sharia-compliant financial products and services, including crowdfunding platforms, peer-to-peer (P2P) lending, and digital banking (Bakhri et al., 2021). In the context of catfish farming, the application of digital technology to record costs and harvest yields can increase transparency and reduce potential conflicts in profit sharing. Therefore, profit-sharing practices in catfish farming in Srikaton Village need to be evaluated and improved to comply with Sharia economic law. Implementing a fair and transparent system is expected to not only increase trust between capital owners and farmers but also provide greater benefits to the village economy. This evaluation is increasingly important given the global context in which Islamic financial principles are increasingly recognized as a viable alternative for promoting sustainable and inclusive economic development.

Previous studies have examined profit-sharing practices in the fisheries sector from various perspectives and research settings. Arifin analyzed profit-sharing arrangements in catfish cultivation in Bantul, focusing on cooperation between capital owners and farmers (Arifin, 2023), while Fauzi reviewed the application of sharia economic law in fisheries micro-enterprises in Indramayu (Fauzi, 2023). Related findings are also reported by Yusran, whose study on shrimp farming in Anggana District, Kutai Kartanegara, demonstrates that verbally implemented *mudharabah* arrangements—where capital owners bear all operational costs—can improve the welfare of both pond owners and workers when conducted in accordance with Islamic muamalah principles (Yusran, 2025). Similarly, Abdus Salam, Nawawi, and Hakiem highlight the implementation of *mudharabah* in catfish farming at Rahma Farm, Depok, where profit-sharing is carried out through verbal agreements based on mutual trust, with profits shared equally and losses borne by the capital owner (Salam et al., 2025). Although these studies confirm the relevance of *mudharabah* in fisheries-based economic cooperation, they primarily emphasize welfare outcomes and operational mechanisms. This study differs by focusing on profit-sharing practices at the village community level in Srikaton Village, South Sumatra, and by critically assessing their compliance with Islamic economic law, particularly regarding contractual clarity, transparency, and legal certainty.

This study is significant in the context of rural fisheries-based economic cooperation, where profit-sharing arrangements are widely practiced yet often lack adequate legal and sharia compliance. At the village level, profit-sharing in catfish farming is frequently conducted through verbal agreements grounded in mutual trust, a practice that increases the risk of contractual ambiguity, unequal risk allocation, and potential injustice between capital owners and managers. From the perspective of Islamic economic law, such conditions contradict the fundamental principles of *mudharabah*, particularly contractual clarity, transparency (*al-shafāfiyyah*), and justice (*al-ʻadl*). The novelty of this research lies in its empirical–normative examination of *mudharabah* practices in catfish farming at the village community level in Srikaton Village, South Sumatra. Unlike previous studies that emphasize welfare outcomes or operational efficiency, this study critically assesses contractual validity, unilateral changes in profit-sharing ratios, and transparency obligations by integrating field data with fiqh *mu'āmalāt* doctrines and DSN-MUI regulations, thereby offering a contextual legal analysis and practical recommendations for strengthening sharia-compliant profit-sharing models in rural fisheries.

Methods

This study employs a descriptive qualitative field research approach to examine profit-sharing practices in catfish farming from the perspective of Islamic economic law. The research was conducted in Srikaton Village, Buay Madang Timur District, East Ogan Komering Ulu Timur Regency, South Sumatra Province, Indonesia, a community-based aquaculture area that applies a partnership-based profit-sharing system between capital owners and pond managers. A qualitative approach was selected to capture empirical practices (*waqi'*) and actors' perspectives that are essential for normative analysis in fiqh muamalah (Hendren et al., 2023). Informants were selected purposively based on their relevance to the profit-sharing arrangement, consisting of a capital owner (*sahib al-māl*), a pond manager (*muḍārib*), and a religious figure, whose perspectives are important in assessing sharia compliance of economic practices (Nawi & Daud, 2018). Data were obtained from primary sources through field interaction and from secondary sources, including literature on Islamic economic law and relevant fatwas.

Data collection was carried out through participatory observation, semi-structured in-depth interviews, and document study. Observation was used to understand the operational context of catfish farming and the implementation of profit-sharing mechanisms, while interviews explored agreements, cost transparency, profit distribution, and perceptions of fairness (Creswell, 2017). Document analysis complemented and verified field data. Data analysis followed the Miles and Huberman interactive model, encompassing data reduction, data presentation, and conclusion drawing/verification. To ensure credibility, the study applied source and method triangulation by comparing information across informants and data collection techniques (Miles et al., 2020; Moleong, 2022) This methodological design enables a systematic and reliable assessment of the conformity of profit-sharing practices with mudharabah principles in Islamic economic law.

Profit-Sharing Practices for Patin Fish Cultivation in Srikaton Village

Profit sharing is a system used in joint ventures to share profits and losses between the parties (Antonio, 2011; Sutrisno, 2012). Profit sharing system inThis research was conducted in Srikaton Village, Buay Madang Timur District, East Ogan Komering Ulu (OKU) Regency, South Sumatra.Patin fish cultivation in Srikaton Village has been growing since 2015 and has become a leading freshwater fishery commodity. Patin fish (Pangasius hypophthalmus) was chosen because of its high economic value, relatively fast growth rate, and good adaptability to local environmental conditions (Kordi, 2020). This location was chosen because Srikaton Village is one of the largest catfish cultivation centers in the region, with a profit-sharing system that has been in effect for quite a long time. This observation was carried out during the cultivation period, the cycle of which runs approximately4-8 months from pond preparation to harvestwith a stock density of 20-25 fish per m² (Bungin, 2021). Average production reaches 8-12 tons per cycle with a harvest size of 800-1,200 grams per fish (Susanto, 2023). The cultivation system used is an earthen pond with an average area of 1,000-2,000 m² per unit.

This study identified several key issues, including discrepancies in the agreements, where informants stated that profit-sharing agreements were not written and were based solely on verbal agreements that could change at any time, as well as a lack of cost transparency. This means that managers often do not receive detailed information on production costs, making it difficult to control capital use efficiently (Agis, Interview, 2025). The practice of profit-sharing in catfish cultivation has had a positive impact on the economy of the Srikaton Village community. The average income of managers reaches 8-15 million rupiah per cycle, while capital owners receive a return on investment of around 15-25% per cycle, this return on investment already covers capital costs and profits. Based on field observations and in-depth interviews with several related parties, it was found that the practice of profit-sharing in Srikaton Village still faces various obstacles. Some of these include negligence on the part of both parties in planning and allocating funds in the future, a lack of transparency, and potential unfairness in profit-sharing. The main finding indicates that changes in profit distribution occur due to differences between the initial agreement and the actual results at the end of the harvest. Initially, capital owners and managers had agreed to share profits 50:50. However, at the final stage of distribution, there was a change in the division to 60:40 which caused a misunderstanding. It was at this stage that the transparency between the capital owner and the manager was questioned. As expressed by one of the capital owners during the distribution of the catfish harvest: "The change in the profit sharing at the end of the harvest compared to the initial agreement occurred due to increased costs, such as the price of seeds, medicines, and other needs." (Poniran, Interview, 2025). In fact, the loss due to the increase in costs should be a risk that must be borne by the capital owner, and the initial agreement regarding the profit sharing of 50:50 must remain in effect until the final stage of the harvest. After mediation between the two parties, the manager felt forced to accept the change in the division, but in the end the manager agreed to the agreement to change the division to 60:40 rather than incur a higher risk of not being paid at all for the services he had provided during the collaboration process. Therefore, the final agreement was implemented, not the initial agreement. However, uncertainty in the profit sharing system has led to a decline in trust between capital owners and managers, conflicts in some cases of cooperation, reduced investment interest from external parties, and hampered the development of catfish farming businesses.

Analysis of Islamic Economic Law on Profit Sharing Mechanisms

In Islamic law, the fundamental rule governing *mu'āmalāt* (social and economic transactions) is permissibility (*al-aṣl fī al-mu'āmalāt al-ibāḥah*) (Al-Syatibi, 1997; Mufid, 2019), meaning that all forms of transactions are allowed unless there is evidence prohibiting them, provided they adhere to sharia principles such as justice, honesty, and the avoidance of *ribā*, *gharar*, and injustice. This principle affirms that economic and business activities are inherently permissible and open to innovation, including those in the fisheries sector. Accordingly, fish farming and the buying and selling of fish products are, in principle, lawful and valid under sharia, as they involve permissible objects and serve legitimate human needs. However, this permissibility is conditional, in that such activities must be conducted through valid, transparent, and fair contractual arrangements. Therefore, issues arising in fisheries business practices—particularly in profit-sharing systems—do not lie in the halal nature of the business itself, but rather in the method and contractual mechanism, namely whether they comply with the principles of *mu'āmalāt* and Islamic economic law.

In contemporary scholarly development, Islamic law, as a normative system derived from the Qur'an, Sunnah, *ijmā'*, and *qiyās*, has undergone a process of specialization and differentiation in response to the increasing complexity of modern social and economic life. One manifestation of this specialization is the emergence of Islamic economic law or Sharia economic law, which constitutes a branch of Islamic law that specifically regulates economic, business, and financial activities in accordance with sharia principles. Islamic economic law does not stand apart from Islamic law; rather, it represents the normative application of *fiqh al-mu'āmalāt* within the context of the modern economy, encompassing the regulation of contracts, transactional mechanisms, the distribution of profit and risk, and the protection of justice for all parties (Antonio, 2011; Karim, 2018). Through this specialization, Islamic law functions not only as an ethical guide but also as an operational legal framework capable of addressing contemporary economic practices in a systematic, measurable, and contextual manner, while remaining firmly grounded in the core sharia values of justice (*al-ʻadl*), public interest (*maṣlaḥah*), and transparency (*al-shafāfiyyah*) .

Sharia economic law is a legal system that regulates relations between humans in the economic sector based on sharia principles (Muhammad, 2015). Sharia principles in Islamic economic law include justice, equality, and honesty (Karim, 2018). In business cooperation practices, especially in the fisheries sector, the contract that is often used is the mudharabah contract (Muhammad, 2012). Mudharabah is a business cooperation contract between two parties, namely *sahib al-mal* (capital owner) and mudarib (capital manager), where business profits are shared based on the ratio (proportion) agreed in the contract, while losses are borne by the capital owner as long as the losses are not caused by the negligence of the capital manager (Antonio, 2011).

According to Fatwa DSN–MUI No. 115/DSN-MUI/IX/2017, *mudharabah* is a business partnership contract between a capital provider (*shahib al-māl*), who supplies the entire capital, and a business manager (*mudharib*), who conducts the business, whereby profits are shared based on a ratio (*nisbah*) agreed upon at the time of the contract, while losses are borne by the *shahib al-māl* insofar as they are not caused by the *mudharib*'s negligence, misuse, or breach of contract. The parties to the contract must have legal capacity; the *shahib al-māl* is required to deliver the capital in a real and clearly valued form (not in the form of receivables), while the *mudharib* must possess the expertise and trustworthiness necessary to manage the business. The essential elements (*arkān*) of *mudharabah* consist of: (1) the contracting parties (*shahib al-māl* and *mudharib*), (2) capital (*ra's al-māl*) with a clear amount and form, (3) a lawful business activity, (4) profit (*ribh*) to be distributed according to the agreed *nisbah*, and (5) a clear and explicit contractual offer and acceptance (*shighat al-ʻaqd*). The validity requirements of *mudharabah* include, inter alia, that the *nisbah* must be agreed upon at the time of the contract and must not take the form of a fixed nominal amount, that profits are distributed strictly in accordance with the agreed *nisbah* without guaranteeing returns to either party, and that any modification to the contract—including changes to the *nisbah*—may only be made by mutual consent and not unilaterally (DSN-MUI, 2017).

Mudharabah, as a business cooperation contract, has broad applications across various economic sectors, including fisheries. Mudharabah is also widely used in Islamic banking practices and traditional business partnerships because it reflects the principles of fairness, mutual assistance, and the avoidance of usury (riba) (Ascarya, 2006). Some of the requirements for a valid mudharabah contract are that the parties to the contract must be of sound mind, of legal age, and possess legal capacity. The capital must be a clear amount, in the form of cash or tangible goods, and must be handed over to the manager. The profit-sharing ratio must be clear from the outset, not a fixed nominal amount. Losses are borne by the capital owner, unless the manager is proven negligent, fraudulent, or misuses the capital. Finally, the contract must be made with the consent of both parties without coercion, in accordance with sharia principles (DSN-MUI, 2000).

Profit-Sharing Practices in Catfish Farming can be classified as *mudharabah muthlaqah* because the partnership structure shows that the capital provider (*shahib al-māl*) supplies the entire capital, while the pond manager (*mudharib*) is granted broad discretion to manage the business operations—including technical cultivation decisions, operational management, and timing of harvest—without specific restrictions on the type, place, or duration of the business, as long as it remains within lawful (halal) activities. This pattern is consistent with the characteristics of *mudharabah muthlaqah* as regulated in Fatwa Dewan Syariah Nasional–Majelis Ulama Indonesia Nomor 115/DSN-MUI/IX/2017, which emphasizes managerial freedom for the *mudharib* accompanied by profit-sharing based on a pre-agreed *nisbah*. The legal consequence of categorizing this practice as *mudharabah muthlaqah* is that profits must be distributed strictly according to the agreed *nisbah*, losses must be borne by the *shahib al-māl* unless caused by the *mudharib*'s negligence or breach, and any modification of the profit-sharing ratio or contractual terms may only be made through mutual consent; unilateral changes undermine the principle of contractual certainty, violate sharia principles of justice and transparency, and may render the contract invalid under Islamic economic law.

Violations of the mudharabah principle in profit-sharing practices in catfish farming can have negative impacts, including economic impacts, decreased manager motivation due to uncertainty in profit sharing, decreased operational efficiency due to lack of incentives, and hampered business development due to lack of trust. Social impacts include conflicts between capital owners and managers, decreased social cohesion in rural communities, and a reduced spirit of mutual cooperation in local economic development. Spiritual impacts include violations of religious teachings in business transactions, loss of blessings in business due to non-compliance with Sharia law, and a weakening of Islamic values in economic life (Naqvi, 2021).

Building on these impacts, Fatwa DSN No. 115/DSN-MUI/IX/2017 provides a clear normative framework to assess such violations and their legal consequences. The fatwa explicitly requires clarity of capital, transparency of cost and profit calculation, and a profit-sharing ratio (*nisbah*) agreed upon at the time of contract, while prohibiting unilateral changes that negate mutual consent (*ridha*). When profit-sharing practices in catfish farming involve opaque cost structures, post-harvest alterations of the *nisbah*, or implicit coercion of the manager to accept revised terms, these practices constitute *mukhalafat asy-syuruth* (breach of agreed conditions) and undermine the validity of the *shighat al-ʻaqd*. From the perspective of Fatwa No. 115/2017, such deviations not only shift business risk improperly from the capital provider to the manager but also violate the principles of justice (*al-ʻadl*) and transparency (*al-shafafiyah*) that underpin *mudharabah muthlaqah*. Consequently, the continuation of these practices without contractual rectification renders the partnership vulnerable to being deemed legally invalid (*ghair ṣaḥīḥ*) under Islamic economic law, thereby reinforcing the need for written agreements, transparent cost disclosure, and consensual renegotiation mechanisms in order to restore sharia compliance and sustain equitable cooperation.

In Srikaton Village, profit-sharing arrangements are conducted under a *mudharabah mutlaqah* contract. *Mudharabah mutlaqah* refers to a partnership in which the capital owner grants full discretion to the capital manager to utilize funds without restrictions on the type of business, location, or duration (al-Zuhaili, 2009). Antonio notes that this form of *mudharabah* most closely reflects Islamic economic principles, as it allows managers to operate independently as long as their activities remain compliant with Sharia law. Such flexibility is particularly relevant to catfish farming, a sector that demands technical expertise and continuous adaptation to changing environmental conditions (Antonio, 2011). Accordingly, the application of *mudharabah mutlaqah* in catfish cultivation at Srikaton Village enables managers (*mudarib*) to optimize their managerial skills and respond effectively to field conditions (Karim, 2018).

Based on the practices observed in Srikaton Village and their compliance with Islamic economic law, an ideal *mudharabah mutlaqah* contract model for catfish cultivation should meet several key characteristics. First, it must establish a clear capital structure, including the determination of a specific amount of capital, detailed allocation of funds, a gradual capital disbursement mechanism aligned with operational needs, and a transparent system for monitoring capital usage. Second, the profit-sharing ratio should be determined fairly based on an assessment of each party's contributions and risks. This ratio must be agreed upon at the outset, may not be altered unilaterally, and may only be reviewed through mutual consent in subsequent contract periods. Third, the contract should incorporate comprehensive risk management, including the identification of potential risks, the allocation of risk responsibilities according to each party's capacity, and risk mitigation mechanisms such as diversification and Islamic insurance (Sugiyono, 2020). Religious leaders in Srikaton Village also emphasized that, under Islamic principles, profit-sharing agreements must be clear from the beginning. Any modification to the agreed profit-sharing ratio without prior mutual consent constitutes *gharar* and may cause harm to one of the contracting parties. Therefore, all potential changes should be anticipated and discussed through mutual consultation at the outset of the agreement, rather than being imposed unilaterally at the end of the harvest period (Sofuwan, Interview, 2025).

Based on the *mudharabah mutlaqah* contract framework, the findings indicate several critical issues. First, the essential pillars (*arkān*) of *mudharabah mutlaqah* are formally present, including the existence of contracting parties (*ʻāqidān*), capital owners (*ṣāḥib al-māl*), managers (*muḍārib*), and capital (*māl*) allocated for productive business activities. The business object, namely catfish farming, and the expectation of profit (*ribh*) are also identifiable. However, a fundamental problem arises in the element of *ṣīghat* (offer and acceptance), as the profit-sharing agreement is applied inconsistently. Changes in the agreed profit-sharing ratio indicate that the original contractual terms were not upheld. Second, the *mudharabah* requirement that profit-sharing ratios must be clearly determined from the outset is not fulfilled. DSN-MUI Fatwa No. 07/DSN-MUI/IV/2000 explicitly stipulates that profit-sharing arrangements must be agreed upon at the beginning of the contract. Any unilateral modification of the ratio during the contract period violates the principle of contractual certainty. Third, the principle of *al-shafāfiyyah* (transparency) is not satisfied due to the absence of clear information regarding potential cost increases. This lack of transparency resulted in the manager being unprepared for changes in the final profit distribution.

From the perspective of Islamic economic law, the validity of the *mudharabah mutlaqah* contract in this case is considered invalid. This conclusion is based on several grounds: the inconsistency between the agreed terms and their implementation, the unilateral alteration of the profit-sharing ratio without prior mutual consent, and the failure to uphold the principle of justice (*al-ʻadl*). Moreover, the lack of transparency regarding potential cost risks constitutes a breach of the obligation to provide clear and honest information in a partnership, thereby undermining both contractual integrity and sharia compliance.

Previous studies indicate that similar deviations from mudharabah principles frequently occur in practice, particularly in the fisheries and agribusiness sectors. Dariah et al. (2018) and Maulida et al. (2025) demonstrate that unilateral changes in profit-sharing ratios and opaque cost structures are common and tend to shift business risks from the capital provider to the manager, thereby violating the principle of justice (*al-ʻadl*). Likewise, Arifin (2023) and Fauzi (2023) find that the absence of transparent agreements and post-hoc alterations of profit-sharing arrangements undermine mutual consent (*ridha*) and render mudharabah contracts substantively invalid. These findings support the conclusion that the mudharabah mutlaqah contract in this case fails to meet sharia requirements, as also emphasized in Fatwa DSN–MUI No. 115/DSN-MUI/IX/2017.

Implications and Recommendations for Improving Contracts from a Sharia Perspective

Sharia economic law offers several constructive solutions for improving the structure of mudharabah contracts to ensure fairness, legal certainty, and sharia compliance. First, every *mudharabah* agreement should be formalized in written documents. Such contracts must clearly specify the amount of capital provided, detailed allocation and utilization of funds, agreed profit-and-loss sharing ratios, mechanisms for managing risks and responding to changes in market conditions, the duration of the partnership, and provisions for contract renewal or termination. Written agreements serve as an essential instrument to prevent ambiguity (*gharar*) and to protect the rights and obligations of both parties.

Second, full transparency (*al-shafāfiyyah*) must be ensured from the outset of the contractual relationship. All potential costs, risks, and operational uncertainties should be disclosed and mutually understood before the agreement is executed. Transparency not only strengthens trust between the capital owner and the manager but also minimizes disputes arising from unexpected cost increases or changes in profit distribution.

Third, the contract should incorporate a clear review mechanism. This includes designing a comprehensive and realistic financial plan that reduces the likelihood of future objections from either party, as well as establishing an agreement to conduct periodic evaluations when significant changes in market conditions occur. Through this mechanism, both parties can engage in consultation (*musyāwarah*) to reach fair and transparent solutions. Such reviews may be followed by an internal audit to disclose all cost records, verify proportional risk-sharing for cost increases, and provide appropriate compensation to the manager in cases where unilateral changes have previously caused losses (DSN-MUI, 2000).

From a broader sharia perspective, the implementation of these recommendations is not merely technical but reflects the ethical foundations of Islamic economic law. Principles such as justice (*al-ʻadl*), trust (*amānah*), and mutual consent (*tarāḍī*) require that contractual relationships be governed by clarity, honesty, and accountability. By institutionalizing written contracts, transparency, and periodic review mechanisms, *mudharabah* partnerships in the fisheries sector can better align with sharia objectives (*maqāṣid al-sharīʻah*), particularly the protection of wealth (*ḥifẓ al-māl*) and the prevention of harm (*dafʻ al-ḍarar*). Consequently, these measures contribute not only to dispute prevention but also to the long-term sustainability and ethical integrity of profit-sharing arrangements in rural economic activities.

Conclusion

Profit-sharing practices in catfish farming in Srikaton Village have not fully complied with the principles of Islamic economic law governing *mudharabah* contracts. Although the cooperation between capital owners and pond managers formally reflects a risk-sharing partnership, its implementation relies heavily on verbal agreements, limited cost transparency, and unilateral changes in profit-sharing ratios. Such practices weaken essential sharia principles, particularly contractual clarity, transparency (*al-shafāfiyyah*), and justice (*al-'adl*), resulting in legal uncertainty and the potential for injustice to one of the contracting parties. Consequently, the existing profit-sharing arrangements require substantive improvements to achieve sharia compliance and long-term sustainability.

Several limitations should be acknowledged. The analysis is confined to a single village-level case with a limited number of informants and a relatively short observation period, which may affect the broader applicability of the findings. Future research may benefit from comparative and longitudinal studies across different regions and fisheries commodities to capture variations in *mudharabah* implementation. Further inquiry into the role of formal legal frameworks, digital financial recording systems, and sharia-based dispute resolution mechanisms would also contribute to strengthening transparency, contractual certainty, and fairness in profit-sharing practices within the fisheries sector.

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