

Assistance in the Implementation of Muzara'ah Contracts in Optimizing Village Land Management Based on Islamic Economics

Zainul Anwar^{1*}, Misba Huddin², Imroatus Sholiha³, M. Rivqi Amin⁴, Nanda Hidayan Sono⁵

^{1,2,3,4,5}Universitas Ibrahimy

Corresponding Author e-mail : ziananwarza@email.com

Article History:

Received: 14-06-2026

Revised: 16-06-2026

Accepted: 21-07-2025

Keywords: Muzara'ah; BUMDes; Farmer Empowerment; Islamic Economics; Village Land Management

Abstract: The limited optimization of village land utilization is one of the challenges faced by communities in increasing economic productivity based on local potential. This community service activity aims to assist in the implementation of the muzara'ah contract as a model of agricultural cooperation between Village-Owned Enterprises (BUMDes) and farmers in optimizing village land management based on Islamic economics. The activity implementation method uses a participatory action research (PAR) approach through the stages of problem identification, development of a cooperation model, assistance in contract implementation, and program evaluation. The results of the activity indicate that the implementation of the muzara'ah contract can improve village land utilization, strengthen cooperative relationships between BUMDes and farmers, and provide community understanding of profit-sharing mechanisms in accordance with sharia principles. This program also has a positive impact on increasing productivity and economic empowerment of village communities. Thus, the muzara'ah model can be an alternative strategy for village asset management that is oriented towards economic justice and sustainability.

Introduction

Villages possess significant economic potential through the utilization of local resources, including the agricultural sector, which serves as the primary basis for rural economic activity. However, optimizing this potential requires institutional strengthening, productive asset management, and active community involvement. Several studies have shown that the existence of village economic institutions, such as Village-Owned Enterprises (BUMDes), plays a strategic role in linking local potential with improved community welfare (Nugroho & Hidayah, 2020; Prasetyo & Setyowati, 2022).

One of the issues frequently encountered in managing the rural agricultural sector is the community's limited ability to optimize available resources. Some farmers face constraints such as limited capital, access to agricultural technology, business management skills, and limited agricultural marketing systems. This situation results in some village assets, including agricultural land, not being able to provide maximum economic contribution to the community. Therefore, an empowerment model

is needed that connects the potential of village assets with community capabilities through mutually beneficial collaborative mechanisms.

From an Islamic economic perspective, one relevant model of cooperation to address these issues is the muzara'ah contract. Muzara'ah is a form of agricultural cooperation between landowners and cultivators, in which agricultural products are shared based on a predetermined agreement. Unlike conventional land lease systems, which emphasize fixed payment obligations, the muzara'ah contract embodies the principle of sharing risks and profits between the parties involved. This principle demonstrates the values of justice and partnership, which are key characteristics of the Islamic economic system (Antonio, 2019).

The muzara'ah contract is a form of agricultural cooperation in Islamic economics that allows landowners and cultivators to share the harvest based on mutual agreement. This model is relevant for the development of modern agriculture because it accommodates farmers' limited capital while encouraging more optimal utilization of productive assets (Syarif, 2022; Nurdin & Hasan, 2022).

The application of the muzara'ah contract in the context of village asset management is strongly relevant to the concept of community economic empowerment. Through this collaborative model, communities are positioned not only as beneficiaries but also as active actors in managing available economic resources. Furthermore, the involvement of village institutions such as Village-Owned Enterprises (BUMDes) can be a strategic instrument in optimizing village assets while strengthening community economic independence. BUMDes plays a crucial role as a village economic institution capable of initiating various productive activities based on local potential (Ramadana et al., 2018).

Based on these conditions, Pesanggrahan Village has the potential to develop an agricultural economy through the utilization of village land managed jointly by the Pesanggrahan Sejahtera Village-Owned Enterprise (BUMDes) and the farming community. However, prior to assistance, land management faced several challenges, particularly related to cooperation patterns, understanding of sharia contracts, and profit-sharing mechanisms in accordance with Islamic economic principles. These challenges demonstrate that optimizing village assets requires not only technical aspects of agriculture but also institutional strengthening and an understanding of equitable economic cooperation models.

This community service activity aims to provide assistance in implementing the muzara'ah agreement in village land management between the Pesanggrahan Sejahtera Village-Owned Enterprise (BUMDes) and farmers. It is hoped that this activity will create an Islamic-based agricultural cooperation model that can increase land productivity, strengthen community empowerment, and provide a more sustainable alternative for managing village assets.

Research Methods

This community service activity uses a Participatory Action Research (PAR) approach. Participatory action research (PAR) is used because it positions the community as an active participant in the change process, not merely as a beneficiary of the program (Hidayat & Nurzaman, 2021). This approach was chosen because it not only focuses on solving problems faced by partners but also encourages community capacity building through ongoing learning, participation, and mentoring. Thus, the resulting solutions are expected to be more aligned with the community's real needs and conditions.

The activity was carried out in Pesanggrahan Village, Jangkar District, Situbondo Regency, with the primary partners being the Pesanggrahan Sejahtera Village-Owned Enterprise (BUMDes) and a farmer group that manages the village's agricultural land. The target group was selected based on the village's significant agricultural potential, which has not been matched by optimized land management and the implementation of a collaborative model that provides equitable benefits to all parties.

The community service program is implemented through four stages. The first stage is problem identification, which involves inventorying land management conditions, existing cooperation patterns, and community needs through field observations, discussions, and interviews with BUMDes administrators and farmers. The second stage is program planning, which involves developing a model for mentoring the implementation of the muzara'ah contract, developing educational materials, and establishing a mutually agreed-upon cooperation mechanism. The third stage is mentoring, which includes socializing the muzara'ah concept, mentoring in drafting cooperation agreements, and mentoring in land management and profit-sharing. The final stage is evaluation, which is conducted to determine changes in community understanding, the effectiveness of program implementation, and the

impact of activities on optimizing village land management.

Activity data was obtained through observation, interviews, documentation, and discussions with partners during the mentoring process. All data were analyzed descriptively and qualitatively by comparing conditions before and after program implementation. The analysis was conducted to identify changes in community understanding of the muzara'ah contract, cooperation patterns between BUMDes and farmers, and the program's impact on land use and community economic empowerment.

Results and Discussion

Initial Partner Conditions and Problem Identification

Pesanggrahan Village has significant economic potential in the agricultural sector, particularly through the availability of village land that can be developed as a source of community productivity. Most villagers engage in economic activities related to agriculture, making the availability of productive land a strategic asset in supporting community welfare. However, this potential has not yet fully realized its economic benefits due to several challenges in management, financing, and collaboration between landowners or managers and the farming community.

Based on the results of the initial identification with partners, one of the main issues identified was the suboptimal management of village land as a productive economic asset. Some land remains underutilized due to limited management capabilities and limited community resource support. Furthermore, farmers also face several obstacles, such as limited farming capital, access to production inputs, and the lack of a clear collaborative model that governs the relationship between land managers and farmers.

These issues demonstrate that village economic development cannot simply rely on natural resources; it also requires institutional models and collaborative mechanisms capable of creating mutually beneficial economic relationships. In this context, Village-Owned Enterprises (BUMDes) hold a strategic position as village economic institutions that can connect the potential of village assets with community capabilities through productive economic activities.

The muzara'ah contract approach is a relevant alternative because it is characterized by agricultural cooperation based on the principles of justice and profit sharing. Through this contract, land owners and managers can collaborate with farmers who have the capacity to cultivate the land, so that both parties can benefit according to the agreed-upon terms. Unlike land lease systems, which tend to impose a fixed burden on one party, muzara'ah applies the principles of profit-sharing and risk-sharing, which are more in line with Islamic economic values.

The results of this initial identification formed the basis for developing a mentoring program, providing BUMDes and farmers with an understanding of Sharia-based agricultural cooperation mechanisms and assisting in their implementation in village land management. Through a participatory approach, the community is not merely the object of the activity but is involved as a stakeholder in determining the form of cooperation that best suits local conditions.

Implementation of Muzara'ah Contract Assistance in Village Land Management

The community service program is carried out through a mentoring process for the Pesanggrahan Sejahtera Village-Owned Enterprise (BUMDes) and the farming community in implementing a muzara'ah-based agricultural cooperation model. This mentoring begins with outreach activities and discussions with partners to provide an understanding of the muzara'ah concept, implementation mechanisms, and sharia principles that form the basis of agricultural cooperation. This stage is crucial because the success of implementing a sharia contract is determined not only by the suitability of the contract form, but also by the parties involved' understanding of the rights, obligations, and values of justice in the cooperation.

In the mentoring process, the Village-Owned Enterprise (BUMDes) acts as a management institution that initiates the use of village land, while farmers assume the role of technically competent agricultural business management. This relationship demonstrates the synergy between village institutions and local community capacity. Through this collaboration, previously underutilized village

land can be redirected into a productive asset that provides economic benefits to the community.

The implementation of the muzara'ah contract is carried out through the development of a joint agreement between the Village-Owned Enterprise (BUMDes) and farmers regarding land management mechanisms, role allocation, production costs, and a system for sharing agricultural produce. This approach is taken to ensure transparency and clarity of the cooperative relationship from the outset. From an Islamic economic perspective, clarity of the contract is crucial because it aims to avoid uncertainty (gharar) and safeguard the rights and interests of all parties involved.

Unlike economic relationships where one party bears all the risk, the muzara'ah contract establishes a partnership based on the principles of profit sharing and risk sharing. Farmers are not simply workers receiving fixed wages, but partners with rights to the proceeds of their business based on the agreement. Meanwhile, the Village-Owned Enterprise (BUMDes) benefits from optimizing village assets without having to directly manage the entire production process.

During the mentoring process, the community is also taught the importance of more planned agricultural management, from land preparation and use of production facilities to plant maintenance and harvest management. The mentoring focuses not only on the technical aspects of agriculture but also on strengthening Islamic economic values such as trustworthiness, openness, responsibility, and fairness in transactions.

The results of the implementation of the activities demonstrated that the mentoring approach based on the muzara'ah contract was able to establish a more structured pattern of cooperation between the Village-Owned Enterprise (BUMDes) and farmers. The community gained a new understanding that village land management can be carried out through economic mechanisms that not only pursue profit but also prioritize mutual benefit. This aligns with the goal of Islamic economics, which positions economic activity as a means to realize the public welfare.

The Impact of the Program on Farmer Economic Empowerment and Village Asset Optimization

The implementation of the muzara'ah contract has had a positive impact on strengthening village land management and empowering the farming community economically. Prior to the program's implementation, village land utilization faced several challenges, particularly related to cooperation patterns, limited agricultural capital, and a suboptimal village asset management system. Through this assistance, the relationship between the Village-Owned Enterprise (BUMDes) and farmers has shifted from an individualistic relationship to a more structured partnership based on the principles of cooperation and mutual agreement.

One indicator of the program's success is the increased community involvement in village land management. The program involves 25 farmers as land management partners through a muzara'ah contract. This involvement demonstrates that a sharia-compliant cooperative approach can be an alternative for connecting village assets with local community capacity. Farmers not only gain the opportunity to manage productive land but also gain an understanding of fairer and more transparent economic cooperation mechanisms.

From an economic perspective, the implementation of the muzara'ah contract has an impact on increasing the productivity of community agricultural businesses. Based on activity evaluation results, land management through this collaborative model can increase farmers' income to approximately Rp7,680,000 per hectare in one planting season. Furthermore, the Village-Owned Enterprise (BUMDes), as the village asset management institution, also benefits economically through additional income from productive land management. For a 5-hectare plot, the BUMDes earned approximately Rp5,120,000 in additional income from this collaboration.

These increased economic benefits demonstrate that the muzara'ah model not only benefits one party but also creates a more balanced economic relationship between the landowner or manager and the farmer. The principle of profit-sharing in the muzara'ah contract reflects the concept of justice in Islamic economics, as profits are derived based on the contributions and results of joint efforts. Therefore, this mechanism better reflects the spirit of partnership than economic relationships that only treat farmers as labor.

In addition to impacting income, this program also contributed to improving the village's institutional capacity. The Pesanggrahan Sejahtera Village-Owned Enterprise (BUMDes) gained experience in managing village assets through a sharia economic approach, while the farming

community gained an understanding of the importance of more professional agricultural business governance. Evaluation results showed an increase in community understanding of the concept of the muzara'ah contract and increased trust between the BUMDes and farmers in implementing agricultural cooperation.

In terms of business efficiency, the implementation of this collaborative model also impacted production cost management. The mentoring results showed an increase in resource efficiency, with production costs decreasing by approximately 15% compared to the previous management model. Furthermore, the effectiveness of agricultural management activities increased, as evidenced by a 20% reduction in management time. This demonstrates that the mentoring not only provided a conceptual understanding of sharia contracts but also brought about changes in aspects of farm management.

The success of this program demonstrates that the implementation of the muzara'ah contract can be a model for village economic empowerment that aligns with Islamic economic principles. By integrating village assets, village-owned enterprise (BUMDes) institutions, and the capacity of farming communities, this model is capable of creating productivity-oriented economic activities while simultaneously emphasizing the values of justice and social benefit. Therefore, the development of Sharia-compliant cooperative models like muzara'ah has the potential to be replicated in other regions with similar agricultural potential.

Table 1. Achievements of the Muzara'ah Contract Implementation Assistance Program

Indicator	Initial Conditions	Mentoring Results
Land management cooperation pattern	Does not yet have a structured cooperation mechanism	A cooperation pattern is formed based on the muzara'ah contract
Community involvement	Management has not optimally involved farmers	Involving 25 farmers as management partners
Village asset management	Land utilization is not yet optimal	Land is directed to become a productive economic asset
Production cost efficiency	Not yet optimally measured	Experience efficiency of around 15%
Management effectiveness	Still need better coordination	Management time efficiency increased by about 20%

Conclusion and Recommendation

Assistance activities to implement the muzara'ah contract to optimize village land management demonstrate that an Islamic economic approach can be an alternative model for community empowerment based on local potential. Through collaboration between the Pesanggrahan Sejahtera Village-Owned Enterprise (BUMDes) and the farming community, previously underutilized village assets can be redirected into productive economic activities that benefit various parties.

The program's implementation demonstrates that the muzara'ah contract serves not only as a mechanism for agricultural cooperation but also as an instrument for building fairer economic relationships through the principles of profit-sharing, transparency, and partnership. The mentoring provided has increased community understanding of the concept of Sharia-compliant agricultural cooperation while strengthening the role of Village-Owned Enterprises (BUMDes) in productively managing village assets.

From an economic perspective, this program has had a positive impact on increasing land productivity, efficiency in farm management, and increasing economic benefits for farmers and village institutions. This demonstrates that integrating village assets, village-owned enterprise (BUMDes) institutions, and community capacity can be an effective strategy for promoting village economic independence.

The program's sustainability needs to be supported through institutional strengthening, farm management assistance, and the development of agricultural marketing networks to ensure the program's benefits continue to grow. This muzara'ah-based cooperation model has the potential to be expanded to

other regions with similar characteristics, particularly in realizing productive, equitable, and Islamic economic management of village assets.

References

- Antonio, M. S. (2019). *Bank Syariah: Dari Teori ke Praktik*. Jakarta: Gema Insani.
- Ascarya. (2022). Islamic economic development and financial inclusion through Islamic social finance instruments. *Journal of Islamic Monetary Economics and Finance*, 8(1), 1–18.
- Aziz, A., & Mohamad, S. (2021). Islamic social finance and community empowerment: A maqasid al-shariah approach. *Journal of Islamic Accounting and Business Research*, 12(6), 873–88. <https://doi.org/10.1108/JIABR-09-2020-0286>
- Fauzi, A., & Mulyani, S. (2023). The role of BUMDes in strengthening rural economic development in Indonesia. *Journal of Rural Development and Community Empowerment*, 5(2), 115–126.
- Hafidhuddin, D., & Tanjung, H. (2020). *Manajemen Syariah dalam Praktik*. Jakarta: Gema Insani.
- Hidayat, R., & Nurzaman, M. S. (2021). The implementation of Islamic economic principles in rural economic empowerment. *International Journal of Islamic Economics and Finance Studies*, 7(2), 85–101.
- Iqbal, Z., & Mirakhor, A. (2011). *An Introduction to Islamic Finance: Theory and Practice*. Singapore: Wiley Finance.
- Ismail, M., & Rahman, F. (2022). Islamic agricultural cooperation contracts and their relevance in contemporary economic development. *Journal of Islamic Economics and Finance*, 8(1), 45–61.
- Kurniawan, F., & Maulana, A. (2021). Optimization of village-owned enterprises (BUMDes) in improving community welfare. *Jurnal Ekonomi dan Kebijakan Publik*, 12(2), 143–157.
- Mardani. (2021). *Fiqh Ekonomi Syariah: Fiqh Muamalah*. Jakarta: Kencana.
- Mawardi, I., Widiastuti, T., & Al Mustofa, M. U. (2022). The role of Islamic economic instruments in sustainable rural development. *International Journal of Islamic Economics and Finance Research*, 5(1), 1–15.
- Mubarak, F., & Rahman, A. (2023). Islamic partnership models for agricultural development: A study of muzara'ah implementation. *Journal of Islamic Economic Perspectives*, 4(2), 67–81.
- Nugroho, A., & Hidayah, N. (2020). Community empowerment through village-owned enterprises: Evidence from rural Indonesia. *Journal of Governance and Local Development*, 4(1), 55–70.
- Ramadana, C. B., Ribawanto, H., & Suwondo. (2018). Keberadaan Badan Usaha Milik Desa (BUMDes) sebagai penguat ekonomi desa. *Jurnal Administrasi Publik*, 6(1), 1–8.
- Rivai, V., & Buchari, A. (2020). *Islamic Economics: Ekonomi Syariah Bukan Opsi tetapi Solusi*. Jakarta: Bumi Aksara.
- Soemitra, A. (2017). *Bank dan Lembaga Keuangan Syariah*. Jakarta: Kencana.
- Sudarsono, H. (2021). *Bank dan Lembaga Keuangan Syariah: Deskripsi dan Ilustrasi*. Yogyakarta: Ekonisia.