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Informal Musyarakah and Risk Allocation in Indonesian Microenterprises: Evidence from Hoco Coffee, Aceh

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Abstract

This article examines whether an informal culinary partnership between Hoco Coffee and micro, small, and medium-sized enterprises (MSMEs) in Banda Aceh can be characterised as musyarakah under Islamic commercial law and Indonesia's Sharia Economic Law Compilation. The study combines qualitative case evidence reported from interviews, observations, and operational documentation with doctrinal analysis of partnership principles and Indonesian legal materials. This paper find that the parties rely primarily on oral understandings, operational procedures, and integrated point-of-sale records. Hoco supplies premises, infrastructure, promotional access, and a payment platform, while participating entrepreneurs supply products, labour, and operating expertise. Agreed shares of net profits are reported at 10–20% for Hoco, but the treatment of losses varies across partnerships. Rather than assuming that non-cash contributions or oral agreements invalidate the arrangement, the article distinguishes contractual formation, evidentiary certainty, capital valuation, profit allocation, and loss responsibility. The arrangement resembles a flexible syirkah 'inan, yet complete Sharia compliance cannot be established without evidence of valued contributions and a transparent allocation of capital losses. A concise written

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partnership protocol, agreed valuation schedules, audit access, and differentiated loss rules would strengthen legal certainty without eliminating the flexibility small enterprises value.
KEYWORDS: musyarakah; Islamic commercial law; profit-and-loss sharing; microenterprises; informal contracts

Introduction

Partnership arrangements between business venues and small food producers provide an increasingly important illustration of how economic cooperation can develop outside formal financial institutions.[1] Unlike a conventional lease, these arrangements may combine access to premises and customers with production expertise, brand value, digital payment infrastructure, and a contingent share of trading profits.[2] Their legal character is therefore not determined by the label used by the parties.[3] Instead, it depends on the object of their agreement, the contributions they undertake, the rights they receive, and the way commercial losses are allocated. Islamic commercial jurisprudence recognises several forms of syirkah (partnership), while Indonesian law supplies an additional framework for evaluating their operation and enforceability.[4]

The challenge is particularly relevant for micro, small, and medium-sized enterprises (MSMEs) that have marketable products but limited access to strategically located commercial premises, administrative systems, and promotional networks. Collaboration with an established coffee shop can lower up-front expenses and improve visibility. These possible benefits, however, should not obscure differences in bargaining power. A venue operator may determine partner admission, control the sales interface, define operating standards, and possess the most complete transaction data.[5] For smaller suppliers, such dependence can create

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[1] Muryani Arsal, Haerul, and Abdul Khaliq, "Musyarakah-Based Business Partnerships Among Broiler Chicken Farmers: Are They in Line with Sharia Principles?" *Milkiyah: Journal of Sharia Economic Law* 1, no. 2 (2022): 65–74, https://doi.org/10.46870/milkiyah.v1i2.234. p. 66.

[2] Aye Sudarto, Muhamad Bisri Mustofa, and Fathul Mu'in, "Syirkah Contract: In the Compilation of Sharia Economic Law and the Maliki School of Thought," *Asas* 14, no. 01 (2022): 25–33, https://doi.org/10.24042/asas.v14i01.11544. pp. 30-31.

[3] Dyah Ochtorina Susanti, "Creative Economy Development Model for Micro, Small and Medium Enterprises Amidst the Threat of Economic Recession Based on Syirkah Mudharabah," *Batulis Civil Law Review* 3, no. 1 (2022): 60–75, https://doi.org/10.47268/ballrev.v3i1.719. p. 64.

[4] Supreme Court of the Republic of Indonesia, *Compilation of Sharia Economic Law* (Jakarta: Supreme Court of the Republic of Indonesia, 2011). p. 45.

[5] AJNN.net - Aceh Journal National Network, "Potential Economic Growth in 2025: MSMEs as the Main Driving Force in Aceh," https://www.ajnn.net/news/potensi-pertumbuhan-ekonomi-2025-umkm-jadi-motor-penggerak-utama-di-aceh/index.html, n.d.

disputes about which expenses count as costs, how net profit is calculated, whether returned goods are compensated, and who must absorb a loss.[6]

Hoco Coffee in Banda Aceh provides a useful case through which to examine this tension. The original field material describes a commercial venue that makes space, facilities, an integrated cashier system, and promotional services available to several culinary MSMEs. The enterprises, in turn, provide distinctive food products and manage at least part of their own production and labour. Rather than charging every partner a fixed rent, Hoco reportedly receives a negotiated percentage of net profit. This design can support enterprise participation while creating difficult questions of juridical classification: is Hoco a lessor, a service provider, a profit-sharing partner, or a combination of these roles?

The source manuscript reports that the partnerships are generally initiated through verbal understandings, supplemented by standard operating procedures (SOPs), trial arrangements, and sales records. It also records variation across individual enterprises in production arrangements, the timing of profit settlement, and the costs absorbed by each side. These characteristics make the case analytically useful because they separate trust-based performance from a fully specified legal bargain. The absence of a single executed contract does not by itself establish that an agreement is void under Indonesian civil law; rather, it raises questions about proof, interpretation, and whether the parties have agreed on the essential terms.

Contemporary fiqh al-mu'amalat provides a normative basis for contractual freedom subject to the prohibitions on injustice, deception, and excessive uncertainty. Yet the broad permissibility of commercial innovation does not answer how an unconventional agreement should be classified. A robust assessment must distinguish (i) the existence of contractual consent, (ii) the nature and valuation of contributions, (iii) the determination of a profit-sharing ratio, (iv) responsibility for ordinary business loss, and (v) duties of information and accountability. Without these distinctions, an analysis may treat any cooperative business arrangement as musyarakah merely because some profits are shared.[7]

Earlier studies have examined musyarakah arrangements in agricultural production, small-enterprise finance, and informal commercial cooperation.[8] They

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[6] Halida Zia, "Regulations on SME Development in Indonesia," *Rio Law Journal* 1, no. 1 (2020), https://doi.org/10.36355/rlj.v1i1.328. p. 1.

[7] Rhohis Kurniawan and Muhamad Zen, "The Role of Contemporary Fiqh Muamalah in the Development of Sharia-Based Business," *SANTRI: Journal of Islamic Economics and Finance* 3, no. 1 (2025): 50–61. p. 52

[8] Fairuz Azzahra Irsyad and Yenni Samri Juliati Nasution, "The View of Fiqh on Musyarakah Contracts and Their Implementation in Sharia Banking," *Jurnal Ilmiah Research Student* 1, no. 3 (2024): 338–47. p. 343

demonstrate the practical importance of profit-and-loss sharing but often concentrate on the financing relationship or on a general statement of conformity with Sharia principles.[9] This study focuses on the less examined position of a non-financial venue operator that contributes premises, infrastructure, market access, and management services rather than simply providing cash.[10] The resulting problem is the uncertain boundary between a genuine equity-like partnership and a service or concession arrangement remunerated by reference to profits.[11]

The analytical gap is not whether Islamic law permits modern business cooperation in the abstract; it is how a mixed-contribution, orally negotiated, platform-mediated arrangement should be tested against established rules. In particular, non-cash contributions must be distinguished from services that are consumed as they are performed, while ordinary business losses must be distinguished from damage caused by negligence or breach of agreed operational duties. Treating all these events as one category of "risk" can lead to inaccurate conclusions about both fairness and legality.[12]

Accordingly, the article asks three questions. First, what are the observable contractual characteristics and bargaining positions of Hoco Coffee and its MSME partners? Second, to what extent do the reported contributions, profit allocations, and loss practices meet the requirements of syirkah—particularly syirkah 'inan—under relevant Sharia principles and Indonesian legal materials? Third, what limited contractual safeguards would improve legal certainty and distributive fairness while preserving the economic accessibility of the partnership model? The contribution is a structured socio-legal assessment rather than a categorical endorsement of an informal arrangement.

9Dewan Syariah Nasional–Majelis Ulama Indonesia (DSN-MUI), Fatwa No. 08/DSN-MUI/IV/2000 tentang Pembiayaan Musyarakah (13 April 2000), section 3, https://www.shariaknowledgecentre.id/id/.galleries/pdf/fatwa/banking/08-pembiayaan-musyarakah.pdf.

[10] "View of Risk Sharing and Profit Distribution Analysis in Musyarakah Financing Contracts," https://www.ejurnal.kampusakademik.co.id/index.php/jrme/article/view/1599/1472, n.d. p. 185.

[11] P K Rijadi, "Sharia Economic Norms from Nash to Qanun: Sharia Banking," *Taraadin: Journal of Islamic Economics and Business* 3, no. 2 (2023): 54, https://jurnal.umj.ac.id/index.php/taraadin/article/view/16718. p. 48.

[12] Irsyad and Nasution, "The Fiqh View of Musyarakah Contracts and Their Implementation in Islamic Banking." p. 343.

Data and Method

This article uses a qualitative socio-legal case-study approach combined with doctrinal legal analysis. The empirical component draws on the field information contained in the original manuscript: interviews with Hoco Coffee management and participating MSME operators, observations of the collaboration, and references to operational documents, standard operating procedures, trial arrangements, and point-of-sale records. The case is located at Hoco Coffee, Lambhuk, Banda Aceh, Indonesia. The legal component considers the principles of fiqh al-mu'amalat, Indonesia's Compilation of Sharia Economic Law (Kompilasi Hukum Ekonomi Syariah, KHES) under Supreme Court Regulation No. 2 of 2008, relevant guidance issued by the National Sharia Council–Indonesian Ulema Council (DSN-MUI), and general Indonesian contract law. The analysis proceeds in four stages: describing the obligations reported by each party; identifying the economic contribution and bargaining asymmetry; comparing the stated profit and loss practices with applicable partnership standards; and formulating context-sensitive governance safeguards[13]. The source manuscript does not specify the total number of interviewees, interview dates, interview protocols, or systematic coding procedure. Accordingly, the study is presented as an exploratory case rather than a representative survey, and its findings should not be generalised statistically to all Indonesian MSME partnerships. These missing methodological particulars require confirmation from the original researchers before submission to another journal.[14]

A. The Legal Structure of Musyarakah and Informal Partnership Agreements

Musyarakah, or syirkah, refers in Islamic commercial jurisprudence to a form of association in which parties cooperate in an economic venture and share specified returns and responsibilities. The concept should not be treated as a single, invariant contract. Classical schools recognise different forms of participation, including contributions of property, labour, or commercial reputation, and they differ in their doctrinal treatment of these arrangements. For present purposes, the important distinction is between an undertaking in which partners share the entrepreneurial

[13] Fildza Malahati et al., "Qualitative: Understanding Research Characteristics as a Methodology,""*Journal of Basic Education* 11, no. 2 (2023): 341–48, https://doi.org/10.46368/jpd.v11i2.902. pp. 343.

[14] Muhajirin, Risnita, and Asrulla, "Quantitative and Qualitative Research Approaches and Research Stages," *Journal Genta Mulia* 15, no. 1 (2024): 82–92. p. 82.

venture itself and a different contract that merely calculates a fee by reference to turnover or profit.[15]

The Maliki tradition has been invoked to support flexibility in the form of contributions, including non-cash assets. This view is relevant to Hoco Coffee because the venue does not simply deliver a sum of cash to a producer. Nevertheless, doctrinal flexibility is not unlimited: premises, goods, facilities, services, and access to a customer base do not necessarily represent the same type of capital. Their valuation and the parties' corresponding entitlements must be ascertainable if an agreement is to operate as a coherent partnership. The permissibility of a non-cash contribution is therefore analytically separate from proving that its value was agreed and that its loss-bearing implications were understood.[16]

Islamic legal discussions of commercial association also emphasise accountability, good faith, and the avoidance of exploitation. Those principles provide the normative context for evaluating this case, but they do not substitute for evidence about the actual terms negotiated by the parties.

Religious sources invoked in the original manuscript emphasise loyalty and the avoidance of betrayal in partnerships. In the present legal analysis, their relevance lies primarily in the duties of fidelity and trust between parties. Such ethical commitments can strengthen commercial cooperation but cannot alone establish the economic content of an agreement or resolve a disputed calculation of net profits.[17]

An approach based solely on the parties' trust would also understate the practical function of documentation. Clear records can protect a party precisely when personal relations change, an employee makes an accounting error, or a disagreement emerges about inventory and operating costs. Documentation is thus a mechanism of fairness, not necessarily evidence that partners distrust one another.[18]

A workable assessment of a musyarakah arrangement examines four elements: legally capable contracting parties, mutual agreement (ijab and qabul), identifiable economic contributions, and a sufficiently clear distribution of profits and risks. The description of operational roles is important because it indicates whether the parties are co-venturers, independent sellers using shared infrastructure, or counterparties

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[15] Ahmad Warson Munawwir, "KamusAl-MunawwirArab-Indonesia.Pdf," 1997. p. 1418.

[16] Wahbah Az-Zuhaili, "Fiqih Islam Wa Adillatuhu Volume 5 (Laws of Financial Transactions, Sales Transactions, Insurance, Khiyar, Types of Sales Contracts, Ijarah Contracts)," *Translation of Fiqih Islam Wa Adillatuhu Volume 5* 5 (2011): 400–404. Page 441.

[17] Wahbah Az-Zuhaili. , p. 442.

18DSN-MUI, Fatwa No. 08/DSN-MUI/IV/2000, sections 1–3.

to a separate service agreement. The classification has consequences for accounting, responsibility for loss, and the remedies available when one side fails to perform.[19]

1. The existence of mutual intent and expectation (*ittihād al-maqshad*) between the two parties.
2. It is carried out through an explicit statement of intent (*shighah*), in the form of ijab and kabul.
3. A temporal meeting between ijab and kabul, either in one assembly (*majlis al 'aqd*) or through a continuous line of communication.
4. The creation of absolute consensus (tarādīn) without objection (*khuLūww 'an al-munāqadhah*) from either party.

In Indonesia, the KHES distinguishes several forms of syirkah, including syirkah amwal, syirkah abdan, and syirkah wujuh. It also refers to contractual forms such as syirkah 'inan. Those categories offer a vocabulary for analysing contributions of capital, work, and commercial trust, but the legal label cannot be mechanically assigned to a mixed business arrangement without examining the parties' actual rights and obligations. The analysis below therefore treats the KHES as an interpretive framework for the case rather than assuming that the very existence of shared profits proves compliance.[20]

1. *Syirkah Amwal*

   Syirkah Amwal is a form of cooperation based on capital contributions from the parties. In the KHES, the provisions regarding *Syirkah Amwal* are further regulated in Article 146, which stipulates that in capital cooperation, each member *of the syirkah* must contribute capital in the form of cash or valuables. If the capital contributed is not in the form of cash, then the assets must be sold or valued in advance before the cooperation agreement is made, as stipulated in Article 147 that if the assets of the members to be used as partnership capital are not in the form of cash, then these assets must be sold and/or valued in advance before entering into a cooperation agreement. More broadly, the KHES also explains variations of this capital partnership in Articles 136 and 137. Partnerships can be formed with unequal amounts of capital, where profits and losses are divided proportionally or equally (Article 136), or with equal amounts of capital, where profits and losses are also divided equally (Article 137).

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[19] Sri Sudiarti, "Contemporary Fiqh Muamalah," *UINSU Press*, 2018, 1–263. p. 147.
[20] Supreme Court of the Republic of Indonesia, *Compilation of Sharia Economic Law*. p. 45.

2. *Syirkah Abdan*
   Unlike *Syirkah Amwal*, which is based on material assets, *Syirkah Abdan* is a partnership based on expertise or work skills. Article 138 of the KHES defines this form as a cooperation ( ) between two or more parties who have the skills to carry out a joint venture. The technical provisions regarding *Syirkah Abdan* are detailed in Article 148, which states that a job has value if it can be calculated, measured, and valued based on services or results. In this scheme, each party is required to have the skills to work (Article 150 paragraph 1), and the distribution of profits can be based on an agreement that takes into account capital and/or work, and may even be different if one party is considered more skilled (Articles 156 and 157).
3. *Syirkah Wujuh*
   The third type is *Syirkah Wujuh*, which is a form of cooperation based on trust or reputation. Article 140 paragraph 1 of the KHES explains that this cooperation is carried out between the owner of the property (capital) and the trader due to mutual trust. The uniqueness *of Syirkah Wujuh* lies in the trader's authority to sell the other party's property without the need to submit an advance payment or physical collateral, based solely on the credibility or "face" (*wujuh*) of the trader (Article 140 paragraph 2). In this scheme, the distribution of profits is determined by agreement of the parties (Article 140 paragraph 3). If the goods traded are not sold, they are returned to the owner, but if damage occurs due to the trader's negligence, the trader is obliged to replace them (Article 140 paragraphs 4 and 5).

Syirkah ‘inan is the closest point of comparison because it permits differentiated participation and does not depend upon identical contributions. This adaptability is useful for collaborations in which one participant provides premises and a point-of-sale platform while another supplies goods, workforce, and production knowledge. Yet the apparent similarity establishes only a plausible classification. Further evidence is needed on ownership or use rights over the non-cash contributions, the extent to which those contributions were valued, and whether the loss burden corresponds to the agreed capital structure.

By contrast, the more demanding conditions associated with syirkah mufawwadah make it less suitable for an arrangement involving plainly unequal contributions and control. Mudarabah also does not automatically describe a business in which each side supplies operational resources and participates in

commercial decision-making. The distinctions matter because the legal treatment of profits, losses, and authority depends on the actual form of cooperation; the terms musyarakah and mudarabah should not be used interchangeably.[21]

The organising maxim al-ghunm bi al-ghurm connects entitlement to commercial benefit with exposure to business responsibility. Its relevance is not that every cost must always be split in the same percentage as every profit. Rather, an assessment must distinguish the parties' recognised capital, their negotiated profit ratio, ordinary capital loss, and loss arising from wrongful conduct. Only after identifying these categories can the analyst determine whether a particular allocation is compatible with the normative partnership model.

This distinction is especially important in the present case. A higher contribution of managerial expertise might support a larger agreed share of profit, while the treatment of a decrease in contributed capital raises a different question. Similarly, losses produced by spoilage, an operator's negligence, an accounting error, or a market downturn are not necessarily equivalent. The manuscript's evidence suggests that some such losses were absorbed by Hoco, but it does not document a complete capital-account schedule that would establish the correctness of any particular proportional allocation.[22]

Ethical appeals to sharing commercial risk should therefore be operationalised through explicit clauses, predictable recordkeeping, and an agreed dispute-resolution procedure. This is the link between Islamic legal principles and the everyday governance needs of small food producers.

B. Sharia Business Ethics, Legal Certainty, and Bargaining Power

The principles of maslahah and transactional justice are important to assessing whether a partnership is socially beneficial, not merely formally permissible. A venue that waives fixed rent and provides distribution channels may materially improve access to markets for microenterprises. At the same time, the venture's distribution of costs, decision-making authority, and financial information must be scrutinised. A business relationship can yield benefits for both parties while still leaving one side vulnerable to unilateral interpretation of an oral agreement.[23]

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[21] Syamsurianto, Misbahuddin, and Siradjuddin, "Analysis of Imam Malik's Economic Thought on Syirkah in Indonesia," *SYARIKAT: Journal of Sharia Economics* 6, no. 2 (2023): 545–56. p. 553.

[22] MSc Muhammad Abduh Tuasikal, "Benefits for Those Who Dare to Take Risks," Rumaysho.com, 2012, https://rumaysho.com/3055-keuntungan-bagi-yang-berani-menanggung-resiko.html. p. 51.

[23] 'Izz ad-Din ibn 'Abd. Salam, "Qawa'id Al-Ahkam Fi Mashalih Al-Anam Volume 1," 1990.

In the tradition associated with 'Izz al-Din ibn 'Abd al-Salam, consideration of benefit and harm directs attention to the consequences of legal arrangements. Applied to this case, the relevant benefits include customer access, reduced initial expense, production specialisation, and the possibility of contingent remuneration rather than a fixed rent. The corresponding harms may include opaque calculations of net profit, uncertainty over goods that remain unsold, limited capacity to contest transaction records, and unclear responsibility when a shared facility fails. These are concrete governance questions that require evidence rather than broad moral assurances.[24]

Commercial certainty is particularly significant where partners contribute different types of resources. Terms such as "net profit", "operating loss", "shared expense", and "asset contribution" should be defined in an agreed schedule. Where the parties rely on trust, the schedule can be concise and written in accessible language; its purpose is to clarify expectations rather than to impose the bureaucracy of a banking contract on small businesses.[25]

Gharar is relevant where uncertainty affects an essential contractual term or introduces a material risk of dispute. The oral form of an agreement is not itself proof of prohibited uncertainty; the stronger concern is whether the parties can consistently identify the profit base, expense categories, valuation of resources, settlement period, and loss triggers. This distinction prevents formalism from obscuring the genuine sources of contractual vulnerability.[26]

C. The Hoco Coffee Partnership: Empirical Configuration and Profit Sharing

The source material identifies a two-stage entry arrangement: an initial trial lasting approximately two weeks, followed by continuing cooperation if the producer meets Hoco Coffee's product and operating expectations. The collaboration is primarily negotiated orally but is supported by standard operating procedures, draft

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[24] M.E. Dr. Ismail, S.E., *Halal Culinary Creative Industry: Models and Development Strategies within the Framework of Maqashid Sharia*, ed. M.Si. Prof. Dr. Andri Soemitra, MA., Dr. Zuhrinal M. Nawawi, MA., Prof. Dr. Azhari Akmal Tarigan, M.Ag., Prof. Dr. Muhammad Ramadhan, MA., Prof. Dr. Darwis Harahap, 1st ed., n.d., https://books.google.co.id/books?id=LFM4EQAAQBAJ&printsec=frontcover. p. 34.

[25] Siti Rahmah et al., "The Application of Kaidan Yaqin La Yazulu Bisyak and Its Implementation in Sharia Economic Activities," *Ghanimah: Journal of Sharia Economics and Business* 1, no. 1 (2025): 50–61.

[26] Wismanto Muthia Azzahra, Lara Dwi Alma, Intan Nuraini Azzahra, "Gharar: Understanding the Concept in Fiqh: Definition and Implications in Transactions" 1 (n.d.), https://doi.org/https://doi.org/10.61132/hikmah.v1i4.265. p. 145.

documents that may remain unsigned, and an integrated point-of-sale (POS) system. Hoco controls the venue, facilities, cashier interface, and important sales information; participating businesses contribute products, workers, and production expertise. These arrangements indicate coordination and mutual economic dependence, but the evidence does not establish that every participating enterprise uses an identical contract. The partnership terms should therefore be evaluated separately where the source reports differences.

The venue's contribution is economically valuable: premises, electricity or other utilities, advertising, customer traffic, and transaction processing can reduce barriers to entry for food entrepreneurs. Yet these elements should not simply be described as "capital" without classification. A contributed asset, the grant of temporary use of space, and an ongoing promotional service create different economic obligations. From the standpoint of a musyarakah analysis, a schedule identifying which contributions enter the joint capital account—and which constitute operating expenses or services—is essential to the legal conclusions that can be drawn.[27]

1. Bukulah SME provides daily ready-to-eat products without on-site cooking, focusing on stock efficiency to minimise the risk of losses due to unsold products, which are shared with Hoco.
2. UMKM Brano Pizzeria manages full on-site production operations (*live cooking*) with special oven facilities, involving an independent management team from production to content marketing, and shares *outlet* construction costs with Hoco.
3. Penanku SME is fully responsible for product availability, on-site production, quality consistency, serving equipment, and staff compliance with Hoco's SOPs, with certain utility costs (such as electricity) borne independently.

The informal agreement reportedly specifies or contemplates the parties' operating responsibilities, a trial period, a share of net profits, and quality standards. Indonesian general contract law does not ordinarily require every commercial agreement to be written: Articles 1320 and 1338 of the Civil Code focus on consent, capacity, a definite object, lawful purpose, and the binding effect of valid agreements. The absence of an executed writing therefore should not be equated with automatic invalidity. It creates a different problem: the parties may later disagree about what was promised and encounter difficulties proving the exact basis for profit

[27] Mufti Muhamad Taqi Usmani, *An Introduction to Islamic Finance* (Karachi: Muslim Bhai, 2011). p. 25

calculations or liability. Hoco's SOPs and POS records may support the factual reconstruction of performance, but they do not necessarily evidence assent to every material term.[28]

The operational allocation is complementary. Hoco provides or coordinates premises, utilities, customer-facing facilities, and an integrated cash-register environment; producers manage product quality, stock, staffing, and relevant production costs. This division can improve efficiency by allowing each side to specialise. Nevertheless, the legal character of the arrangement depends on whether the parties share ownership and business risk in a venture or whether the operator provides commercial access in exchange for a variable service fee. The record does not provide a complete written accounting of contributed capital sufficient to settle this classification conclusively.

Negotiating power is also uneven. Hoco determines important features of the physical and digital platform and can evaluate which businesses may remain. SMEs retain practical leverage when they offer sought-after products or customer loyalty, but this commercial leverage is not identical to a legally protected right to inspect records, contest deductions, or terminate on reasonable notice. A more precise description is therefore an asymmetric yet mutually beneficial collaboration, rather than a fully balanced or "semi-symmetrical" partnership established solely by the absence of fixed rent.

For Indonesia's Sharia-law framework, the central distinction is between the distribution of profits and the treatment of losses. DSN-MUI Fatwa No. 08/DSN-MUI/IV/2000 on musyarakah financing states that trade assets contributed as capital should first be valued in monetary terms and agreed by the partners.[29] It requires profits to be clearly quantifiable and distributed according to an agreed ratio, while losses are borne proportionally to the partners' shares in capital.[30] Although framed for Sharia financing, these provisions provide a useful benchmark for assessing the claimed partnership character of a non-bank collaboration.[31] They

28Indonesia, Kitab Undang-Undang Hukum Perdata (Civil Code), arts. 1320 and 1338; see also Badan Pembinaan Hukum Nasional, "Perjanjian Lisan," https://literasihukum.bphn.go.id/konsultasi-hukum/24318.

[29] DSN-MUI, Fatwa No. 08/DSN-MUI/IV/2000, section 3(a)–(d).

[30] Irsyad and Nasution, "The Fiqh View of Musyarakah Contracts and Their Implementation in Islamic Banking." p. 339.

[31] Zuhal Alfian Akbar, "The Effectiveness of Musyarakah Financing on the Growth of Sharia MSMEs," *Journal of Islamic Economics* 1, no. 1 (2024): 178–203. p. 180.

should not be conflated with Fatwa No. 73/2008, which addresses the separate arrangement of diminishing musyarakah (musyarakah mutanaqisah).[32]

The case reports different arrangements across enterprises. Bukulah is described as paying Hoco 10% of daily net profit, with settlement dependent on the parties' agreed accounting cycle. Brano Pizzeria is reported to allocate Hoco 20% of monthly net profit. Penanku likewise reportedly allocates 20% of net profit, assessed through periodic financial checks. Those figures describe Hoco's reported share, not an independently verified aggregate profitability level. They should not be interpreted as guaranteed returns: on the account provided, Hoco's remuneration depends on positive operating performance.

The point-of-sale system apparently separates transactions for the venue and individual sellers, while the producers prepare or communicate relevant cost information. This division can facilitate reconciliation and reduce the risk of double-counting sales. However, a transaction record establishes revenue more readily than it establishes legally recognised "net profit". Parties still need a common approach to labour, depreciation, shared utilities, promotional expenses, returns, damaged stock, taxes, and losses caused by the cash-register system. A predetermined percentage can be fair only if the amount to which it is applied is identifiable, auditable, and accepted by both sides.[33]

TABLE 1. Analytical matrix of the Hoco Coffee partnership (compiled from the source manuscript).

Dimension	**Reported case evidence**	**Legal / evidentiary significance**
Formation	Primarily oral agreement; SOPs and draft documents	Validity differs from proof of agreed essential terms
Venue contribution	Space, infrastructure, promotion, POS access	Non-cash capital needs characterisation and agreed valuation
MSME contribution	Food products, production labour and skills	Distinguish contributed capital from ongoing services
Profit share	Hoco receives reported 10–20% of net profit	Profit base, deductions and settlement frequency must be defined
Loss handling	Different operational losses absorbed by different parties	Distinguish capital loss, ordinary cost and loss through fault

32DSN-MUI, Fatwa No. 08/DSN-MUI/IV/2000 tentang Pembiayaan Musyarakah (13 April 2000), sections 1 and 3(a)–(d), https://www.shariaknowledgecentre.id/id/.galleries/pdf/fatwa/banking/08-pembiayaan-musyarakah.pdf.

33 Royyan Ramdani Djayusman and Rafi Nur Azizah, "Analysis of Opportunities and Potential of Musyarakah Contracts in Improving Access to MSME Financing at BTN Syariah," *SOSMANIORA: Journal of Social Sciences and Humanities* 4, no. 2 (2025): 286–95, https://doi.org/10.55123/sosmaniora.v4i2.5247 p. 290.

Information	Venue controls integrated sales system	Partners need access to reconciliation and dispute mechanisms

The source thus supports a narrower conclusion than the original claim of full Sharia compliance. The use of a percentage of actual profit is consistent with a central characteristic of musyarakah, and the acceptance of non-cash resources is not inherently disqualifying. Yet no detailed valuation of premises, equipment, business services, and entrepreneurial contributions is reported. The evidence also does not establish an agreed capital-account approach or a comprehensive rule for apportioning ordinary business losses.[34] These gaps prevent a categorical declaration that the arrangement satisfies every requirement of syirkah 'inan.[35]

The possible economic contribution of this model should nevertheless be recognised. Removing a fixed rental burden may help enterprises test products and reach customers before committing to an independent outlet.[36] Comparable studies of commercial collaboration and musyarakah financing indicate why shared infrastructure and variable remuneration are attractive to small firms. The comparison should remain proportionate: the present case does not establish that this particular partnership caused measurable increases in sales, income, survival rates, or employment, because the manuscript supplies no longitudinal or controlled performance data.[37]

The most revealing evidence concerns losses. The original field account describes Hoco taking responsibility for certain unsold goods, stock discrepancies, system errors, and an operational/input loss of approximately IDR 400,000 associated with Brano Pizzeria.[38] Producers, by contrast, reportedly bear expenses or losses relating to ingredients, internal production, labour, or waste. These statements show practical risk sharing but do not reveal whether the parties classified the events

[34] Jerry Kurniawan Piri and Muhammad Ichsan Gaffar, "Analysis of the Potential of Musyarakah Financing for MSMEs in Indonesia," *Jurnal Mahasiswa Akuntansi* 2, no. 3 (2023): 381–88. p. 381.

[35] Abdul Fattah and Oyo Sunaryo Mukhlas, "The Application of Musyarakah and Musyarakah Mutanaqisah Contracts in Toll Road Project Financing: A Study of Implementation Analysis and Challenges in Indonesia," *Al-Kharaj: Journal of Economics, Finance & Sharia Business* 7, no. 9 (2025): 3506–22, https://doi.org/10.47467/alkharaj.v7i9.9159. p. 3509

[36] Piri and Gaffar, "Analysis of the Potential of Musyarakah Financing for MSMEs in Indonesia." p. 382

[37] Rijadi, "Sharia Economic Norms from Nash to Qanun: Sharia Banking." p. 46

[38] Mia Maulani, Siti Hapipah, and Ahmad Saepudin, "Business Cooperation System in Micro, Small and Medium Enterprises' Handicraft Products According to the Musyarakah Concept (Study at Menong Purwakarta Gallery)," *EKSISBANK: Islamic Economics and Banking Business* 6, no. 1 (2022): 109–24, https://doi.org/10.37726/ee.v6i1.328. pp. 109-110

as ordinary capital loss, negligent damage, discretionary assistance, or a commercial adjustment.[39] Without that classification, it would be premature either to declare the allocation unlawful or to describe it as necessarily consistent with the rule on capital loss.

The analytical implication is that a venue operator may choose to buffer small producers against specific operational contingencies while still preserving a Sharia-compatible profit-sharing arrangement, provided the underlying contract distinguishes ex ante capital risk from additional voluntary support and responsibility for fault. A blanket assertion that every loss must follow the nominal profit percentage would be as problematic as assuming that every loss must be borne by the operator.[40] The parties need intelligible categories and advance agreement, supported by reliable records.[41]

D. Doctrinal Assessment and a Practical Governance Framework

Taken together, the case has several features consistent with syirkah 'inan: differentiated contributions, joint participation in a commercial activity, remuneration linked to positive results, and a relationship extending beyond a fixed-price sale. Its weaknesses are equally material: no consistently executed written agreement, uncertain classification and valuation of non-cash inputs, incomplete evidence on agreed loss responsibilities, and concentration of sales information in the operator's systems. The appropriate conclusion is therefore conditional. The arrangement may be structured as a compliant musyarakah partnership, but the empirical record does not establish that it already meets every relevant doctrinal requirement.[42]

The first corrective measure is a short written memorandum signed by both parties, expressly identifying the legal character of the collaboration and describing the shared business activity. It should record the contribution of each partner, whether a resource constitutes capital, licensed use, reimbursable cost, or continuing service, and the monetary valuation method for any recognised non-cash capital. The

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[39] Trimulato Trimulato, "Analysis of the Potential of Musyarakah Products for Financing the Real Sector of MSMEs," *Journal of Economics & Development Studies* 18, no. 1 (2017): 41–51, https://doi.org/10.18196/jesp.18.1.3830. pp. 41

[40] Fitriani and Nisa, "Analysis of the Implementation of Musyarakah Contracts in Islamic Financial Institutions (LKS) in Indonesia (Case Study on the Growth of Micro, Small and Medium Enterprises)." p. 4.

[41] Nada Nafisah, Farid Fathony Ashal, and Riza Aulia, "Strategies for Developing Musyarakah Financing Products at PT. Bank Aceh for MSME Entrepreneurs in Banda Aceh City During the Pandemic," *Journal of Sharia Economics* 3, no. 2 (2022): 99–120, https://doi.org/10.22373/jose.v3i2.1886. p. 117.

[42] Supreme Court of the Republic of Indonesia, *Compilation of Sharia Economic Law*. p. 45

second measure is an agreed formula for calculating net profit: sales, permitted deductions, treatment of returns, taxes, utility charges, and the reporting period should be specified before the parties begin trading.

Third, a loss schedule should distinguish at least three situations: ordinary diminution of partnership capital, routine operating expenditure, and loss caused by negligence, breach of procedure, or a separately promised guarantee. The parties must agree how each is documented and treated. Fourth, both sides should have timely access to relevant POS reports and a simple reconciliation procedure. Fifth, the arrangement should establish proportionate exit rights, stock-handling duties, and staged dispute resolution through direct negotiation, mediation, and any legally appropriate forum. These safeguards are intentionally modest: the objective is to provide legal clarity without requiring small producers to navigate an unnecessarily complex financial contract.[43]

The conceptual contribution is a distinction between "economic resemblance" and "legal completion" in informal musyarakah. Shared commercial returns and complementary resources are evidence of an economically partnership-like relationship. Full legal characterisation, however, depends on demonstrable agreement over contributions, profit base, and risk allocation. This distinction permits flexibility in the recognition of innovative MSME collaboration without abandoning doctrinal discipline. It also creates a transferable framework for analysing food courts, shared kitchens, cooperative retail spaces, and other low-capital distribution platforms in jurisdictions where Islamic commercial principles interact with general contract law.[44]

Conclusion

The Hoco Coffee case illustrates both the promise and limits of informal profit-sharing partnerships for culinary MSMEs in Indonesia. The evidence describes cooperation based primarily on oral agreements, supported by operational procedures and digital sales records. Hoco provides market-facing infrastructure and

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[43] Aulia Usli Fatun Abdillah, Irvan Iswandi, and Siti Ngainnur Rohmah, "IMPLEMENTATION OF MUSYARAKAH CONTRACTS IN THE JANJI JIWA COFFEE FRANCHISE BUSINESS AT THE 'HAURGEULIS PUNYA CERITA' FOOD COURT," *Mueamala Journal: Journal of Sharia Economic Law* 2, no. 1 (2024): 20–32. p. 20

[44] M Taufik Hidayat, Umrotul Khasanah, and Meldona, "Implementation of Musyarakah Financing in Micro, Small and Medium Enterprises in Terms of Maqashid Sharia," *Jurnal IQTISHOD; Pemikiran Dan Hukum Ekonomi Syariah* 4, no. 2 (2025): 182–92. p. 182

a shared transaction platform, while participating enterprises supply products, labour, and expertise; the venue is reported to receive 10–20% of agreed net profits in several partnerships. These features make syirkah 'inan a plausible normative comparison, but they do not justify a definitive finding of complete compliance. The principal unresolved issues concern the valuation and legal classification of non-cash contributions, the definition and verification of net profit, and the distinction between ordinary capital losses and losses caused by operational fault. Oral agreements are not automatically invalid under Indonesian contract law; the more immediate concern is evidentiary and distributive uncertainty. A concise written agreement, transparent accounts, a differentiated loss-allocation schedule, and access to reconciliation records would retain the model's flexibility while strengthening fairness and enforceability. Because the underlying material concerns one location and does not report complete sampling or longitudinal financial data, the findings should be treated as an exploratory socio-legal interpretation rather than a general causal claim about MSME growth.

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