

CONTRIBUTION OF SYIRKAH 'INAN TOWARDS THE ECONOMIC INDEPENDENCE OF THE COMMUNITY OF MAGELANG CITY, CENTRAL JAVA

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Contribution Of Syirkah 'Inan Towards The Economic Independence Of The Community Of Magelang City, Central Java Licensed Under a Creative Commons Attribution-ShareAlike 4.0 International License

Abstract

This study is centered on exploring the implementation of *Syirkah 'Inan* model as a strategy to build economic independence for lower-middle-class communities in Magelang City through organic fertilizer production. Therefore, a qualitative method and case study were adopted, with data collected through in-depth interviews, participatory observation, and documentation. The interview session was held with business actors, cooperation partners, local religious leaders, and related communities. The results showed that *Syirkah 'Inan* functioned as an adaptive strategy to limited access to capital from conventional financial institutions. This was realized by facilitating the accumulation of interest-free collective capital through a fair and participatory partnership pattern. In addition, the internalization of Islamic values was reflected through orientation towards blessings, halal, and social responsibility rather than profit. This was supported by the *Selapanan* Forum (meeting every 35 days), an institutional innovation that integrated educational, managerial, and spiritual dimensions. The practice of *Syirkah 'Inan* produced transformational impacts in three dimensions, namely economic (increased income and financial stability), social (strengthening community solidarity), and spiritual (cultivating values of honesty and trustworthiness). These attributes led to individual economic independence and community resilience that does not depend on external market mechanisms, rather on the endogenous strength of the community. Theoretically, the study reported the relevance of the Islamic jurisprudence principle in the context of modern economic. It showed that Islamic economic was an effective operational system starting from the micro-community level. As a result, *Syirkah 'Inan* model was proven to be a theologically relevant and socially effective alternative for empowerment in building sustainable economic independence.

Keywords: *Syirkah 'Inan*; Economic Independence; Islamic Economic; Organic Fertilizer; Community Empowerment

A. Introduction

Economic independence is a crucial pillar in producing an empowered and just community. In the context of Muslim community, the essence of independence is based on economic rationality and sharia values that prioritize justice, mutual assistance, and collective welfare (Dusuki & Abozaid, 2007). These values are implemented by the practice of *Syirkah 'Inan*, a business partnership model reliant on the contribution of capital and labor between two or more parties. The concept is well-known in classical Islamic jurisprudence literature, although rarely examined in detail within the practical context of modern times economic.

In line with the discussion above, a significant gap between Sharia theory and current economic practices in Muslim communities. Furthermore, Islamic economic theories offered an inclusive and equitable framework through the following concepts *syirkah*, *mudharabah*, and *musyarakah* (Chapra, 2000a). Economic practices, adopted by the lower-middle class, relied significantly on conventional capitalist models, which led to the unequal distribution of assets and access to productive resources (Asutay, 2007; Kahf, 2004). This showed a gap between sharia models potential to empower communities and the implementation in concrete socio-economic contexts.

Previous studies focused on the theoretical and legal aspects of *syirkah* in classical Islamic literature or the application in formal Islamic financial sector (Ahmed, 2011; Farooq, 2017). Apriliana and Putra (2024), stated that the Islamic economic system offered better business principles, despite the several gaps in practice. Moreover, another study analyzed *syirkah* through the perspective of hadith ahkam muamalah (Nur Amalia Putri & Taryono, 2022), and the *musaqah* contracts concepts (Musanna, 2022). Numerous related studies on *syirkah* practices in the banking world had also been conducted (Athailah et al., 2023; Faizal, 2017; Izzurohman et al., 2024). Prior studies that analyzed how grassroots communities used *Syirkah 'Inan* as economic strategy based on Islamic values were still limited. Majority of the reviews focused on institutional aspects such as Islamic banking, with less attention paid to local, community-based forms of participatory economic. In addition to enhancing the understanding of *Syirkah 'Inan* practice, this study also strengthened previous analyses on the scope and application of *Syirkah 'Inan* concept in modern economic.

The present study offered a novel micro-sociological method to the practice of *Syirkah 'Inan* (partnership) in the organic fertilizer production business engaged in by lower-middle-class communities in Magelang City. This initiative was aimed at seeking economic profit and also interpreted as a form of collective effort, worship, and the realization of the values of justice. Engaging in the business is not based on the size of the capital contribution, rather collective commitment and willingness to build economic system that is halal, clean, and environmentally friendly. This focus enriched the discourse on Islamic economic by exhibiting how theological values were translated into productive collective action. Meanwhile, sharia economic was not limited to formal financial institutions rather it resides within community practices.

The main objective of this study was to explore how *Syirkah 'Inan* model was adopted by communities in Magelang City as a strategy for economic independence, particularly in the organic fertilizer production sector. It also aimed to identify the challenges, potential, as well as social and spiritual values inherent in economic practice.

The study further argued that the practice of *Syirkah 'Inan* adopted by local communities was a theologically relevant and socially effective model of economic empowerment. It also supported the argument, Islam was a spiritual system that offered value-based economic solutions applied at the micro and community levels.

The study broadened the horizons of Islamic economic practices responsive to local social and ecological needs. This was realized by strengthening the theoretical basis and empirical evidence regarding the contribution of *Syirkah 'Inan* to economic independence.

B. Methods

A qualitative method and case study were adopted to explore the practice of *Syirkah 'Inan* in organic fertilizer production by lower-middle-class communities in Magelang City. This method was selected to gain a deep understanding of the social dynamics and Islamic values that motivated community economic cooperation practices (Creswell, 2013). In addition, the location was based on the organic fertilizer business group that applied the principle of *Syirkah 'Inan* as a model of collaboration. The subjects were selected purposively, including business actors, cooperation partners, local religious leaders, and community members directly and indirectly associated with the entire process (Miles et al., 2014).

Data were collected through in-depth interviews, informant observation, and documentation. In this context, interviews were used to explore motivations, cooperative structures, and perceptions of economic independence. Observations were conducted to capture actual practices in the production and distribution process, while documentation was used to strengthen the information acquired through archives and activity records (Merriam & Tisdell, 2016). Data analysis was carried out by using a thematic method, which included reduction, categorization, and interpretation. The study concentrated on the relationship between Islamic values and community economic practices, outlining the contribution of *Syirkah 'Inan* to local empowerment (Chapra, 2008). In addition, data validity was tested using source and method triangulation. Data from interviews, observations, and documentation were compared and reconfirmed with informants through member checking to ensure consistency and credibility (Denzin, 2006).

C. Findings and Discussion

1. Findings

Syirkah 'Inan as an Adaptive Strategy to Structural Economic Limitations

Syirkah 'Inan practice adopted was perceived as a response to various structural limitations faced by lower-income communities, particularly in accessing business capital and formal financial services. Based on interviews with business actors and observations of field practices, the main obstacle to developing the micro-enterprise sector was the difficulty in obtaining capital loans from conventional financial institutions. The main reasons for the inaccessibility of this source of financing were high administrative requirements, prohibitive interest rates, and uncertainty regarding business outcomes.

Syirkah 'Inan referred to a form of socio-economic innovation in line with sharia values and community solidarity. It facilitated the collective pooling of capital without interest, through a fair and participatory partnership model. These funds were used to support productive activities such as agricultural equipment rental, organic fertilizer production, including small- and medium-scale trade. Additionally, the practice formulated a fair and inclusive model for resource distribution.

The finding was consistent with the study by Rachmad Risqy and Ashfiya (2021), that *Syirkah* served as an alternative to sharia economic cooperation capable of addressing the challenges of modernity and exploitative capitalism. The method was regarded as a collective solution to the institutional and economic limitations faced by grassroots communities.

Following the description above, Kholil (2024) stated that, capital was the main problem. This was because many communities had the enthusiasm and energy but lacked capital. The statement reflected real-world situation, where the availability of working capital did not match the potential of human resources. *Syirkah* then functioned as a mechanism for fair and sustainable asset redistribution.

The formulated model validated the revitalization of *syirkah* concept in classical muamalah jurisprudence, contextualized in this modern era. According to Engga et al. (2023), the practice of *syirkah* in agricultural financing in South Sumatra was a form of economic empowerment for rural communities. This was realized through participatory and interest-free method, in line with the results of the present study.

Syirkah 'Inan reflected the principles of solidarity economic as applied in Southeast Asian sharia cooperatives (Anggadini, 2017). Furthermore, transparency, shared responsibility, and principle of deliberation served as the foundation for business decision-making and profit sharing. Interviews showed that all managerial processes were mutually agreed upon, based on honesty and religious intentions. Observations proved the practice of *Syirkah 'Inan* in Magelang was a concrete representation of sharia-based economic empowerment system that addressed structural inequalities from a participatory and ethical perspective.

Internalization of Islamic Values in Communal Economic Activities

The results validated the strong internalization of Islamic values in economic activities carried out within *Syirkah 'Inan* scheme. Moreover, business actors focused on profit, and values of blessing, halalness, and social responsibility. This was evident in the understanding of the worship concept adopted when running a business, including the importance of maintaining fairness in relationships.

Ikhshan and Meiriyanti (2024), stated that Islamic jurisprudence (fiqh) in muamalah provided a philosophical and practical basis for establishing principles of justice and blessing during economic activities. In the practice of *Syirkah 'Inan*, these principles were translated through commitment to valid contracts, avoidance of usury, and proportional profit-sharing system.

Maskur (2024) stated that, a business must offer certain benefits, asides profit and loss. This proved that *syirkah* concept recognized the importance of maqashid sharia in economic practices. This concept was oriented towards material gain, including the benefits for community and social environment.

This was consistent with the study by Humaemah (2019), which centered on the importance of appropriately understanding various *syirkah* contracts to initiate sharia-compliant economic practices. During field observations, the respondents regularly attended religious studies or discussions on muamalah jurisprudence to strengthen respective spiritual and legal understanding.

Fedry Saputra and Maulana (2021), outlined the significance of Sharia legal education among business actors aimed to transform from informal practices to legitimate and dignified governance. In this regard, the educational method of *Syirkah 'Inan* played a crucial role as a tool for fostering legal awareness and religiosity among business actors.

The interpretive method to the musyarakah contract, as examined by Santika et al. (2024), served as a reference in describing the conceptual dimensions of *Syirkah*. This interpretation proved that *syirkah* contract embodied the essence of ta'awun (mutual assistance), deliberation, and honesty, which must not be neglected during the implementation process. Therefore, the practice of *Syirkah 'Inan* was inferred to reflect the synergy between spiritual, legal, and economic dimensions, integrated within the framework of complete Islamic values.

The Selapanan Forum as a Platform for Education and Socio-Economic Consolidation

A form of institutional innovation in the practice of *Syirkah 'Inan* was the existence of a regular forum called *Selapanan*, held every 35 days. This forum was regarded as a gathering place, and also a space for the consolidation of knowledge, spirituality, and social solidarity. Moreover, various important topics such as financial reporting, production strategies, operational issues, and the recitation of motivational verses that fostered the Islamic essence were discussed.

The forum played a dual role as a medium for education and reflection. According to Maskur (2024), *Selapanan* is a place to gain knowledge, as well as strengthen and remind each other of business intentions. The statement showed that the forum had the power to strengthen moral motivation and collective solidarity among members.

This result was in line with the study by Khairan (2018), which focused on the importance of spiritual forums as a space for the growth of Islamic business networks responsible for pursuing economic efficiency and collective ethics. In the context of *Syirkah 'Inan*, the *Selapanan* Forum served as a foundation for the formation of close-knit social capital, repleted with mutual trust and the essence of *ta'awun*.

Based on an organizational management perspective, *Selapanan* strengthened the structure through deliberation and active participation. In addition, Risqy and Maulana (2021) reported that participation in these forums broadened the scope for inclusivity and increased the organization's adaptability to external challenges.

The existence of *Selapanan* further facilitated horizontal knowledge transfer between members. For example, those with expertise in financial management mentored less experienced members. This served as an informal strategy for building member capacity without relying on external training. Therefore, *Selapanan* was regarded as a democratic and ethical public space, including a social incubator for the growth of collective awareness in building a just and sharia-based economic for the community.

Transformational Impact on Economic, Social, and Spiritual Dimensions

The practice of *Syirkah 'Inan* had a transformative impact on three main aspects of community life, namely economic, social, and spiritual. Economically, participation in *Syirkah*-based businesses provided increased income, particularly for families engaged in farming and MSMEs. Several informants stated that after joining *Syirkah*, respective financial situations became more stable and focused.

Maskur (2024) reported that joining the business led to stable income, enabling the children to attend school, as well as felt comfortable at home. This showed that economic impact was limited to individuals and also extended to family well-being. Therefore, the practice of *Syirkah* contributed to the achievement of the *maqasid sharia* objectives in terms of *hifzh al-mal* (protecting wealth) and *hifzh al-nasl* (protecting descendants).

Syirkah model strengthened social relationships based on trust, mutual cooperation, and solidarity. Additionally, the production process, decision-making, and profit distribution were carried out in a participatory manner. This was consistent with the results by Malahayatie and Suryani (2020), that *Syirkah*, in line with fishermen's catches, created economic solidarity in coastal communities.

From a spiritual perspective, the practice fostered the following values honesty, trustworthiness, and sincerity. This was reinforced by Mashar (2024), who reported that every transaction must be carried out responsibly and with the intention of serving Allah SWT. Furthermore, the attitude was a concrete reflection of moral values

integrated into economic activities.

Rosida (2017), and Pirman Sidik (2025), showed that *syirkah* was an effective instrument for building a productive and ethical microeconomic structure based on Islamic law. The results strengthened the argument that *Syirkah 'Inan* had great potential as an alternative model capable of addressing the challenges of inequality and injustice in modern economic system. Considering the overall results above, *Syirkah 'Inan*, an economic tool, was regarded as a social and spiritual movement that motivated complete transformation of lives.

2. Discussion

Theoretical Relevance of Syirkah 'Inan in the Contemporary Economic Context

This study showed that the concept of *Syirkah 'Inan*, originating from classical Islamic jurisprudence, played a crucial role in addressing recent economic challenges. Field results, particularly adopted community practices, exhibited significant support for the implementation of *syirkah* and the theoretical definitions put forward by scholars from various schools of thought. Imam Abu Hanifah, defined *Syirkah 'Inan* as a form of cooperation between two or more parties, each of whom provides capital and shares in the profits according to an agreement. Prior studies reported that losses were borne due to the capital portion (Hanafi, 1996). Imam Malik also supported this type of *syirkah* provided there was clarity regarding the capital and the distribution of profits (Al-Dardiri, 1884). Similarly, Imam Shafi'i and Imam Ahmad bin Hanbal stated that *Syirkah 'Inan* was valid provided it relied on the willingness and clarity of the contract between the parties (Nawawi, 2009). Wahbah al-Zuhaili defined *syirkah* as the integration of two assets to the point where it becomes indistinguishable. This was manifested in the practice of combining the capital of various members into a single unit to be used productively in order to achieve a common objective (Zuhaily, 2011). The analysis showed that classical values in Islamic jurisprudence remained contextual when applied to economic life of modern community.

An interesting observation was the ability of grassroots communities to internalize and implement the principles of Islamic jurisprudence, despite lacking educational background in Islamic law. These communities intuitively understood and applied the provisions of sharia relating to contracts, particularly in the context of *Syirkah 'Inan* (partnership). A typical example was the awareness that the capital used in business partnerships must be in the form of *māl mu'ayyan*, namely, tangible, clear, and readily available assets, rather than mere debt or unrealized promises. This was reflected in the practice of capital deposits made in cash by *syirkah* members, depicting an understanding of the requirements for a valid contract, such as clarity and certainty of the transaction. The phenomenon proved that even without direct access to Islamic jurisprudence literature or formal teaching, community's understanding of the basic values of sharia was developed naturally through experience, tradition, and continuous social interaction.

Based on the Hanafi school of thought, which focused on the clarity of the *ṣighāt ijab qabul* (contract of acceptance), the practice adopted in Magelang fulfilled the criterion through collectively conducted contract forum with an explicit pledge. The Hanafi school specifically mandated that the *ṣighāt* be a clear and unambiguous statement, in correspondence with the *ijab* (offer) and *qabul* (acceptance) of all concerned parties (Abidin, 2003). The contract forum held at a members' home with all *syirkah* informants in attendance implied the substantial fulfillment of this requirement. However, the format was adapted to familial and participatory local traditions. This

implied that classical Islamic jurisprudence principles were normatively relevant and also operationalized in a modern economic context with adaptations appropriate to the local perspective. The flexibility confirmed Islamic law was characterized by *thābitah* (fixed), and *mutaghayyirah* (changeable) dimensions in respect to its basic principles and application, respectively. The results were in accordance with the conditions of the times and places.

The Transformative Dimension of a Values-Based Economic

The practice of *Syirkah 'Inan* in Magelang represented a transformative economic paradigm that integrated material, social, and spiritual dimensions. An informant stated that businesses must have benefits, besides from profit and loss, reflecting the internalization of the *maqāṣid al-sharī'ah* concept at a practical level (Maskur, 2024). **This paradigm** focused on financial gain, including social welfare and ecological responsibility. In this sense, the economic orientation of the community did not follow an extractive capitalist logic but aligned with the principles of sustainable economics, where economic productivity is pursued alongside environmental preservation. This resonates with the concept of Green Islamic Economics, which emphasizes that economic activity must ensure ecological balance (*mīzān*) and prevent environmental harm (*ifsād*), positioning humans as *khalīfah* (stewards) responsible for maintaining the earth's sustainability. Nurcholish's perspective (Madjid, 1998) also centered on the value of ecological responsibility, reporting that environmental improvement was a human effort designed to establish new, and beneficial innovations. This effort was realized through environmentally friendly technological engineering, responsible for improving the quality of the natural balance. In the context of using organic fertilizers, the approach outlined the relevance of *Syirkah 'Inān* practice in supporting green economy (Green Islamic Economics), where productive businesses relied on profit, as well as maintain the sustainability of the ecosystem and socio-ecological benefits.

The spiritual and ethical dimensions of ecology was reviewed through an eco-theological perspective, understood as *a religious view of God's relationship with nature and the demands of a belief system concerning how it should be treated by humans* (Jacobus, 2004). Therefore, the practice of *Syirkah 'Inān* is concerned with profit or productivity, and human responsibility towards creation. The practice supported the principles of ecological sustainability in green economy (Green Islamic Economics). *Syirkah 'Inān* centered on fairness in the distribution of results. The concept of justice in the distribution of profits based on the proportion of capital, including labor and commitment, exhibited the application of distributive principle (*'adālah tawzī'iyyah*) in Islam. According to Mashar (2024), justice does not imply all individual should have the same results, rather everyone must possess equal opportunity to strive. This validated an absolute understanding of the Islamic concept of justice, which focused on equality of opportunity rather than outcome.

Regarding the description above, the spiritual dimension integrated into economic activity, as reflected in the statement that the effort was part of a shared endeavor, and an act of worship, implied the application of monotheism concept in economic (Kholil, 2024). Furthermore, no dichotomy was observed between worldly and hereafter affairs, considered as a fundamental characteristic of the Islamic worldview.

The Selapanan Forum as an Innovation in Participatory Governance

The *Selapanan* Forum represented an innovation in the governance mechanism of community-based economic organizations that integrated spiritual, educational, and

managerial dimensions. This forum also referred to a form of institutional hybridization that combined religious, economic, and social logic within a single, cohesive framework. The 35-day periodicity, according to the Javanese calendar system, showed the adaptation of Islam to local cultural contexts without losing the substance of its teachings. Based on this perspective, the use of the *Selapan* (35-day) system was considered a cultural accommodation, and contextualization strategy that organically rooted Islamic values in local traditions, resulting in indigenous practices.

Based on a social capital theoretical perspective, the forum served as a mechanism for strengthening bonding social capital through regular interactions that build trust and solidarity. This formation process does not occur automatically, rather through the ritualization of consistent and meaningful interactions. Routine activities such as joint studies, business evaluations, and spiritual reflection created shared experiences that deepened emotional bonds and trust among members. Furthermore, the forum also played a role in the formation of cognitive social capital through the exchange of knowledge on production management, marketing strategies, and spiritual reflection. This cognitive dimension led to common understanding and shared mental models that enabled effective coordination in collective economic activities.

The democratic structure of the forum, which prompted the equal participation of all members, reflected the *shūrā* principle (deliberation) in organizational management (Soroush, 2000). The implementation of *shūrā* in this context served as a decision-making mechanism and an empowerment process that granted each member a voice, regardless of respective capital contribution. However, this fundamentally differed from the hierarchical structure of conventional capitalist organizations, which granted greater power to dominant capital owners. In the *Selapanan* Forum, power was distributed fairly based on the principle of spiritual equality, that stipulated every individual had potential and valuable contributions to community.

The aspect of spiritual reflection realized through motivational verses showed that the transcendental dimension was not viewed as an external element, rather integrated into economic decision-making process. This practice reflected the spiritualization concept of economic process, where material activity was considered as a medium to achieve higher spiritual objectives. The integration led to sacred economic, described as a system that does not separate worldly and hereafter interests. Furthermore, it validated the concept of *tawhid* in Islamic economic, where all human activity must be oriented towards seeking Allah's pleasure. The application of *tawhid* in this context led to a comprehensive view that analyzed success from material, spiritual and social perspectives, thereby enabling a more meaningful definition of prosperity (*falāḥ*).

Contribution to Economic Independence

The measurable economic impact of *tawhid*, and the increase in household income generated from odd jobs to more focused sources, showed the model's effectiveness in producing sustainable, economic independence. Meanwhile, the transformation from an uncertain and temporary work pattern to an income structure with clear direction and growth projections reflected a fundamental shift in community's economic orientation. This change played a quantitative role in terms of increased nominal income, as well as qualitative in respect to the stability, predictability, and sustainability of related sources that provided a sense of economic security for concerned households.

In Magelang context, the causal mechanisms associated with *Syirkah 'Inān*

practice was clearly mapped. The deliberation (*shūrā*) process led to collective ownership, where capital, labor, and risk were shared equitably. This collective ownership fostered social trust, including business stability and improved management. The stability prompted the distribution of organic fertilizer products to various regions, allowing the business to grow sustainably. The final result centered on an increase in business revenue, which exceeded IDR 200 million, impacting members' incomes. This also established new jobs and strengthened the bargaining position of Magelang community in the **organic** fertilizer sector.

The social impact in the form of strengthened solidarity and formation of alternative economic networks significantly formulated economic ecosystem based on values and trust. The solidarity formed through the practice of *Syirkah 'Inan* was an emotional bond, and a functional cohesion manifested through mutual support, risk-sharing, and productive collaboration in facing shared economic challenges. The alternative economic networks functioned as a support system that provided access to resources, information, and opportunities initially difficult to realize individually, while simultaneously creating a more stable and reliable internal market.

In view of the description above, economic independence concept comprised individual empowerment, which offered each member the ability and confidence to develop relevant potential, and community resilience, in the face of external shocks. Individual empowerment was realized through increased capacity, access to capital, skills development, and strengthening of bargaining positions in economic activities. However, community resilience was developed through diversified risks, shared burdens, and established mutual support systems that enhanced the overall economic strength.

The model formulated economic system that does not rely on external market mechanisms or state intervention, rather depended on the endogenous strengths of community. This was developed through the mobilization of local resources, strengthening internal capacity, and building horizontal cooperation networks. Independence from external market mechanisms was reflected in community's ability to freely produce, distribute, and consume products without excessive dependence on price fluctuations and uncontrollable market conditions. The independence from state intervention was exhibited through the ability to manage and develop community economic based on its initiative, creativity, and resources without relying on government programs or assistance.

Based on the five pillars of Islamic economic independence framework formulated by M. Umar Chapra's (2000), this practice specifically implemented human factor development through the *Selapanan* Forum. This functioned as an avenue for collective learning, knowledge transfer, technical and managerial skill development, as well as strengthening entrepreneurial character and motivation in a religious atmosphere. The pillar of reducing wealth concentration was implemented through equitable distribution of ownership with a share system accessible to all levels of community. The procedure included proportional and fair profit sharing, as well as prevention of excessive capital accumulation by certain individuals achieved through democratic participation mechanisms. Furthermore, the pillar of community-based economic restructuring was realized through a fair partnership model that provided balanced rights and obligations to all members. The model also provided participatory and consultative decision-making, including the development of economic system that prioritized collective interests.

Implications of Islamic Economic Development

The results of this study had significant theoretical implications associated with the development of contemporary Islamic economic. In *Syirkah 'Inan* context, the formulated model was adopted as a strategy for building economic independence through the organic fertilizer production sector. This showed the relevance and applicability of Islamic principles in a modern economic setting.

First, the practice proved the principles of Islamic jurisprudence possessed flexibility (*murūnah*) that allowed adaptation to modern socio-economic contexts without losing the normative substance. This flexibility was manifested in the ability of the Magelang community to adapt the classical concept of *Syirkah 'Inan* into the organic fertilizer business structure that integrated modern technology, contemporary market needs, and local socio-economic dynamics. The adaptation process did not compromise fundamental principles such as fairness in the distribution of capital and profits, transparency in management, and commitment to Islamic ethical values. However, it described how the values were articulated in new forms appropriate to the demands of the changing times. The normative substance was maintained through the sustenance of fair partnership, the principle of *ta'awun* (mutual assistance), and orientation toward the common good. Simultaneously, the operational form was adapted to the characteristics of the organic fertilizer industry and specific local market conditions.

Second, the formulated model confirmed that Islamic economic was a theoretical and idealistic normative system, as well as an effective operational method for addressing related problems faced by community. The implementation of *Syirkah 'Inan* in the organic fertilizer sector showed Islamic economic principles was translated into concrete business practices that yielded real solutions to the challenges of community economic independence. Furthermore, the integration of spiritual, social and economic dimensions through the internalization of Islamic values, strengthened community solidarity and cooperation, as well as added value and equitable distribution of profits within a cohesive system, showed the potential of Islamic economic as an alternative comprehensive development paradigm. This was reflected by the method that failed to distinguish between material and spiritual objectives, individual and communal interests, including economic efficiency and social justice within an integrated and mutually reinforcing framework.

Third, this practice showed the implementation of Islamic economic does not start at the macro or state policy level, which required complex and time-consuming political processes. Through local initiatives based on the specific needs and potential of each region, the practice could start at the micro and community level. Magelang's experience in developing *Syirkah 'Inan* for organic fertilizer production proved that economic transformation due to Islamic values started with the identification of local needs, mobilizing community resources, and designing a business model in line with indigenous geographic, social, and economic characteristics. This paved way for the development of a pragmatic, grassroot-based Islamic economic, where the theoretical and practical aspect interacted dynamically in a measurable context. The grassroot method allowed for empirical learning that enriched theoretical understanding of Islamic economic. Meanwhile, it provided concrete evidence of the viability and effectiveness of Islamic principles in addressing contemporary economic challenges on a scale replicated and expanded more widely.

Theoretical and Policy Implications

The results of this study suggested that the success of *Syirkah 'Inān* in Magelang City community, particularly through the Independent Farmers Community

(KPM), was determined by spiritual motivation, and systematically constructed causal chain. Additionally, the practice of *shūrā* in the *selapanan* forum fostered collective ownership, which engendered social trust, established stability in joint ventures, increasing the productivity of organic farming. This productivity strengthened the distribution of produce, and increased income, leading to community independence. Based on this perspective, the causal chain showed that Islamic values covered the normative level and served as a theoretical basis for sustainable, community-based economic development.

In theory, the results were in line with the studies by Rahajeng & Sambodo (2023) and Sumi et al. (2025), which focused on the importance of social capital in strengthening community institutions, and showed how the success of organic farming was closely associated with participatory governance and shared ownership, respectively. These results had several implications at the policy level, although KPM rejected direct government or NGO (Non-Government Organization) assistance, citing independence. First, the government acted as an ecosystem facilitator by implementing regulations that support market access for local organic products without interfering with the community's internal structure. Second, NGO acted as knowledge facilitator, by providing training in Islamic financial literacy or post-harvest technology, without dictating established institutional patterns. In essence, responsive public policy should respect community independence, resulting in collaboration on relevant aspects, such as organic product certification, expanding distribution networks, and accessing technological information. These implications showed that Syirkah 'Inān played a relevant role in the framework of Islamic economic development and also served as a reference for formulating sustainable community policies at the local and national levels, respectively.

Strategic Recommendations for Developing Syirkah 'Inan Model

Based on the above analysis of *syirkah' inan* model implemented by community in developing economic independence through the organic fertilizer production sector, several strategic recommendations were formulated. These were aimed to optimize the potential for replication, including the broader development of the formulated model

First, there is need to develop an institutional framework responsible for facilitating the replication of the formulated model in other regions without compromising its unique characteristics and underlying values. The institutional framework should accommodate the unique implementation of *Syirkah 'Inan* in the context of organic fertilizer production, as practiced in Magelang. This must also include the *Selapanan* forum mechanism which serve as an avenue for collective decision-making, a system for equitable capital and profit sharing, and the integration of spiritual values into economic activities. The framework should be designed flexibly, enabling the adaptation to different geographic, and socio-economic conditions, including resource potential in other regions. Additionally, it should maintain the essence of equal partnership, transparency in management, and an orientation toward the common good, perceived as fundamental characteristics of the Magelang model. The institutions developed should be able to mediate between the universal principles of *Syirkah 'Inan* and the specific needs of the local context. Based on this perspective, each community need to implement the model to suit respective potential and challenges faced.

Second, networking between communities that implemented similar models led to a larger and more sustainable alternative economic in the organic production sector and related Islamic partnership-based businesses. This included an inter-community

trading system that allowed the implementation of *Syirkah 'Inan* model. The process was aimed to exchange organic fertilizer products, raw materials, or other items based on similar principles, resulting in an integrated and mutually beneficial value chain. Knowledge exchange was facilitated through the sharing of experiences in organic fertilizer production management, appropriate technological innovations, marketing strategies, and creative solutions that had proven effective in Magelang for adaptation by other communities. Furthermore, technical support was provided in the form of production management assistance, product quality development, access to technology and equipment, including aid in resolving operational challenges faced by new communities adopting the model.

Third, the documentation and codification of best practices played a crucial role in facilitating the learning and adaptation of the model in different geographic and social contexts, with a particular focus on the successful implementation of *syirkah' inan* in the organic fertilizer production sector. This included the development of training modules that integrated theoretical aspects, such as deep understanding of *Syirkah 'Inan* principles according to Islamic jurisprudence and the relevance to contemporary economic needs. The practical aspects, consisted of technical guidelines for managing organic fertilizer production, partnership, financial systems, and business operations in Magelang. Meanwhile, the spiritual aspects, comprised internalizing Islamic values in every stage of economic activity, the development of an entrepreneurial character, and commitment to objectives broader than material gain. This documentation should be systematically compiled and easily understood, to serve as a practical reference for communities intending to implement a similar model.

Fourth, a monitoring and evaluation system for measuring multidimensional impacts (economic, social, spiritual) should be developed. This was aimed to achieve the objectives of the formulated model, drawing on the implementation process in Magelang, which was successful in various dimensions. Moreover, the indicators of success comprised economic growth reflected in increased income, development of organic fertilizer production businesses, strengthening social capital through enhanced community cohesion, solidarity among members, and collective cooperation capabilities. This also included the internalization of Islamic values manifested in ethical business behavior, commitment to justice and transparency, as well as an orientation towards the wider public good. The evaluation system should be able to measure short, medium and long-term impacts in the form of operational indicators, structural changes within community, and sustainable economic and social paradigm transformations.

Fifth, a policy advocacy was required to formulate a regulatory environment that supported the development of community-based economic without compromising the flexibility and local characteristics. This was specifically realized in the context of developing the organic production sector and Islamic value-based partnership businesses, as practiced in Magelang. The advocacy was directed at the enactment of regulations that monitored community-based innovations, easy access to resources, protection of alternative economic practices that did not conflict with positive law, including support for the development of creative and sustainable economic sectors. Furthermore, a conducive regulatory environment must accommodate the uniqueness of *Syirkah 'Inan* model in terms of ownership structure, decision-making mechanisms, and profit distribution systems. This was realized without imposing standardization that eliminated the flexibility and responsiveness of the proposed model to the specific needs of local communities

D. Conclusion

In conclusion, this study proved that *Syirkah 'Inan* model implemented by the Magelang City was an effective strategy for building economic independence based on Islamic values. In addition, this model addressed limited access to capital and formal financial services, including producing a comprehensive transformation comprising economic, social, and spiritual dimensions.

Syirkah 'Inan played a relevant role in socio-economic innovation that facilitated the accumulation of interest-free collective capital through a fair and participatory partnership model. This prompted business actors to internalize Islamic values such as blessings, halal (permissible), and social responsibility, focusing on profit and the benefit to community. Furthermore, the *Selapanan* forum, held every 35 days was an institutional innovation that integrated spiritual, educational, and managerial dimensions in a single participatory governance system.

The transformational impacts of the formulated model comprised increased family income and economic stability, strengthened social solidarity based on trust and mutual cooperation, including fostered values of honesty and trustworthiness in the workplace. The model created individual economic independence through member empowerment and community resilience free of external market mechanisms or state intervention.

This study confirmed the flexibility of Islamic jurisprudence (fiqh) principles in modern contexts. It proved that Islamic economic was an effective operational system at the micro-community level. The practice of *Syirkah 'Inan* showed that Islamic theological values could be translated into productive collective action. Additionally, Islamic economic was not confined to formal institutions rather in practices adopted by community.

A flexible institutional framework, inter-community networking systems, documentation of best practices, multidimensional monitoring, and advocacy for supporting policies were required for broader development. Therefore, the proposed model showed that Islam offered a values-based economic solution responsive to local needs as well as contributed to sustainable economic independence.

To deepen the academic contribution of this study, future research could explore the long-term sustainability and transformative impact of the *Syirkah 'Inan* model through longitudinal approaches that trace changes in community welfare, ecological practices, and social cohesion over time. Such studies would provide empirical evidence on whether the values-based economic orientation embedded in this model is capable of withstanding market pressures and maintaining its ethical commitments in the long run. Additionally, comparative studies across different sectors—such as agriculture, creative economy, and digital entrepreneurship—could reveal variations in the operationalization of *Syirkah* principles and identify contextual factors that enable or hinder their success. This comparative lens would not only enrich theoretical discussions on Islamic economic hybridity but also offer practical policy insights for replicating or scaling similar community-based economic initiatives in diverse socio-ecological settings

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F. Author Contributions Statement

All authors contributed substantially to the conception, design, analysis, and completion of this study. SM served as the principal investigator, formulating the core research concept, coordinating the field study, and synthesizing the theoretical framework related to *Syirkah 'Inan* and economic independence. MT contributed to methodological design, qualitative data analysis, and interpretation of findings in relation to Islamic economic principles and community empowerment. MAK provided critical insights into the theoretical and comparative dimensions of Islamic economics, refining the discussion and ensuring academic rigor. NHBI contributed to the contextualization of results, literature integration, and manuscript refinement for publication standards. All authors reviewed, revised, and approved the final version of the manuscript, ensuring it reflects a unified scholarly perspective and shared commitment to advancing the understanding of Islamic-based community economic empowerment.

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