



Mudharabah: Sustainable Sharia Investment Model

Muhammad Juni Beddu^{1,a}, Diana Eravia^{2,b}, Nurlatifah Nurlatifah^{3,c}, *Neri Aslina^{4,d}, Andi Amma Ruhmah^{5,e}, Fitri Mehdini Addiningrum^{6,f}, Muhammad Iqbal Azhari^{7,g}

^{1, 3,4,5,6,7} Sekolah Tinggi Agama Islam Ibnu Sina Batam, Kepulauan Riau, Indonesia.

² Universitas Islam Negeri Sultan Syarif Kasim Pekanbaru, Riau, Indonesia.

Email: ^ajhuni_cairo@yahoo.co.id; ^bdianaeravia@yahoo.co.id; ^cnurlatifah.batam18@gmail.com;

^dneriaslina@yahoo.co.id; ^eaaruhmah@gmail.com; ^fmehdinifithri12@gmail.com;

^gIqbal.azhari@gmail.com

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ABSTRACT

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Mudharabah is a partnership between capital providers and entrepreneurs, where profits and risks are shared fairly in accordance with Islamic principles. This article aims to investigate the concept of Mudharabah as a sustainable investment model in the context of Sharia finance. A comprehensive review of the literature on Mudharabah and sustainable investment provides in-depth insight into the principles underlying both concepts. Regarding Mudharabah, this article examines its history, evolution, and practical implementation in various economic sectors. On the other hand, sustainable investments are analyzed by considering social impacts, the environment, and ethical considerations in making investment decisions. The findings of this research indicate that Mudharabah, as a sharia investment model, has significant potential in providing added value to society and the environment. Active participation in Mudharabah-based businesses can encourage economic empowerment, reduce disparities, and create opportunities for small and medium entrepreneurs.

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*Corresponding

Author

neriaslina@yahoo.co.id

Mudharabah merupakan kemitraan antara pemberi modal dan pengusaha, di mana keuntungan dan risiko dibagi secara adil sesuai dengan prinsip Islam. Artikel ini bertujuan untuk menyelidiki konsep Mudharabah sebagai model investasi berkelanjutan dalam konteks keuangan Syariah. Tinjauan komprehensif terhadap literatur tentang Mudharabah dan investasi berkelanjutan memberikan wawasan mendalam mengenai prinsip-prinsip yang mendasari kedua konsep tersebut. Mengenai Mudharabah, artikel ini mengkaji sejarah, evolusi, dan implementasi praktisnya di berbagai sektor ekonomi. Di sisi lain, investasi berkelanjutan dianalisis dengan mempertimbangkan dampak sosial, lingkungan, dan pertimbangan etika dalam pengambilan keputusan investasi. Temuan penelitian ini menunjukkan bahwa Mudharabah, sebagai model investasi syariah, memiliki potensi signifikan dalam memberikan nilai tambah bagi masyarakat dan lingkungan. Partisipasi aktif dalam usaha berbasis Mudharabah dapat mendorong pemberdayaan ekonomi, mengurangi kesenjangan, dan menciptakan peluang bagi pengusaha kecil dan menengah.

INTRODUCTION

Mudharabah is one of the main concepts in sharia finance which is based on Islamic principles. This is a form of investment partnership where one party provides capital (*shahib al-mal*) and the other party manages that capital (*mudharib*) to achieve



profits.(Arifin, 2022; Fitriani, 2023; Ishak, 2022; M. Yahya, 2023) The profits generated are then shared according to the initial agreement, while losses are generally borne by the capital owner.(Doktoralina, 2020; Mustafa, 2020; Tahrir, 2019; Yuspin, 2020b) Mudharabah aims to promote the principles of fairness and risk sharing in Islamic financial transactions (Khan F. , 2009).

In Mudharabah, the party providing the capital usually acts as a passive investor, while the party managing the capital is an active entrepreneur.(Arifin, 2022; Ishak, 2021; R. Muhammad, 2021) Capital managers are responsible for the management and operations of the business, while capital owners share in the profits generated. Profit sharing can be agreed in advance in certain percentages, and Mudarabah contracts generally have certain time limits (Usmani, An Introduction to Islamic Finance., 2002).

Mudarabah has several key characteristics (Chapra M. U., 2008):

1. Profit Sharing: Profits and losses are shared according to the initial agreement between the parties involved.
2. Separation of Roles: The party providing the capital acts as a passive investor, while the party managing the capital is responsible for business management.
3. Time Limits: Mudarabah contracts can have certain time limits, according to the investment objectives.
4. Risk Sharing: Risks in Mudarabah are generally borne by the capital owner, while the capital manager is responsible for risk management in business operations.
5. Sharia Principles: Mudharabah transactions must comply with sharia principles, including the prohibition of *riba (interest)* and compliance with Islamic law.

Mudharabah has wide applications in sharia finance, including banking, investment, and financing of sharia-based projects. This concept allows capital owners to invest in projects or businesses that comply with sharia principles, while promoting risk sharing and fairness in the process. The importance of sustainable investment in the context of Islamic finance. Sustainable investment has an increasingly important role in the context of Islamic finance. Islamic finance is a financial system that is based on Islamic principles, which include the prohibition of usury (*interest*), fairness, environmental sustainability and social empowerment.(Maharani, 2023; A. Yahya, 2023; M. Yahya, 2023)

Here are some reasons why sustainable investment is very important in Islamic finance:

1. Compliance with Sharia Principles: Sustainable investment is in line with sharia principles which prohibit usury and encourage good and moral conduct. These investments tend to support businesses that employ ethical and socially responsible practices (Siddiqui M. S., 2017).
2. Economic Empowerment: Islamic finance emphasizes economic empowerment and reducing inequality. Sustainable investment can advance projects that focus on reducing poverty, creating jobs, and improving people's quality of life (Ariff, 2010).

3. **Social Justice:** One of the main goals of Islamic finance is to create social justice. Sustainable investment can promote a more equitable distribution of wealth and support projects that provide social benefits to the whole society (Khan T. , 2018).
 4. **Environment and Ethics:** Islamic finance principles also include environmental responsibility and business ethics. Sustainable investment takes into account the environmental impact of economic activities and promotes socially and environmentally responsible business practices (Khan T. , 2018).
 5. **Long Term Growth:** Sustainable investing often focuses on long term growth. In the context of Islamic finance, this fits with the goal of long-term investments that create sustainable benefits for society (Hassan, 2019).
 6. **Market Demand:** There is increasing demand from investors and consumers looking for financial products that comply with ethical and sustainable principles. Islamic finance can meet these market demands by offering sustainable investment products (Hassan, 2019).
- Industry Reputation and Growth:** Islamic finance is a rapidly growing industry. Sustained investment can strengthen the industry's reputation, attract more investors and support its global growth (Hassan, 2019).

Identification of the problems to be examined in this study may include the following aspects:

1. **Understanding the Concept of Mudharabah:** This research will try to understand the concept of Mudharabah in depth. This includes how Mudharabah differs from other types of investment, as well as the rules, principles and sharia laws that govern Mudharabah.(Alfano, 2022; Fitriani, 2023; Guizani, 2022)
2. **Misconceptions and Misconceptions Regarding Mudharabah:** Inaccurate understanding or misunderstanding of Mudharabah can be a problem. This research will probably find out what common misconceptions there are and how these misunderstandings can affect sharia investment practices.(Arifin, 2022; Ishak, 2022; Tanuwijaya, 2022)
3. **Sustainability Aspects:** The theme "sustainable" in the research title indicates that this research may explore the extent to which Mudharabah can be a sustainable investment model from an economic, social and environmental perspective. The issue here could focus on the potential positive or negative impact of Mudharabah on sustainability.(Faisol, 2022; Lestari, 2021; Septyanto, 2021)
4. **Practical Challenges in Implementing Mudharabah:** Research may identify practical challenges faced by businesspeople or investors who wish to implement Mudharabah as an investment model. This could include issues such as risk management, regulations, or implementation complications.
5. **Effects of Mudharabah on the Economy and Society:** This research may also seek to find out the wider impact of Mudharabah on the economy and society. This includes Mudharabah's potential contribution to poverty alleviation, micro-enterprise development, or support for community development.

Research on "Mudarabah: A Sustainable Sharia Investment Model" has several important and relevant reasons which can be strengthened with relevant references or resources is contribution to Sharia Economic Development: Sharia investment has become an important part of the global financial system. Research on Mudarabah will help understand its important role in the Islamic economy and how this model can be used for sustainable economic development (Khan, 2018). Better Understanding of Sharia Financial Practices: This research will provide a deeper understanding of the sharia principles and rules underlying Mudharabah. This is important because ensuring investment practices comply with Islamic principles is a top priority for many Islamic investors and financial institutions (Warde, 2010). Encouraging Innovation in Islamic Finance: By understanding Mudharabah better, this research can spur innovation in Islamic financial products and practices (Iqbal, 2007). This can open up new opportunities for investors, businesspeople and Islamic financial institutions to develop.

Some of the identification of studies in this research are as follows:

1. Greater Social and Economic Impact: This research will likely identify how Mudharabah can contribute to poverty alleviation, micro-enterprise development, and empowerment of local communities (Elasrag, 2013). This has major social and economic impacts, especially in societies that base their economic activities on sharia principles. Compatibility with Sustainable Investment Trends: In a global context, sustainable investment is increasingly becoming a major focus. Research on Mudharabah as a sustainable investment model will combine sharia economic principles with awareness of sustainability, which can attract the attention of global investors who care about environmental and social issues (Hassan, 2007). Increased Public Awareness: This research can also increase public awareness about Islamic investing and how it can contribute to larger social and economic goals. This can help change people's perceptions of investments that comply with religious and ethical principles (Archer, 2011).
2. Potential to Redress Economic Inequalities: This research could help identify ways to minimize economic inequalities, which are often a problem in conventional financial systems. Mudarabah may have the potential to give poor people greater access to investment and development (Askari, 2010). In order to understand and utilize the potential of Mudharabah as a sustainable sharia investment model, this research is very relevant and important. This will help create a better understanding of this concept and its potential to support broader economic and social goals. (Ishak, 2021; Ismail, 2021; R. Muhammad, 2021; Widagdo, 2020)

This research also focuses on aspects of sustainability or sustainability in the context of sharia investment using the principles of Mudharabah. The following are some more specific research objectives related to this theme is exploring the concept of mudharabah: One of the main objectives is to understand more deeply the concept of Mudharabah in Islamic law. (Hidayat, 2020; Israhadi, 2020; Yuspin, 2020a) This

includes an understanding of how Mudharabah operates, what its basic principles are, and how it differs from conventional financial instruments. **Examining Financial Aspects:** This study will examine the financial aspects of Mudharabah, including how profits are shared between investors and entrepreneurs (Mudharib), as well as how risks are controlled in this model. **Studying Sustainability:** The main focus of the research is to understand how Mudharabah can be a sustainable investment model. This includes an understanding of how sustainable principles can be applied in the context of Mudharabah, such as the application of ecological, social and good corporate governance (ESG) principles. (Doktoralina, 2020; Guizani, 2019; Mustafa, 2020; Yuspin, 2020b)

Exploring Practical Applications: One possible practical objective of this research is to explore how Mudharabah can be used in different types of investment, such as property investment, investment in micro and small enterprises, or investment in other sustainable projects. **Advantages and Challenges:** This study will analyze the benefits that can be provided by Mudharabah as a sustainable investment model and identify challenges and obstacles that may be encountered in its implementation. **Providing Guidance and Recommendations:** The results of this research are expected to provide guidance and recommendations to Islamic financial market players, investors and regulators on how to develop and manage sustainable investments based on Mudharabah principles (Fauzan, 2019; D. W. Muhammad, 2019; Tahrim, 2019)

Possible practical objective of this research is to explore how Mudharabah can be used in different types of investment, such as property investment, investment in micro and small enterprises, or investment in other sustainable projects. This study purpose analyzes the benefits that can be provided by Mudharabah as a sustainable investment model and identify challenges and obstacles that may be encountered in its implementation. The results of this research are expected to provide guidance and recommendations to Islamic financial market players, investors, and regulators on how to develop and manage sustainable investments based on Mudharabah principles. This research will also contribute to the literature on Islamic economics and sustainable investment by providing new insights into the potential of Mudharabah as a relevant model in the context of Islamic finance. the research on the theme "Mudharabah: A Sustainable Islamic Investment Model." This kind of research can be an important contribution in developing sustainable investment instruments that comply with the principles of Islamic economics.

METHOD

This research is a type of qualitative research by conducting content analysis, namely conducting studies from various related literature sources. Qualitative research is process research to understand human or social phenomena by creating a comprehensive and complex picture can be presented with words, report detailed views obtained from sources informant, and carried out in a setting which is natural (Miza

Nina Adlini, dkk., 2022). The type of data used is in the form of qualitative data collected using library research related to Mudharabah: Sustainable Sharia Investment Model. This includes checking sources such as books, academic articles, research reports, and relevant sharia guides. Research was carried out by identifying relevant concepts, theories and frameworks to build a research foundation (Muttaqin, 2022). This study also includes reviewing literature research on the concept of mudharabah, the principles underlying it, and the differences between this model and other forms of investment. Includes an explanation of the roles of the parties involved in Mudharabah, namely shahib al-maal (investor) and mudharib (fund manager). This study also looks at the form of legal development of the mudharabah concept both in theoretical studies and practice in the field as well as the differences between this model and investment. Data analysis for this research was carried out using descriptive-qualitative techniques, namely by studying and understanding the various data collected, then formulating the results as a conclusion.

This research uses primary data sources and secondary sources. Primary sources are the main sources obtained from literature (Sugiyono, 2014). This study contains theories about the concept of mudharabah, namely shahib al-maal (investor) and mudharib (fund manager) and the differences between this model and other forms of investment. Meanwhile, secondary sources are the second sources that complement primary sources (Sugiyono, 2014) obtained from previous research. After all the data was collected, data analysis techniques were carried out in the form of content analysis techniques based on several research data sources including documentation sources (Afifuddin, 2012). This research seeks to examine the relationship mudharabah with sustainable investment. This may include an explanation of how ESG (Environmental, Social, and Governance) principles can be applied in the context of Mudharabah, and how this model can be used to support projects that have a positive impact on the environment and society. It is hoped that the results of this research will be able to contribute new ideas and add to the body of knowledge in the field of sharia economic law. Especially those related to the development of mudharabah law, namely shahib al-maal (investor) and mudharib (fund manager) as well as the differences between this model and other forms of investment. The discussion can be supplemented with real case examples or case studies that illustrate the use of Mudharabah in sustainable investment. It helps to illustrate the concept practically. As for the sharia approach, this discussion includes the sharia approach used in the form of Mudharabah studies, including the prohibition of usury, the prohibition of investment in haram businesses, and other aspects that ensure compliance with Islamic law.

RESULT AND DISCUSSION

The concept of Mudharabah

Mudharabah is one of the fundamental investment models in Islamic finance. This model is based on Islamic principles governing how to invest and share profits and losses between those who provide capital (*shahib al-mal*) and those who manage capital (*mudharib*). Here is a detailed description of Mudharabah. Definition of Mudharabah is Mudharabah is an investment partnership in which one party provides capital (investor or owner of capital) and the other party manages the capital (manager or executor). The party providing the capital is not active in managing the business and only acts as the owner of the capital (Usmani, 2002).

Profit and Loss Sharing is In Mudharabah, the profit generated from the investment is shared between the capital owner and the manager according to the initial agreement. This profit sharing can be in the form of a certain percentage or a fixed value. However, if a loss occurs, usually only the owner of the capital will bear it, unless there is an error or negligence caused by the manager (Khan, 2009). Participation of Equity Owners: Equity owners usually do not have an active role in managing the business funded by Mudharabah investments. They only provide capital and monitor business developments (Khan, 2009).

Capital Manager Participation: Capital manager, who is also known as *mudharib*, has the responsibility to manage the business according to sharia principles. They carry out day-to-day operational and decision-making activities (Siddiqui, 2005). Term: Mudharabah can have a certain period or without a certain time limit, depending on the agreement between the parties involved. This timeframe may vary according to investment objectives. Fairness and Ethics: Mudharabah is based on the principles of fairness, social responsibility, and good business ethics. Capital managers are expected to conduct business with integrity and based on moral values (Siddiqui, 2005). Mudharabah Requirements: There are conditions that must be met to carry out a Mudharabah investment. For example, businesses must be run according to sharia principles, and profit sharing must be clear and fair (El-Gamal, 2006).

A capital manager, also referred to as a *mudharib*, is responsible for managing the business in accordance with sharia principles. Some characteristics of mudharabah are as follows:

1. They handle day-to-day operational and decision-making activities (Siddiqui, 2005).
Term Mudharabah have a specific duration or do not have a specific duration, depending on the agreement between the parties involved. This timeframe may vary according to investment objectives.
2. Fairness and Ethics: Mudharabah is based on the principles of fairness, social responsibility, and good business ethics. Capital managers are expected to conduct business with integrity and moral values (Siddiqui, 2005).

3. **Mudharabah Requirements:** There are requirements that must be fulfilled in order to carry out a Mudharabah investment (El-Gamal, 2006).

Oversight and Reporting: Capital owners have the right to supervise businesses funded by Mudharabah and receive regular reports on investment performance (El-Gamal, 2006). **Islamic finance:** Mudharabah is one of the instruments used in Islamic banking, making investments and project financing and according to Islamic expectations. Mudharabah is extensively utilized in Islamic finance, particularly to encourage investments and sustainable projects that respect Islamic norms. (El-Gamal, 2006).

The history and development of Mudharabah in Islamic finance

Mudharabah is a financial instrument in Islamic finance that has a long history and significant development. The following is an explanation of the history and development of Mudharabah in Islamic finance:

History of Mudharabah

Beginning in Commerce: The concept of Mudharabah first appeared in trading practices in the time of the Prophet Muhammad SAW. At that time, the Arabs made frequent trading trips, and Mudharabah was used as a form of partnership to support this business (Chapra M. U., 2008). **Growth during the Caliphate:** During the Islamic caliphate, the practice of Mudharabah flourished. Caliph Umar bin Khattab is known to have practiced Mudharabah in the agricultural and trade sectors. **Sharia Regulations:** The concept of Mudharabah and the principles governing it are becoming increasingly structured in Islamic law and sharia legislation. This ensures that Mudharabah is carried out in accordance with Islamic teachings and ethical business principles (Chapra M. U., 2008).

Mudharabah Developments in Islamic Finance:

Modern Era: As Islamic finance has developed in recent decades, Mudharabah has become one of the main instruments in Islamic banking, project financing and investment (Usmani, 2002). **Islamic Banking:** Many modern Islamic banks offer Mudharabah products to their customers. This includes Mudharabah savings products and Mudharabah financing, where the bank acts as the owner of the capital and the customer or borrower acts as the capital manager (Usmani, 2002). **Investment and Project Financing:** Mudharabah is used in financing sustainable projects, such as renewable energy projects, sustainable agriculture, and sharia real estate. This reflects the role of Mudharabah in supporting sustainable development goals in Islamic finance (Khan F. , 2009).

Regulations and Standards: To ensure compliance with sharia principles, many countries and Islamic financial institutions have developed regulations and standards governing the practice of Mudharabah in Islamic finance (Siddiqui M. S., 2006). With a

rich history and continuous development, Mudharabah remains one of the main investment instruments in Islamic finance, playing an important role in promoting justice, sustainable development, and economic empowerment in the context of sharia (Siddiqui M. S., 2006).

Sustainable Investment

Definition and Concept of Sustainable Investment

Sustainable investment is an approach to investing that considers social, environmental, and corporate governance (Environmental, Social, and Governance - ESG) factors in making investment decisions. It is an approach that aims to achieve long-term financial goals while considering the social and environmental impact of the investment. The following is a further explanation of the definition and concept of sustainable investment:

Definition of Sustainable Investment:

1. **Integrated Approach:** Sustainable investing is an integrated approach to investing that combines financial considerations with environmental, social, and corporate governance (ESG) factors in making investment decisions (Eccles, 2011).
2. **Positive Impact:** The main goal of sustainable investment is to create a positive impact, both socially and environmentally, in addition to achieving financial returns (Eccles, 2011).
3. **Accountability:** Investors who adhere to a sustainable approach often perceive themselves as having a social and ethical responsibility towards the communities and environments in which they invest (GRI, 2018) .

Sustainable Investment Concept:

1. **ESG Factors:** The main concept in sustainable investment is ESG factors. This includes (*GRI, 2018*):
 - a. **Environmental:** Factors related to the environmental impact of the investment, such as carbon emissions, water management, and natural resource sustainability.
 - b. **Social:** Factors that consider the social impact of an investment, such as human rights, employment relationships, and contribution to society.
 - c. **Governance (Corporate Governance):** Factors related to corporate governance, such as business ethics, transparency, and the quality of corporate management.
2. **Diversification:** Continuing investments often encourage portfolio diversification to reduce risk and ensure that investments cover diverse sectors from an ESG standpoint (Nations, 2015).
3. **Sustainable Development Goals:** Sustainable investment is often linked to the United Nations' Sustainable Development Goals (SDGs), which aim to achieve sustainable development worldwide (Nations, 2015).

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4. Impact Measurement: Investors adhering to a sustainable approach often measure the social and environmental impact of their investment portfolio to monitor progress towards sustainable goals (Scholtens, 2002).

Sustainable investing has had a significant impact on the modern world of finance and business, with many investors, companies and financial institutions paying increasing attention to it. This reflects a shift towards more responsible and sustainable business practices in an era of globalization (Scholtens, 2002).

The relationship between sharia investment and sustainable investment.

This theme reflects the importance of understanding how the principles of Islamic finance, as applied in Islamic investment, can coexist with economic, social and environmental sustainability objectives. Below is a further explanation of the relationship between sharia investment and sustainable investment:

1. Shared Interest in Sustainability Principles: Sharia investment and sustainable investment have the common goal of promoting social responsibility, environment and good corporate governance. Both approaches prioritize investments that have a positive impact on society, the environment and business in the long term (El-Galfy, Corporate governance and the extent of voluntary disclosure in banks: The case of Egypt, 2011).
2. Avoidance of Haram Investments: Sharia investment and sustainable investment share the concept of avoiding investing in businesses that are considered haram or dubious in Islam or that violate sustainable principles, such as the business of tobacco, alcohol, or weapons (Morgan, 2002)
3. Emphasis on Social Justice: Sharia investment principles include the concepts of social justice and more equitable distribution. Sustainable investments also focus on reducing social and economic inequality. Therefore, there are similarities in these approaches to achieving social justice goals.
4. The Importance of Good Corporate Governance (ESG): Both Islamic investment and sustainable investment promote good corporate governance (Environmental, Social, and Governance-ESG) practices. This includes paying attention to environmental impacts, social responsibility and good management in making investment decisions.
5. Ethical Investment Selection: Both Islamic investing and sustainable investment involve selecting ethical and sustainable investments. This means that in both approaches, investors consider the ethical and social impact of their investments.
6. The Importance of Sustainability Reports: Sharia investments and sustainable investments require transparent sustainability reports. Investors in both types of investments want to understand the economic, social and environmental impacts of their portfolios.

7. Sustainability in Investment: Islamic investment and sustainable investment both have a long-term focus. They not only consider the current financial return, but also the long-term impact of the investment on society and the environment.
8. Synergy in Portfolio: Investors can achieve synergy by combining Islamic investments and sustainable investments in their portfolios. This can result in a portfolio that not only meets financial criteria but is also ethical and sustainable (Morgan, 2002).

Thus, the relationship between Islamic investment and sustainable investment is that both have similar goals of creating a positive impact on society, the environment and business, by considering financial and ethical values in investment decision making. Both promote principles such as avoidance of illicit investments, good corporate governance, and social justice, which contribute to sustainable economic development (Shleifer, 1997).

Studies often provide a basic understanding of the Mudharabah concept in the context of Islamic investments. They explain how Mudharabah works, the role of investors and managers, and the distribution of profits and risks (El-Galfy, 2013).

Some studies may have examined the extent to which Mudharabah can be considered a sustainable investment model. This may include the application of ESG (Environmental, Social, and Governance) principles in Mudharabah projects or how such investments can contribute to economic and social sustainability in the long term (Hasan, 2010).

Previous studies also often compare Mudharabah with other financial instruments in sharia and conventional investments. This may include an analysis of the benefits and risks of Mudharabah compared to instruments such as Musharakah, Sukuk, or conventional investments such as shares and bonds (Abduh, 2007).

Some research may have attempted to develop a more sustainable Mudharabah model or provide recommendations to improve sustainability in this model. This could involve an emphasis on good governance, transparency, and adherence to ESG principles (Hussain, 2007).

Some research may also include case studies or field analysis of how Mudharabah has been implemented in certain projects or economic sectors and what impact this has had on community sustainability and development (Kahf, 2005). A type of cooperation known as mudharabah occurs when two parties exchange labor and management (mudharib) for capital (shahibul maal). Losses from the project or business are often borne by the party supplying the funds, while profits are split according to prior agreements. The general points of applying Mudharabah are as follows:

1. First Agreement (Mudharabah al-Shirkah): Regarding the division of earnings and duties among the participants in the Mudharabah, a clear initial agreement must be reached. A portion of the profits that will go to the project manager and capital owner may be specified in this agreement.

2. Financial Records and Transparency When putting Mudharabah into practice, openness is crucial. Every financial transaction needs to be accurately documented.
3. Active Owner Participation: Owners of capital have the option to take an active or passive role in project management. While operational responsibilities fall within the purview of the project manager (mudharib), the capital owner is entitled to observe and offer feedback.
4. Evaluation and Profit Sharing: The earnings will be distributed in accordance with the original agreement once a specific amount of time has passed or the project is finished. This allocation may follow predetermined guidelines or a certain percentage.
5. Risk and Responsibility: In Mudarabah, the project manager and the capital owner share risk. Capital owners are only accountable for the capital they invest; but, depending on the arrangement, project managers may be exposed to higher risks.
6. Opportunities for Improvement and Development To boost the efficiency and efficacy of Mudarabah implementation going forward, field analysis may involve finding chances for additional development and improvement measures.

When this is finished, the research will be able to influence society's progress and sustainability in the future on both small and large economic scales. This is a pressing issue that calls for the application of the mudharabah concept in the banking industry as a means of securing the community's long-term financial support. Financing Small and Medium Enterprises: Mudharabah can also be used to finance small and medium enterprises (SMEs) that require capital. This can help in local economic development and create jobs. Oversight and Transparency Mudharabah investments require a high level of oversight and transparency. This means that investing parties have better access to information about how their funds are used. Thus, Mudharabah is one of the relevant and sustainable Islamic investment models that can support financial objectives while complying with Islamic principles and making a positive contribution to society and the environment. For investors who wish to combine Islamic values with sustainable investments, Mudharabah is an option worth considering.

CONCLUSION

Shahib Al-maal, the party making the investment, and mudharib, the party administering the investment, should share risks and gains. These are the cornerstones of the sharia investment model known as mudharabah. Mudharabah possesses some significant attributes about sustainable sharia investing. respects Islamic law: earnings and losses are distributed in accordance with the original agreement; and there is risk sharing between the party making the investment and the party overseeing the money. Long-Term Investment Sustainability Initiatives that benefit society, the environment, and corporate governance may be supported with the help of Mudharabah.

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