

## Analysis of Syirkah practices in cattle farming within Islamic economics in Tanjung Jabung Timur

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### Abstract:

This study is motivated by the imperative to advance Islamic economics in Indonesia through the application of the syirkah partnership contract in agribusiness, which holds strong potential to improve rural welfare. Tanjung Jabung Timur was selected as the research locus due to its significant cattle-farming capacity, where cooperation practices remain largely traditional and informal, and often fall short of formal Sharia requirements. The study aims to identify prevailing forms of cooperation in cattle farming, assess their alignment with the syirkah framework in Islamic economics, and delineate implementation challenges. Employing a qualitative phenomenological approach, data were collected through observation, in-depth interviews, and documentation, then analyzed using thematic analysis and triangulation. Findings indicate that syirkah practices commonly rely on trust and oral agreements, which contribute to household income yet face constraints in capital, market access, and legal-Sharia literacy. The article contributes theoretically by extending discourse on syirkah within agribusiness, and practically by proposing a more equitable, transparent, and actionable cooperation model that can inform local and national Islamic economic policy. It also underscores the need to integrate classical jurisprudential principles with contemporary institutional design to enhance sustainability and compliance.

### Keywords:

*cattle farming; Islamic economics; Tanjung Jabung Timur; business cooperation.*



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## INTRODUCTION

Islamic economics in the last two decades has developed into one of the important pillars of the global financial and business system, contributing significantly to sustainable economic development in various Muslim and non-Muslim countries. The principles of fairness, transparency and mutual assistance inherent in Islamic instruments such as shirkah contracts make it a more inclusive alternative to the conventional system (Humaira, 2025). In Indonesia, the potential for sharia-based economic development is huge, especially in the agrarian and livestock sectors that support the rural economy. East Tanjung Jabung Regency, Jambi Province, is an example of an area with great potential in developing beef cattle farming thanks to the support of land, markets, and government programs such as the People's Livestock Center (Reza, 2022).

However, the practice of livestock business cooperation at the local level is generally traditional and trust-based without formalizing sharia principles. Research shows that collaboration between farmers, capital owners, and labor is often carried out without a clear written contract, leading to potential injustice in profit sharing and risk bearing (Faizah, 2021). This condition creates an urgent need to examine the suitability of shirkah practices in the community with Islamic economic law. The lack of empirical research on shirkah practices in the smallholder livestock sector in East Tanjung Jabung shows a research gap that needs to be filled through a fair and applicable sharia partnership model (Dewi, 2021).

Conceptually, this research is based on the theory of shirkah contracts, which include several forms of cooperation such as shirkah inan (capital and labor), shirkah abdan (labor), and shirkah mudharabah (capital owner and manager) (An-Nur, 2022). The main principles in shirkah include justice (al-'adl), willingness between parties (an-taradhin), transparency (al-bayyinah), and the prohibition of gharar and riba. Using a phenomenological approach, this research seeks to understand the subjective experiences of livestock actors in implementing shirkah contracts, in order to gain a more comprehensive understanding of the practices and challenges of implementing Islamic economics at the local level (Choudhury, 2017).

This study aims to identify the forms of cattle farming cooperation carried out by the people of East Tanjung Jabung, assess their suitability with the concept of shirkah contract in Islamic economics, and reveal the obstacles in its implementation. This study offers an important scientific contribution by filling a void in the literature on shirkah practices in Indonesia's agribusiness sector, which has so far mostly highlighted the financial and trade sectors (Wita et al., 2025). The integration of Islamic economic law analysis and empirical field data is expected to produce a syirkah partnership model that is applicable and relevant to the needs of rural communities (An-Nur, 2022).

Thus, this research confirms that shirkah is not just a classical fiqh concept, but a contemporary economic instrument that is relevant for community economic empowerment. Recent research trends show a shift from a normative approach towards an empirical and interdisciplinary approach that combines analysis of Islamic law, development economics, and rural sociology. This conceptual synthesis places shirkah as a bridge between Islamic normative values and real economic practices, providing a strong conceptual footing to understand the dynamics of sharia partnerships in the context of smallholder farming in East Tanjung Jabung.

## **METHOD**

This research uses a qualitative approach with a phenomenological strategy, which aims to understand the subjective experiences of cattle business actors in implementing the shirkah contract in East Tanjung Jabung District. The phenomenological approach was chosen because it is able to explore the deep meaning of socio-economic practices carried out by the community, so as to reveal the suitability or deviation from Sharia principles. The research data consisted of primary and secondary data. Primary data was obtained through semi-structured interviews with informants selected using a purposive sampling technique, which is the deliberate selection of subjects based on

criteria relevant to the research objectives, such as cattle farmers, capital owners, livestock groups (SPR), and religious leaders or Islamic economic practitioners. Secondary data were obtained from official local government documents, reports of related institutions, and relevant academic literature. Data collection techniques included field observations, in-depth interviews, and documentation, which enabled researchers to obtain a comprehensive picture of shirkah practices. The research instruments were interview guidelines that were developed based on the research objectives, as well as field notes to support data validity.

The inclusion criteria in this study are informants who are actively involved in the practice of cattle farming cooperation with the syirkah pattern, either as capital owners, farmers, or members of livestock groups. Meanwhile, the exclusion criteria are individuals who have no direct involvement in the practice of shirkah or who only act as consumers. The unit of analysis was the practice of cattle business cooperation in East Tanjung Jabung. Data analysis was conducted using thematic analysis techniques, which is the process of identifying, organizing, and interpreting patterns or themes that emerge from qualitative data. To increase validity and reliability, this research used triangulation techniques of sources, methods, and theories, so that the research results are more credible and accountable. Data validity was also strengthened with a member checking strategy, which confirms the results of interviews with informants to ensure accuracy of interpretation. The analysis process is assisted by qualitative software such as to facilitate the process of coding and categorizing data. Thus, this research method is designed to produce an in-depth, valid, and contextual understanding of the practice of shirkah in smallholder cattle farming.

## **RESULTS AND DISCUSSION**

### **Results**

The results of this phenomenological qualitative research show that the practice of cattle farming cooperation in East Tanjung Jabung District takes place in several main patterns that can be categorized into major themes:

The first is the traditional and trust-based form of shirkah cooperation, where the capital owner hands over the cattle to the farmer to raise, with a profit-sharing agreement determined verbally. This pattern is found in most informants, especially smallholder farmers, and is often not accompanied by a written contract, leading to potential uncertainty in profit sharing and risk bearers.

The second is the economic contribution of shirkah-based livestock businesses, where this cooperation is proven to increase farmers' household income, create local jobs, and utilize feed raw materials from the surrounding environment, although the scale of the business is still limited (Nurohman, 2020).

The third is challenges in the implementation of shirkah, which include limited capital, difficulties in accessing markets, and low public understanding of sharia principles in cooperation contracts. Some farmers admitted that it is difficult to obtain capital from Islamic financial institutions, so they often rely on local investors or individual capital owners (Reza, 2022). Another

obstacle is that product marketing is still limited to traditional markets, so the selling price of beef is relatively volatile and unstable. In addition, there are obstacles in terms of transparency of profit sharing, where some farmers feel that they do not get justice in the proportion of profits compared to the contribution of labor and risks they bear (Azizah, 2020).

The fourth is institutional support and government facilitation, found in the form of the People's Livestock Center (SPR) program as well as technical training provided by the Livestock Service Office and related agencies. This support helps improve the capacity of farmers in terms of business management, animal health, and access to feed technology, although it has not fully addressed the legal aspects of the shirkah contract (Silmi, 2022). Some informants also mentioned assistance in the form of production equipment and access to marketing from private institutions and cooperatives, which played a role in strengthening livestock business networks (Nestlé, 2024).

The fifth is institutionalization and networking among farmers, where some farmers are members of business groups or cooperatives that serve as a forum for coordination, feed distribution, and marketing of livestock products. The existence of cooperatives is considered important to strengthen the bargaining position of farmers in the supply chain, although the level of participation of members still varies. Inter-plasma and core-plasma networks have also begun to form, but still face obstacles in terms of consistency of commitment and clarity of contracts.

The sixth is the community's view on the practice of shirkah, where most informants considered that this cooperation is in accordance with the values of helping and justice in Islam, although it does not fully fulfill the formal sharia principles. Some religious leaders and Islamic economic practitioners emphasized the importance of education on valid shirkah contracts so that the practice of cooperation does not cause injustice in the future. In addition, there is hope that local governments will be more active in providing regulations and facilitation that support the implementation of shirkah in a more structured manner.

The seventh was suggestions and expectations from livestock business actors, which included the need for sharia-based capital support, improved market access, and legal assistance in preparing shirkah contracts. Informants also emphasized the need for a more applicable and Sharia-compliant cooperation model to improve the sustainability of smallholder cattle businesses. Thus, this study succeeded in comprehensively identifying practice patterns, challenges, support, and community perceptions related to shirkah in cattle farming in East Tanjung Jabung.

## Discussion

The results of this study confirm that the practice of cattle farming cooperation in East Tanjung Jabung Regency takes place in the form of traditional trust-based syirkah, with verbal agreements regarding the division of results and risk bearers. This finding is in accordance with the formulation of the research problem, which focuses on identifying the form of cooperation, its compliance with the principles of shirkah, and the obstacles faced. The practices found indicate an economic contribution to farmer households, but there are still weaknesses in the legality of the contract and transparency. This shows that the research objectives of identifying forms of practice,

analyzing compliance with sharia, and finding barriers to implementation have been achieved empirically (Reza, 2022).

Interpretation of the findings within the framework of shirkah theory shows that the ongoing cooperation practices have not fully complied with sharia principles, especially in the aspects of contract clarity (*al-bayyinah*) and justice (*al-'adl*). In fiqh theory, shirkah requires a clear agreement regarding capital contributions, profit sharing, and risk bearers. However, the practice in the field is still dominated by oral agreements that are prone to causing injustice. This is in line with research that emphasizes the importance of written contracts in shirkah contracts to avoid *gharar* (uncertainty) (Faisal, 2022). Thus, this study shows a gap between the theory of shirkah in the fiqh literature and empirical practices in the community.

When compared with previous studies, the findings of this research have both similarities and differences. Research in Situbondo found that the practice of profit sharing in cattle rearing is also done verbally, with weaknesses in the aspect of transparency (Reza, 2022). Meanwhile, research in Yogyakarta shows that the practice of shirkah in the chicken business is more structured due to institutional assistance (Faisal, 2022). This difference shows that the local context greatly influences the form of shirkah implementation. Other research confirms that shirkah in the financial sector is easier to regulate due to formal regulations, in contrast to the agribusiness sector which still depends on social norms (Humaira, 2025).

The scientific contribution of this article lies in enriching the literature on the practice of shirkah in the smallholder livestock sector, which has received relatively little academic attention. Most of the previous studies have emphasized shirkah in Islamic financial institutions (Wita et al., 2025), while this study presents an empirical perspective from the agribusiness sector. Thus, this article expands the scope of shirkah studies and emphasizes its relevance in the context of rural economic empowerment. In addition, this research also provides a practical contribution in the form of recommendations for an applicable and Sharia-compliant shirkah cooperation model, which can be a reference for policymakers and practitioners.

However, this research has limitations that need to be acknowledged proportionally. First, the limited number of informants means that the research results cannot be widely generalized. Secondly, the limited research time means that observations were only made for a certain period, so it has not been able to capture long-term dynamics. Third, limited access to official secondary data from local governments is also an obstacle to strengthening the analysis. These limitations are in line with the general challenges in qualitative research, where validity relies heavily on the honesty of informants and the depth of interviews.

The implication of this research for theory development is the need for reinterpretation of the concept of shirkah to make it more adaptive to the modern agribusiness context. Shirkah should not only be understood as a classic fiqh contract, but also as an instrument of economic empowerment that can be integrated with institutional approaches and public policy. The practical implication is the need for clearer regulations on the practice of shirkah in the smallholder livestock sector, including the preparation of standardized contracts that are sharia-compliant and easily understood by the

community. This is in line with the recommendations of the Ministry of Agriculture and BRIN regarding the importance of policies that support beef self-sufficiency through sharia-based partnership.

In addition, this study also provides implications for practitioners, especially breeders and capital owners, to improve their understanding of sharia principles in shirkah contracts. Education on valid contracts can reduce potential conflicts and increase business blessings. Practitioners also need to strengthen institutional networks through cooperatives or livestock groups, so that their bargaining position in the supply chain is stronger. Thus, the practice of shirkah can become an instrument that is not only normatively fair but also economically effective.

Recommendations for further research include the need for comparative studies between shirkah practices in the livestock sector and other agribusiness sectors, such as fisheries or plantations, to see variations in implementation and challenges faced. In addition, quantitative research on the impact of shirkah on increasing farmers' income and welfare is also important to strengthen empirical evidence. Interdisciplinary research combining legal, economic, and sociological perspectives can also enrich the understanding of shirkah practices in the contemporary context. Thus, this research opens space for the development of a broader and deeper study of shirkah.

Finally, this article emphasizes that the practice of shirkah in cattle farming in East Tanjung Jabung is a complex phenomenon, influenced by social, economic, cultural, and institutional factors. This complexity demands a holistic and interdisciplinary research approach, so as to produce a more comprehensive understanding. With the empirical and theoretical contributions offered, this research is expected to be a foothold for the development of a fairer, more transparent, and applicable shirkah model in supporting the development of Islamic economics in Indonesia.

## CONCLUSION

This study found that the practice of cattle farming cooperation in East Tanjung Jabung District takes place in various forms of shirkah that are generally traditional, trust-based, and conducted orally without a written contract. These patterns have contributed significantly to increasing farmers' household income, opening up employment opportunities, and utilizing local resources, but have not fully complied with sharia principles, especially in the aspects of contract transparency, fairness in profit sharing, and risk management. The main obstacles identified include limited capital, limited market access, and low public understanding of Islamic economic law. Thus, this research succeeded in answering the formulation of the problem regarding the form of cooperation practices, their suitability with the concept of shirkah, and the obstacles faced in its implementation.

The theoretical contribution of this research lies in enriching the literature on shirkah in the agribusiness sector, which has received relatively less attention than the financial sector. This research expands the understanding that shirkah is not only relevant in the context of Islamic financial institutions but can also be an applicable instrument of rural economic empowerment.

Practically, this research offers recommendations for a more structured, fair, and Sharia-compliant shirkah cooperation model, which can be used as a reference by farmers, capital owners, and government agencies in designing policies and assistance programs. Conceptually, this research emphasizes the importance of integrating classical fiqh principles with modern institutional approaches to produce sustainable shirkah practices.

The implication of this research is the need to strengthen regulations and institutional facilitation that support the application of shirkah in the smallholder livestock sector, including the preparation of a simple but sharia-compliant standard contract. Education and legal assistance for farmers and capital owners is also an urgent need to make cooperation practices more transparent and fairer. For future research, comparative studies across agribusiness sectors and quantitative research on the impact of shirkah on people's economic welfare are recommended, so as to strengthen empirical evidence and expand the scope of academic and practical contributions in the development of Islamic economics.

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