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ISLAMIC SHARECROPPING PRACTICES: EVIDENCE FROM INDONESIAN LOCAL COMMUNITIES

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ABSTRACT

Agricultural sharecropping partnerships in Indonesia face transparency and fair profit distribution challenges between landowners and farmers, often leading to disputes and inequitable outcomes. This phenomenon is particularly evident in South Sulawesi, where traditional farming practices intersect with Islamic principles. This research aims to explore the practice of sharecropping contracts between land owners and farmers and to investigate its adherence to Islamic principles. This study employs a descriptive qualitative method using thematic analysis to explain the partnership model practiced by local farmers in South Sulawesi and comparative analysis to assess its adherence to the Islamic principle of al-maharajah. Financial analysis is also applied to evaluate the sharecropping scheme's economic viability. The study results found that implementing a sharecropping partnership is economically beneficial to society in increasing income. The sharecropping partnership application follows the local culture inherited decades ago. The output sharing ratio applied is 1:2 or 50:50 depending on which party bears the production costs other than land, complying with the Islamic principle of profit and loss sharing. Preparing the financial record to increase trust from landowners and evaluate the sharing ratio scheme effectively is suggested.

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INTRODUCTION

The agricultural sector plays a prominent role globally, providing it is a primary food source for the entire population, which continuously increases. Therefore, it is embedded in the Sustainable Development Goals under the second pillar of zero hunger in 2030. Gifted with vast and abundant fertile soils, Indonesia is one of the world's largest producers and exporters of agricultural products and hence becomes strategic to achieving this agenda. Nationally, agriculture is an important sector of the Indonesian economy. It contributes approximately 14.27% to the nation's GDP, the second largest after

manufacturing industries (Statistics Indonesia, 2022). It even grew positively, leading to national economic growth during the economic recession due to the COVID-19 pandemic. The GDP of the agricultural sector became the highest contributor to national economic growth in the second quarter of 2020, which decreased by 4.19% (Q to Q) and decreased by 5.32% year on year (Statistics Indonesia, 2022). Additionally, in terms of employment absorption, it employs one-third of the labor force in Indonesia, which small-scale farmers dominate.

While agriculture is vital for livelihoods worldwide, many small-scale farmers face economic hardship, particularly in developing regions. It is mainly due to their income, sufficient to cover their daily consumption. Consequently, they do not consider saving or investing to expand their agriculture scale. Literature is rich with empirical evidence of challenges facing the agriculture sector. Farmers in Nigeria struggle with several issues, such as inappropriate financing, illiteracy problems, conventional agricultural equipment, poor communication networks and transportation, and low productivity (Al-Mustapha & Adekunle, 2021; Ogunbado & Ahmed, 2015). This study will focus on financing issues, which are considered commonly experienced by most small-scale farmers globally and contribute to the root cause of other problems. Financing plays a significant role in agriculture development. Unfortunately, several studies have proven that one of the significant problems farmers face is a capital shortage. This problem undoubtedly hampers the productivity of the agricultural sector, which may lead to the global food crisis, given that there is a high dependency on agricultural outputs across the globe.

The agricultural sector is vulnerable to capital adequacy as it requires long-term financing. Since agriculture is seasonal, there is a distance between when farmers incur expenses and harvesting time, when they may earn money. Farmers need capital at the beginning of the farming season to pay for production inputs such as machinery, seed, fertilizer, and land preparation and can only sell the outputs months later. Therefore, financing is substantial for farmers to maintain their liquidity. Unfortunately, this financing has been a serious obstacle for farmers, mainly small-scale groups. Several African studies found that high interest rates, lack of collateral, absence of guarantors, and complicated loan banking applications restrict rural farmers from loans from formal financial institutions like banks (Ibrahim & Mukhtar, 2015). Therefore, they prefer to borrow from non-financial entities such as friends, relatives, cooperatives, and even money lenders. The problem with this source is that it provides insufficient financing, which cannot meet the requirements of farmers. This condition may lead to a decline in agricultural production.

Among the factors causing most small farmers to be immune to formal financial institutions are frustrating bureaucracy and fear of the ability to repay the loan. From the financial institutions' standpoint, financing farmers is considered high risk due to its output being dependent on the uncertain season. Another contract that can be utilized to overcome this credit problem is the execution of a partnership contract between farmers and financial institutions and among farmers. Since agriculture is labor- and capital-intensive, the partnership agreement could overcome the problem raised by these two primary agricultural inputs. The generally practiced partnership in agriculture is called sharecropping. Rural communities have practiced the sharecropping system for decades, particularly in agriculture. It is a solution to connect the needs of landowners who do not possess adequate farming skills to those of farmers with sufficient experience and skills to cultivate their farming land.

Views on the sharecropping system have been controversial. Those who think the majority of classical economists proposed that sharecropping is inefficient in that the

sharecropper is paid only a percentage of their marginal product of labor, which could lead to the work effort of farmers. On the opposite view, Ihsandi (2024) argued that sharecropping can create more efficient resource allocation than leasing fixed payment, where all risks are to be borne by renting farmers. Similarly, if the landowner hires farm workers, he will be the one to bear all the risks of wages and other expenses. Therefore, sharecropping is preferable since it shares the agricultural risks to both parties of landowner and worker. In Indonesia, traditionally, the society has long been familiar with sharecropping systems such as maro, mertelu, and mrapat (Yahuza, 2019). In the macro system, the farmer must bear the production costs, and profits are typically divided equally. Mertelu, on the other hand, follows a 1:2 ratio, where the landowner receives two-thirds of the harvest while the farmer takes one-third, with the landowner often covering most of the production costs. Lastly, Move Closer stipulates that the landowner bears all production of the sts and f and is to cultivate the land and get one-fourth of the profit.

Islamic finance encourages the application of risk and reward-sharing schemes in economic activities. Three specific forms of partnership in agriculture are mukhabarat, Maharajah, and musical. The difference between the three is in the seeds. Musaqah and Muzaraah seeds come from the landowner, while mukhabarah seeds come from the sharecroppers. Another contract that suits the nature of agriculture is salam, which is sales-based financing (Mohammed et al., 2016). Based on statistical data, Islamic financial institutions, particularly Islamic banks, prefer to commercialize Murabahah or Mudarabah schemes for agriculture financing as these contracts require regular payment and collateral from farmers, such as certificates of farming land or vehicles. However, It is considered incompatible and unsuited for agriculture as farmers must put their land or other valuable assets as collateral for financial institutions. These schemes may be burdensome for small-scale farmers since they cannot provide the required collateral.

For investment purposes, Islamic banks prefer to offer non-partnership schemes due to issues such as asymmetric information between the bank and managing parties, adverse selection, moral hazards, and agency problems (Katterbauer et al., 2023; Khan et al., 2020; Ratnasari et al., 2021; Yurista & Ardi, 2019). Regarding agricultural-nature partnerships like Maharajah because of its high exposure to risk. Therefore, partnership-based contracts are commonly implemented by land owners and workers/farmers. South Sulawesi is a province with enormous potential for the agricultural sector. During the last five years (2019-2023), the economic structure of South Sulawesi was dominated by 4 (four) sectors, including Agriculture, Forestry, and Fisheries; Wholesale and Retail Trade, Car and Motorcycle Repair; Construction; and Processing Industry. The Agriculture, Forestry, and Fisheries business sector contributes the most to the GRDP of South Sulawesi. However, according to Statistics South Sulawesi Province (2019), approximately 40% of farmers in South Sulawesi own less than 0.5 hectares of land, making it difficult for them to achieve economic stability.

According to Statistics South Sulawesi Province (2025), bone regency is the second most significant contributor to the GRDP of South Sulawesi, with 7.17%, and Makassar, 34.67%. Bone's agriculture sector accounts for almost 50% of its total GRDP. Regarding the number of individual farming businesses, Bone is ranked in South Sulawesi, with 130,600 business units. In Bone Regency, South Sulawesi, most sharecropping partnerships are oral agreements without written contracts, making them prone to disputes and financial mismanagement. The lack of financial recording makes it difficult to assess whether profit-sharing is fair and sustainable for landowners and farmers. A study found

that unstructured cost-sharing mechanisms led to income disparities, demonstrating the need for a more structured and fair approach (Puspitasari et al., 2021).

Traditional sharecropping partnerships in rural Indonesia, particularly in Bone Regency, operate based on unwritten agreements and trust, lacking financial transparency and formal record-keeping. While this system has sustained agricultural productivity for generations, it raises critical questions regarding fairness, economic efficiency, and adherence to Islamic principles of profit and loss sharing (Muzara'ah). The absence of structured financial documentation makes it difficult for farmers and landowners to evaluate the fairness of output-sharing arrangements, potentially leading to income disparities, disputes, and inefficiencies. Furthermore, ensuring long-term sustainability and alignment with Islamic economic values is challenging without formalized contracts. On top of that, despite the growth of Islamic banking in Indonesia, financing for agricultural activities remains limited, as banks prefer Murabahah (mark-up financing) over profit-sharing models like Muzara'ah (Katterbauer et al., 2023). It creates a gap in financing solutions for farmers who could benefit from risk-sharing agreements under Islamic economic principles.

Therefore, the objectives of this research are twofold: to investigate the practice of sharecropping contracts between landowners and cultivators and examine this contract from an Islami perspective. This research offers several novel contributions to the existing literature. First, while previous studies have examined sharecropping practices in Indonesia and Islamic agricultural partnerships separately (Arief et al., 2021; Haryanto & Kurniaji, 2023; Wijaya & White, 2024; Zakaria et al., 2023), this study combines both perspectives in analyzing partnerships in the agricultural sector. Second, this study comprehensively analyzes how local sharecropping practices align with Islamic principles, particularly the Al-muzara'ah system. Third, this research is the first to document and analyze the specific variations of profit-sharing ratios in Bone's agricultural sector, contributing to practical implementation and theoretical understanding of Islamic-compliant agricultural partnerships. The urgency of this research lies in the need to establish a fair and sustainable agricultural financing model for small-scale farmers, who often face economic vulnerability due to limited access to capital and formal financial institutions. The prevalent sharecropping system in rural Indonesia, particularly in Bone Regency, operates based on traditional agreements that may lack transparency and financial accountability. By analyzing these partnerships through the lens of Islamic muzara’ah principles, this study provides critical insights into how profit-sharing mechanisms can be optimized to ensure economic justice, risk-sharing, and long-term sustainability.

Islamic economy promotes human welfare through allocating and distributing resources by Maqasid Al-sharia (the purpose of sharia) (Ali, 2019). Therefore, all economic activities, such as production, distribution, and consumption, should adhere to Islamic principles. Cooperation or partnership is highly encouraged as a mode of transaction agreement in the community to be applied in production and distribution activities. This is due to its principle of profit/loss sharing. Islam forbids the application of interest-based transactions because the profit obtained is based on loan principal and time, without the willingness of the lender to take risks; all the transaction risks are borne by one party, the borrower of money. The interest-based mechanism is considered against the Economic Value of Time, one of the theories in Islamic economics (Al-Jarhi, 2017).

With its profit/loss sharing principles, the partnership application stimulates productive business by encouraging work performance, expertise, and responsibility of all parties involved. Motivation to strive, foster a spirit of entrepreneurship in halal work,

not do redundant things, and forbid all forms of hoarding and monopoly encourage humans to cooperate in the economic field. The Concept of syrah (cooperation) is the right product for that purpose through the profit-sharing ratio mechanism. Thus, the profit/loss sharing system is ideally the main operational characteristic of the Islamic economy and finance (Al-Maddah, 2017). This system is fairer as profits or losses are shared fairly among the capital owner and the business manager. Mudarabah and Musharakah are two partnership contracts widely practiced in business, particularly in Islamic financial institutions. There are also partnership contracts in the agricultural sector, namely Al-muzaraah and al-musical. Al-musaqah is derived from the root word of saqa, which means to water or to irrigate the land. Historically, it is a partnership between the owner of an orchid and a gardener to look after the fruit-bearing tree (Shafiai & Moi, 2015). This study will focus on the discussion of Al-Muzaraah.

Al-muzaraah is derived from the word "al-zar'u" which means crop or plant. Etymologically, al-zar'u could mean sowing the seeds of plants into agricultural land. Also, it means growth. By terminology, ulema from the four schools of thought defines al-Azariah differently. Imam Hanafi defines Al-muzaraah as the production sharing agreement for agricultural land management. Imam Malik, on the other hand, proposes that Al-muzaraah implies cooperation in terms of farming. The third ulema, Imam Syafi'I, suggests working on an area of land from the land owner to the cultivator where the plant seeds come from the land owner. Finally, the definition by Imam Hanbali is that Al-muzaraah means the transfer of land and the planting of seeds to be planted by the land manager, then the yield from the land (percentage) is calculated. Then, there is a sharing between the two parties. It means partnership or cooperation between tenants and landowners in agriculture. Some studies propose several definition of al-muzaraah. Maulida & Karim (2024) defined al-muzaraah as a way to make agricultural land productive by cooperating between owners and tenants in producing it, and the results are shared between them both by comparison (ratio) stated in the agreement or based on 'urf (custom). Consistently, Majid (2021) suggested a technical definition of Al-muzaraah, a type of agricultural partnership contract where the contracting parties agree to contribute between the factors of farming production and share the yield on a pre-agreed ratio after harvest.

The legitimation of the Al-muzaraah contract can be rooted in the history of Prophet Muhammad SAW, who dealt with Jews in agricultural transactions. His statement to the Jews on the day of the conquest of Khaybar is, "I keep you on the land on which God has kept you, on the condition that the fruit will be equally shared between you and us" [Muslim 2000: no. 3939; Abu Dawud 1988: no. 3408]. However, the validity of this contract was raised among Islamic scholars. Bangash (2020) compiled the views of prominent jurists regarding Al-muzaraah. These views can be summarized in three different categories. According to Imam Abu Ḥanifa, land can be provided to someone only on an Ijarah (lease) basis. Hence, Al-muzaraah is not a valid contract as it is not based on the Concept of Ijarah. He also elaborated that the transaction between the Prophet (pbuh) and the Jews in Khaybar was not a partnership contract but a kind of tax (kharaj) paid to a ruler. According to the Hanafi school of thought, only three permissible types of Al-muzaraah exist. First, one party may provide the land and seeds, while the other provides labor and animals (tools). In another type, one party may provide the land, while the other provides labor, animals, and seeds. Finally, the third one is that one party may provide the land, animals, and seeds, while the other provides only labor.

However, two prominent pupils of Imam Abu Ḥanifa, Imam Abu Yusuf and Muḥammad Al-Shaybani, had different views from their teacher. They argued that both

al-muzaraah and al-musaqah are valid contracts under Islamic law, based on a partnership between property and work resembling Mudarabah. Imam Malik and Imam Shafi'i's findings differ from those of scholars above. They validated al-muzaraah only when entered as a sub-contract under the Al-musaqah contract. Additionally, it is permissible due to its necessity. Al muzara'ah is a form of syirkah, that is cooperation between capital (assets) with work, and it is permissible as a Mudharabah contract, because the community needs it. With this cooperation, the unemployed land can benefit, and unemployed people can get jobs. Other ulema are also on this opinion based on the hadith from Ibn Umar that the Messenger of Allah cooperated (cultivating the land) with the people of Khaibar in exchange for half of the results that came out of the land, both fruits and plants.

Implementing muzaraah as an Islamic agricultural partnership follows specific principles and requirements that ensure fairness and compliance with Sharia law. These requirements can be categorized into four primary aspects: capital/input sharing, management structure, contractual period, and output sharing arrangements. In terms of capital and input sharing, Muzaraah requires suitable agricultural land that is both available and cultivable. The specification of crops must be mutually agreed upon at the contract's initiation. The distribution of input responsibilities can take several forms: the landowner may provide all capital inputs except labor, the farmer may supply all inputs except land, or inputs may be divided between parties based on mutual agreement. The management structure in Muzaraah emphasizes farmer autonomy in land utilization. The contract mandates that landowners grant complete operational authority to farmers without interference while maintaining responsibility for land-related depreciation. Significantly, neither party bears unilateral risk - landowners are not required to guarantee specific yields, nor are farmers liable for crop failure losses.

The temporal aspect of Muzaraah requires a clearly defined contract period sufficient for both cultivation and harvesting cycles. Contract termination can occur either explicitly through mutual agreement or implicitly due to cultivation impediments or period expiration. A unique feature of Muzaraah is its treatment of death cases - while farmer death transfers rights to heirs, landowner death cannot disrupt ongoing cultivation until harvest completion (Ramadani et al., 2025). Regarding output sharing, Muzaraah prohibits fixed-amount arrangements instead of requiring percentage-based distribution (e.g., half, one-third) agreed upon at contract initiation. This profit-sharing mechanism reflects Islamic principles of risk-sharing and equitable partnership, where landowners' shares represent a return on property rights while farmers' portions compensate for labor contribution (Puspitasari et al., 2021). Implementing muzaraah as an Islamic agricultural partnership follows specific principles and requirements that ensure fairness and compliance with Sharia law. These requirements can be categorized into four primary aspects: capital/input sharing, management structure, contractual period, and output sharing arrangements.

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Al-Muzaraah promotes excellent potential in terms of financing supplies in rural areas which are rich in agricultural lands. Therefore, it has been empirically proven beneficial by several studies across the globe, including in countries such as Indonesia, Sudan, Pakistan, Malaysia, et cetera. This partnership mode could enhance food security, alleviate poverty, and achieve the economic well-being of farming society. It is supported by Yahuza (2019), who proved that Muzaraah could be potentially used as a contract to provide an alternative source of financing for agriculture and open job opportunities as it provides more land to be cultivated and, in turn, reduces poverty, particularly in rural areas in Kano State. In Indonesia, Yulianti et al. (2020) showed the effective implementation of the muzara'ah contract between landowners and farmers in rice field management. The Muzara’ah system in Nigeria has the potential to address the decline in agricultural production, contributing to improved food security and enhanced farmer welfare (Aminulloh & Nurrohman, 2016). Similarly, in Malaysia, this system could improve the livelihoods of indigenous Malaysian peasants, whose customary agricultural lands were appropriated by the government for state expansion programs (Aminulloh & Nurrohman, 2016). In Pakistan, on the other hand, a study indicates that rural per capita income has a significant negative correlation with the Muza'rah agro-financing structure (Hamza & Shirazi, 2024).

RESEARCH METHODS

This study employs a descriptive qualitative method to explain the partnership scheme being practiced by farmers in the studied location and its adherence to Islamic principles. The study took place in Corawalie village in Bone Regency, South Sulawesi. Bone Regency was intentionally chosen due to its agricultural majority contribution to the GRDP and its widely practiced partnership scheme between farmers and land owners.

Data were collected through semi-structured interviews with three key informants consisting of 2 farmers/cultivators and one land owner to explore the partnership model being practiced. The limited number of selected informants was because the agricultural sharecropping practice in Bone has become a custom for locals. Although the sample size is small, it provides a balanced and in-depth exploration of sharecropping partnerships, capturing perspectives from both landowners and farmers. It aligns with qualitative research methodologies, where fewer well-chosen informants can yield rich, meaningful data for thematic and comparative analysis. The selection of these informants was based on specific criteria. Firstly, all informants should be initially from and reside in the

researched area to ensure they understand and practice the local traditional sharecropping system. Moreover, they must have been involved in sharecropping for at least five years to ensure their knowledge is based on long-term observations rather than short-term fluctuations. Furthermore, they must have actively engaged in a sharecropping partnership for at least one complete farming cycle to ensure firsthand experience with the entire process, from land preparation to harvest distribution.

The following table displays the brief profile of informants :

Table 1. Informants' Profile

Item	Informant 1	Informant 2	Informant 3
Role	Sharecropper	Sharecropper	Land Owner
Age	50	48	53
Farming Land Area Size	0.75 hectares	0.50 hectares	1 hectare

Source: Data Processed, 2024

Both perspectives must assess their feelings and opinions on the partnership scheme. Data triangulation was applied using two techniques to enhance the validity and reliability of the findings. Firstly, data were gathered from both perspectives, sharecroppers and a landowner, ensuring diverse perspectives on the economic and contractual aspects of sharecropping. It is necessary to assess their feelings and opinions on the partnership scheme. Secondly, in addition to the interview, an observation was carried out to obtain additional information, such as all expenses incurred during the agreement and potential income that could be generated during the harvest period.

Thematic analysis was applied to analyze interview responses to answer the first research objective related to the practice of sharecropping contracts between landowners and cultivators. Meanwhile, the second research objective would be addressed by comparative analysis techniques using the al-maharajah scheme to examine its adherence to Islamic principles. As a complement, a financial analysis was conducted to calculate total production costs, revenue distribution, and profit-sharing outcomes for farmers and landowners to enrich the discussion on a partnership agreement between farmers and landowners in Corawalie Village.

This study adheres to ethical research principles by ensuring voluntary participation, informed consent, and confidentiality of informant data. Before conducting interviews, verbal informed consent was obtained, explaining the study's purpose, the right to withdraw, and data usage. All participant names and identifying details were anonymized to protect privacy, and responses were recorded and transcribed without linking personal identities. Since the research involved non-invasive, voluntary interviews without sensitive personal data, formal institutional ethical approval was not required, but the study followed established ethical guidelines for qualitative research.

RESULTS AND DISCUSSION

The sharecropping partnership between landowners and farmers has been carried out for a long time in Corawali Village, Bone Regency, South Sulawesi, Indonesia. The results of interviews with respondents stated that the partnership had been practiced for decades across generations. The partnership between farmers and landlords is through an oral agreement without any written contract because they know each other, and it has

become part of their traditional local culture. Therefore, the contract is based on trust among them.

From the interview, it is informed that the partnership agreement between the landlords and farmers has benefited both parties economically. For the former, it increases their land's productivity, which generates income. The reasons for being involved in the contract are either lacking farming skills, having large farming land that they cannot work on alone and need other farmers' handouts, or residing outside the village. One of the informants, Mr. Andi Muhammad Yusuf, said that he has farming land inherited from his parents but has no skills in agriculture, so pass the management to his neighbor. He instead prefers to work in a tofu factory located in the village. The farmers, on the other hand, have the necessary skills but have no land to cultivate, or they have only a small area that is insufficient to support their daily life. The land owner or the farmer could initiate the agreement. The condition of the agreement is that all management, from preparation up to harvesting time, is left to the authority of the farmer; the owner cannot interfere with the process unless it is a farmer who raises the issue to the landowner.

Since the agreement is unwritten, the contract period is unspecified. The agreement continues with an unclear period and ends if the farmer can no longer work or the landlord decides to hire another farmer due to justified and understood reasons by both parties. The termination of the contract could be conducted orally by either the farmer or the landlord. In case of death or health issues of a farmer, the cultivation will be continued by his child or relatives by notifying the landlord, as in the case of Mr. Syamsu Alam. He inherited farming skills from his father because he accompanied him while working the paddy field. He has been working with his current landlord for more than 10 years. Usually, the farmer terminates the sharecropping contract after completing all the work and distributing the output to the landowner. From the opposite party, a landlord can terminate the contract if, based on his observation, the farmer's performance is unsatisfactory. It can be seen from poor outputs, not due to natural factors. In this case, the landlord may end the contract after the harvest period.

Based on the investigation of the informants, they are all similar in terms of the stages they are going through in farming activities, which is explained as follows :

Soil Preparation

The cycle begins with soil preparation, which consists of plowing using a tractor and spraying pesticides all over the land. These two land preparation activities take about 2 (two) weeks. Costs of tractor machine rent and pesticides are incurred in this process. However, the existing local regulation is that only farmers who possess tractor machines can be hired into the sharecropping partnership. Therefore, the rent of a tractor machine is avoidable.

Sowing

Two weeks after the preparation, the farmers commence the seeds sowing process. It is carried out manually. The seeds can be bought from an external party, or cultivators spare good quality crops for subsequent cultivation. This scenario works if the same farmers continue the job. The costs raised from this phase are the price of seeds if the first scene occurs. However, in the alternative scene, the seeds are taken from farmers' share of output.

Maintenance

If necessary, the maintenance phase includes irrigation, fertilization, and additional pesticide spraying. The local government has established the irrigation system in Corawali Village so it does not incur costs. The cultivators only need to control the water flow to the land. Fertilization occurs twice: 20 days after the seeds' sowing and 45 days after the first fertilization. There are two kinds of fertilizer which are mixed to be applied. The farmers will execute the second pesticide spray to protect the plants from pests if necessary. The type of pesticides used depends on the pest. Costs incurred from the maintenance process are fertilizers and pesticides. There is a condition in the village to buy fertilizer from farmers' groups (farmer groups), such as a subsidy fertilizer from the government. If the group runs out of it, the farmers must buy it outside, which is more expensive.

Harvesting

The harvesting process is conducted using a harvester vehicle, locally called mobil passing, which is hired from other providers external to the sharecropping contract. In the Corawali Village, the number of harvester vehicles is limited, so most farmers hire the vehicle from the same owner. The rent of the harvester vehicle is paid by applying output sharing, which is one sack of grain for every 10 sacks of grain produced.

After Harvesting

Activities after harvesting are the transfer of the output from the farming field into the house of the farmers/landowners. Since, generally, the farmers and landowners are neighbors whose houses are close to each other, as the case for this study, the output could be either transported to the farmers' or landlords' houses. The mode of transportation is either taxi (motorcycle, locally called tassi) or horse. Therefore, the costs incurred from this phase are the rent of a motorcycle or horse.

Sharecropping Partnership Practice between Landowners and Farmers

The generally implemented sharing ratio on agriculture outputs between landowners and farmers is 2:1; farmers obtain 2/3, and the remaining 1/3 for landowners if farmers provide all resources other than land. Alternatively, if landlords bear all costs, both parties will share the harvesting products equally. From the perspective of sharecroppers, the 2:1 ratio is preferable. Both farmer informants confirm this, considering that the ratio of 2:1 is more profitable for them. They are willing to bear the risk of increasing the price of resources such as fertilizer and pesticides. On the other option, landowners prefer the 50:50 ratio, which should finance the whole cultivation up to harvesting. However, the commonly practiced scheme, as the case for the objects of this study, is a 2:1 ratio for farmers and landlords, respectively.

The following figure illustrates the model of the sharecropping scheme applied :

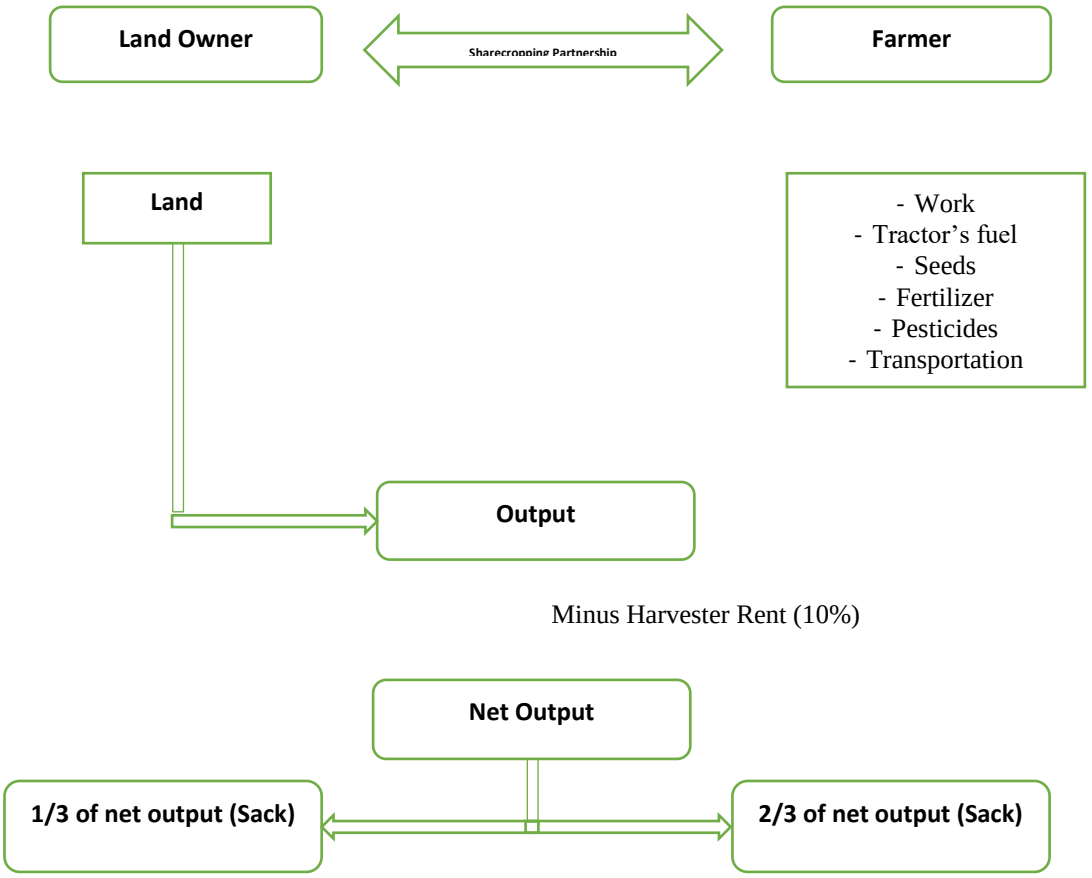

Figure 1. Sharecropping Scheme
Source: Data Processed, 2024

Information on each informant's total output and production costs is also revealed during the interview to calculate revenue/profit sharing between landlord and farmer. The component of costs is derived from the activity stages explained above. The cost information for sharecropper informant after conversion to a 1-hectare farming field is provided in the table below :

Table 2. The Information of Output Cost Elements for One Harvesting Period

Cost elements/output	Total output/costs (approximate)
Output	120* sacks 1 sack = 50kg grain The price per sack at the interviewing date was Rp4,000*
Tractor Fuels	Rp300,000
Seed	Rp275,000 or spared from the output of farmer's sharing
Fertilizer	Rp960,000* (3 sacks of urea and 3 sacks of phonska)
Pesticide	Rp280,000* (for two types of pesticides)
Harvester Rent	12 sacks output
Transportation	Rp1,200,000

*subject to fluctuation

Source: Data Processed by SmartPLS 3, 2024

From the above information, the mathematical analysis can be carried out as follows:

Total Output to be Shared	=	(120 sacks - 12 sacks) x 50kg
	=	5,400kg
Total Revenue/Profit Sharing for Landlord	=	1/3 Total Net Output x Price per kg
	=	1/3 x 5,400kg x Rp4,000
	=	Rp7,200,000
Total Profit Sharing for Sharecropper	=	Total Revenue - Total Costs
		(2/3 x 5,400kg x Rp4,000) -
	=	Rp3,015,000
	=	Rp14,400,000 - Rp3,015,000
	=	Rp11,385,000

From the mathematical calculation above, it is justifiable that the landowners prefer to apply a 50:50 sharing ratio by bearing all the costs. On the other hand, from the point of view of the farmer, hence it seems he earns a higher profit than the landlord; the risk of price fluctuation of factors of production is all borne by him, not to mention the depreciation expense of his tractor and other tools used in the land plow. Additionally, despite the condition that the farmer should purchase the fertilizer from the farmers' group (cooperation) at a subsidized price, they sometimes need to buy it from another supplier at a higher price if the cooperation runs out of fertilizer. However, the relatively significant difference in income earned by both parties could be the basis for further discussion, particularly regarding cost sharing in harvester rent. From the author's point of view, this may not be realized by both parties due to the absence of a financial recording of revenue and expenses to be evaluated by the contracting parties.

Analysis from n Islamic perspective

The compliance of the sharecropping partnership practices with Islamic principles is analyzed using the legal rules of the Muzaraah contract. Several aspects of analysis are capital/input sharing, management, period of contract, and output sharing. Under the sharecropping partnership scheme between the landowner and sharecropper, the former contributes the land. In contrast, the latter contributes all other factors of production, such as tractors, seeds, fertilizers, and pesticides, and pays all the transportation expenses of grains from the farming field to the agreed location, either the farmer's or the landlord's house. It is an aspect that complies with the legal rules of the Muzaraah contract. This partnership scheme has been evidenced to positively contribute to the economy by alleviating poverty, reducing unemployment, and increasing land productivity (Puspitasari et al., 2021; Yahuza, 2019). It, in turn, will promote the achievement of the objective of the Islamic economy.

Moreover, in practice, the management of the farming land, from the preparation to the transportation of the output al,l lies in the authority of the farmer. However, both parties may discuss it in an informal situation since they sit and discuss it together as neighbors. This aspect is considered consistent with the Muzaraah principle. Daud & Sharif (2024) found that Muzaraah promotes cost-effectiveness and offers financial institutional-like products such as revolving credit compared to other Islamic finance products, including salam.

In terms of period length, the contract follows the practice of local culture, 'urf, which is expressed orally between landlord and farmer without any written contract. Either the landlord or farmer could initiate the termination. Generally, the termination

occurs when the farmer dies or has a health issue, which usually passes the job to his offspring to continue the agreement, or the landlord wants to hire his relative to work on the land.

Finally, the output sharing ratio is determined upon the agreement, which usually follows the 'urf of 50:50 or 2:1. The former ratio is applied if the landowner bears the land and all expenses, while the latter is used if the farmer finances all the process, except for the harvester rent which is subtracted from the output before being transported and shared between contracting parties. In case of harvest failure, the landlord is not liable to guarantee any fixed payment to the farmer, nor is the farmer to compensate any losses to the landlord. This scheme has been practiced by farmers in the researched area for decades, and they claimed that it has satisfied their expectations in both effort and result. This practice complies with the principle of profit/loss sharing from an Islamic perspective, as both parties bear the business risk. This contrasts with the practice of Tobacco farmers in the Jember Regency, which does not use the actual cost to count the net profit, leading to injustice (Puspitasari et al., 2021). This practice is consistent with the risk management principle of sharing risk between owners and farmers. The Muzara'ah model, on the other hand, not only promotes financial inclusion but removes the psychological and social upsets associated with conventional microcredit schemes (Nayeem & Alikhan, 2017).

CONCLUSION

Implementing a sharecropping partnership economically benefits the society in Corawali Village with farmers' domination occupation. For land owners, it can increase the productivity of their farming land, and the farmers may generate income by occupying their farming skills despite the absence of land to cultivate. Generally, the contract application follows the local culture, 'urf, which has been in place for decades and has been inherited from generation to generation. The agreement is orally expressed between contracting parties based on trust without a written contract. Therefore, the contract period is not stipulated upon agreement, assuming that the agreement will continue until one party terminates it, also in oral expression. Practically, the termination of the contract is due to the death or health issue of the farmer/sharecropper. In this case, the contract will be continued by his offspring or relative.

The output sharing ratio also follows the locally and widely practiced scheme, which is 1:2 or 50:50, depending on which party finances the production costs other than land. The former, 1 for the landlord and 2 for the farmer, will be applied if the farmer bears all the costs and consequences. In contrast, the equal share will be applied if the farmer only contributes his skills, effort, energy, and time. The landowner bears all the expenses. The profit/loss sharing scheme complies with the Islamic principle, which states that the sharing ratio is based on the output generated, not the predetermined amount of money/principal. However, the author suggests preparing a regular financial record of revenue and expenses based on accountability and transparency principles. This can help both parties to calculate real profit earned and could be used to evaluate the partnership scheme being practiced to date. This is expected to increase both parties' justice and acceptance of the sharecropping partnership.

The adherence of the Muzaraah contract with Islamic principles with its objective of promoting justice in the economy and the welfare of society is highly suggested that this practice be introduced to farmers worldwide. Given that farmers have always been in

the poverty line in Asian and African countries, this contract offered by Islamic finance will economically uplift the lives of farmers. The findings highlight the economic benefits of sharecropping partnerships in providing livelihood opportunities for landless farmers and enhancing land productivity. By examining sharecropping practices through Islamic muzara'ah principles, this research provides practical guidance for implementing Sharia-compliant agricultural financing models.

The narrow scope of research, which took place only in one region of South Sulawesi, becomes the limitation of this study in addition to the absence of an Islamic financial institution, which is expected to be involved in the scheme to bring it to a large scale. Future studies may expand the sample to include additional landowners, cooperative leaders, or policymakers to explore broader regional variations.

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