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How Indigenous Profit-Sharing Fosters Inclusive Entrepreneurship: A Phenomenological Study from the Minangkabau Community

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Abstract: Inclusive entrepreneurship has become an important research agenda as it seeks to expand entrepreneurial opportunities for individuals and communities traditionally excluded from economic participation. Previous studies have primarily explained inclusive entrepreneurship through formal institutions, public policy, access to finance, and entrepreneurship education, while limited attention has been given to indigenous governance systems that foster inclusion through culturally embedded business practices. This study explores how profit-sharing practices within the Minangkabau community create entrepreneurial opportunities and sustain shared prosperity. Using a phenomenological approach, this research involved in-depth interviews with thirteen entrepreneurs that engage profit-sharing practices across various sectors in West Sumatera. Data were analyzed using Braun and Clarke's reflexive thematic analysis to capture participants' live experience of profit-sharing practices. The finding reveals four interconnected dimensions. First, profit-sharing expands entrepreneurial participation by combining complementary resources, knowledge, labour, and productive assets. Second, shared responsibility promotes active participation and strengthens commitment among business partners. Third, collective risk-sharing reduces barriers to entrepreneurship by distributing uncertainty across participants. Finally, entrepreneurial success is understood as shared prosperity, encompassing family welfare, community well-being, social relationship, and spiritual fulfilment. These findings demonstrate that indigenous governance can function as a relational mechanism that promotes inclusive entrepreneurship and collective prosperity, offering an alternative perspective that is particularly relevant for resource-constrained communities in developing economics.

Keywords: Inclusive Entrepreneurship; Indigenous Profit-Sharing; Relational Governance; Resource Mobilization; Shared Risk; Shared Prosperity

A. Introduction

Despite growing attention to inclusive entrepreneurship, mainstream entrepreneurship research continues to assume that entrepreneurial participation primarily depends on individual capabilities, ownership of productive resources, access to finance, and institutional support. While these explanations have substantially advanced entrepreneurship theory, they pay considerably less attention to how entrepreneurship emerges in communities where productive resources are dispersed across individuals and coordinated through indigenous governance systems rather than formal market institutions. Consequently, an important question remains unanswered: How do communities create entrepreneurial opportunities for individuals who lack sufficient resources to become entrepreneurs independently?

In an increasingly homogeneous and individualistic world (Games et al., 2023), there remains space for alternative ways of organizing entrepreneurial activities and defining entrepreneurial success. As Gerschewski et al. (2025) argue, prioritizing financial outcomes over non-financial objectives—or vice versa—results in fundamentally different entrepreneurial behaviors and decision-making processes. Likewise, religious values influence entrepreneurial behavior and shape how entrepreneurs organize business relationships (Games et al., 2024). Entrepreneurs operating within highly individualistic and secular environments are more likely to evaluate entrepreneurial success through financial performance, whereas those embedded in collectivist cultures with strong religious traditions may place greater emphasis on justice, reciprocity, ethical conduct, and collective well-being. These differences suggest that entrepreneurship is not merely an economic activity but is also socially and culturally embedded.

Existing studies on inclusive entrepreneurship have predominantly focused on improving entrepreneurial participation through greater access to finance, entrepreneurship education, public policy, and institutional support. Although these approaches remain important, they provide only limited understanding of how entrepreneurial inclusion may emerge through indigenous governance systems that organize collaboration, coordinate complementary resources, and distribute entrepreneurial opportunities within local communities. Consequently, the relational processes through which culturally embedded institutions foster inclusive entrepreneurship remain underexplored.

One indigenous practice that deserves greater scholarly attention is profit-sharing (musyarakah). One of the fundamental principles of Islamic finance is profit-sharing (Athief, 2024). Nevertheless, previous studies have primarily examined profit-sharing from financial, contractual, and religious perspectives. Much less attention has been devoted to understanding how profit-sharing functions as a governance mechanism that mobilizes complementary resources and enables broader entrepreneurial participation. Existing research therefore provides limited insight into whether profit-sharing merely represents an alternative financing arrangement or whether it also constitutes a socially embedded mechanism that expands entrepreneurial opportunities for individuals possessing different combinations of capital, labor, knowledge, productive assets, and social networks.

The Minangkabau community offers a particularly valuable context for addressing this gap. Minangkabau entrepreneurship represents a balance between Islamic values and indigenous customary wisdom (Games et al., 2021), making the Minangkabau one of the most entrepreneurial ethnic communities in Indonesia (Games et al., 2023). Entrepreneurial activities within Minangkabau society have long been supported by indigenous institutions such as merantau (outmigration), induk semang (entrepreneurial apprenticeship), julo-julo or badoncek (community-based rotating savings and collective contributions), and profit-sharing arrangements. These institutions facilitate cooperation, reciprocity, and collective responsibility long before formal business organizations are established. In agriculture, for example, paduoan and patigoan regulate harvest-sharing agreements between landowners and cultivators. Similar arrangements are widely implemented in restaurants, livestock enterprises, retail businesses, and other micro and small enterprises. Rather than functioning merely as contractual agreements, these practices organize entrepreneurial relationships through trust, fairness, and shared responsibility.

Previous studies acknowledge that entrepreneurial success encompasses both financial and non-financial dimensions (Gerschewski et al., 2025), including subjective entrepreneurial success (Wach et al., 2017), subjective well-being (Diener et al., 1999), and eudaimonic well-being (Ryff et al., 2019). However, considerably less attention has been devoted to understanding how indigenous governance systems shape the entrepreneurial process itself. Existing scholarship has largely concentrated on entrepreneurial outcomes, while overlooking the mechanisms through which culturally embedded institutions mobilize community resources, lower barriers to entrepreneurial participation, and sustain collaborative entrepreneurship. Consequently, entrepreneurship research still lacks a process-oriented explanation of how indigenous governance contributes to inclusive entrepreneurship.

To address this gap, this study adopts a phenomenological approach to explore the lived experiences of Minangkabau entrepreneurs implementing indigenous profit-sharing practices across diverse business sectors. Rather than evaluating the financial performance of profit-sharing arrangements, the study investigates how indigenous profit-sharing mobilizes complementary resources, facilitates relational governance, enables collective risk-sharing, and generates shared prosperity that ultimately fosters inclusive entrepreneurship. By examining entrepreneurs' lived experiences, this study provides a culturally grounded explanation of inclusive entrepreneurship that complements dominant institutional and market-oriented perspectives. Accordingly, this study addresses the following research question: How do indigenous profit-sharing practices mobilize complementary resources through relational governance to foster inclusive entrepreneurship?

This study makes three contributions to the entrepreneurship literature. First, it extends the literature on inclusive entrepreneurship by demonstrating that entrepreneurial inclusion may emerge through indigenous governance systems rather than relying exclusively on formal institutional support. Second, it introduces relational resource mobilization as the mechanism linking indigenous profit-sharing with inclusive entrepreneurship. Third, it develops a process model illustrating how complementary resource mobilization, relational governance, collective risk-sharing, and shared prosperity interact to foster inclusive entrepreneurship within an indigenous entrepreneurial ecosystem.

B. Literature Review

B.1 Inclusive Entrepreneurship and Indigenous Governance

Inclusive entrepreneurship has emerged as an important area of entrepreneurship research as scholars increasingly recognize that entrepreneurial opportunities are not equally accessible to all individuals and communities. Most existing studies explain entrepreneurial inclusion through improved access to finance, entrepreneurship education, institutional support, and public policy interventions that reduce barriers for underrepresented groups. However, these perspectives mainly emphasize formal institutions while paying limited attention to indigenous governance systems that facilitate entrepreneurial participation through community-based arrangements and culturally embedded practices. Within collectivist societies, entrepreneurial activity is often organized through social relationships, reciprocity, and shared obligations rather than solely through individual resource ownership. Consequently, understanding how indigenous institutions foster entrepreneurial participation remains an important research area.

The Minangkabau community provides a particularly relevant context for investigating indigenous entrepreneurship. Minangkabau entrepreneurship reflects a unique combination of Islamic values and local customary wisdom, creating a business environment characterized by trust, reciprocity, collective responsibility, and social solidarity. Entrepreneurial activities are supported by indigenous institutions such as merantau (migration), induk semang (entrepreneurial apprenticeship), julo-julo or badoncek (collective savings and mutual support systems), and profit-sharing arrangements. These institutions enable individuals with diverse resources and capabilities to participate in entrepreneurial activities through collaborative relationships rather than individual ownership alone.

B.2 Profit-Sharing and Islamic Moral Economy

One of the fundamental principles of Islamic finance is profit-and-loss sharing (musyarakah), which promotes justice, fairness, and risk-sharing among economic actors. According to Athief et al. (2024), profit-sharing represents a core mechanism within Islamic finance that aligns financial activities with ethical and social objectives. Unlike conventional financing arrangements that often separate investors from entrepreneurial risks, profit-sharing requires all participating parties to share both potential gains and losses. This arrangement encourages cooperation, accountability, and equitable wealth distribution.

The broader concept of Islamic Moral Economy further emphasizes that economic activities should pursue social justice, welfare enhancement, and ethical responsibility rather than profit maximization alone. Asutay (2013) argues that Islamic Moral Economy views economic transactions as instruments for achieving social well-being, fairness, and collective prosperity. Therefore, entrepreneurial activities operating within Islamic value systems may evaluate success not only through financial outcomes but also through moral and social contributions. However, despite extensive discussions of profit-sharing within Islamic finance, limited research has examined how profit-sharing functions as a culturally embedded governance mechanism that facilitates entrepreneurship and shapes entrepreneurial success within local communities.

B.3 Entrepreneurial Success Beyond Financial Performance

Traditional entrepreneurship research has frequently evaluated entrepreneurial success through objective indicators such as profitability, business growth, market share, and venture performance. While these indicators remain important, recent scholarship suggests that entrepreneurs often adopt broader and more subjective criteria when assessing their success. Gerschewski et al. (2025) demonstrate that perceptions of entrepreneurial success vary across institutional and cultural contexts, reflecting different priorities between financial achievements and non-financial outcomes. Consequently, entrepreneurial success should be understood as a multidimensional construct shaped by personal values, social norms, and institutional environments.

This broader perspective is supported by studies on subjective entrepreneurial success and well-being. Wach et al. (2020) proposed that entrepreneurial success encompasses several dimensions, including organizational performance, workplace relationships, personal fulfillment, and financial achievement. Similarly, Diener et al. (1999) conceptualized subjective well-being as individuals' cognitive and emotional evaluations of their lives, while Ryff (2019) emphasized eudaimonic well-being, which focuses on meaning, personal growth, purpose in life, and self-realization. These approaches suggest that entrepreneurship can generate value beyond economic returns and that entrepreneurs may define success through social relationships, community contributions, spiritual fulfillment, and personal satisfaction.

B.4 Religion, Culture, and Entrepreneurial Values

Research increasingly acknowledges that entrepreneurial behavior is influenced by cultural and religious values. Smith et al. (2021) argue that religion remains an underexplored but potentially transformative factor in entrepreneurship research. Religious beliefs often shape ethical decision-making, perceptions of risk, definitions of success, and approaches to business relationships. Similarly, Games et al. (2021) found that personal values derived from religious and cultural traditions significantly influence entrepreneurial behavior and innovation among entrepreneurs belonging to a Muslim ethnic community. These findings suggest that entrepreneurship is deeply embedded within broader social and cultural systems rather than operating independently from them.

Within the Minangkabau context, entrepreneurship is shaped by the integration of Islamic teachings and indigenous cultural values. Previous studies have shown that collective norms, religious commitments, social trust, and reciprocal relationships constitute important foundations of entrepreneurial activity among Minangkabau entrepreneurs. Such values may influence not only how businesses are organized but also how entrepreneurs interpret achievement, fairness, responsibility, and prosperity. Consequently, entrepreneurial success may extend beyond individual wealth creation to include collective benefit, social inclusion, and spiritual fulfillment.

C. Methods

This research employed a qualitative phenomenological approach to explore the lived experiences of entrepreneurs implementing profit-sharing arrangements within the Minangkabau community. A phenomenological approach was chosen to understand how entrepreneurs interpret entrepreneurial participation, collaboration, and shared prosperity through business practices embedded in local cultural values.

The study was conducted in West Sumatra Province, Indonesia, the homeland of the Minangkabau ethnic community, where profit-sharing *(bagi hasil)* has long been practiced across various sectors, including agriculture, livestock, fisheries, culinary businesses, retail, services, and micro and small enterprises. Participants were selected using purposive sampling, involving thirteen entrepreneurs with direct experience in implementing profit-sharing arrangements across diverse business sectors.

Data were collected through semi-structured, in-depth interviews conducted in both Bahasa Indonesia and the Minangkabau language. Each interview lasted approximately 45–90 minutes, was audio-recorded with participants' informed consent, and transcribed verbatim. The interviews explored participants' motivations for adopting profit-sharing, business relationships, decision-making processes, perceptions of fairness, the distribution of risks and benefits, and their understanding of entrepreneurial success.

The data were analysed using (Braun & Clarke, 2022) reflexive thematic analysis. The analysis followed six iterative phases, beginning with inductive coding and progressing to the development of themes that captured shared patterns of meaning across participants' experiences. The resulting themes were then interpreted in relation to the literature on inclusive entrepreneurship, indigenous entrepreneurship, and relational governance.

D. Result and Discussion

1. Results

a. Mobilizing Complementary Resources to Expand Entrepreneurial Participation

Participants consistently described profit-sharing as more than a mechanism for distributing financial returns. Across different business sectors such as agriculture, livestock, culinary enterprises, and retail, the system functioned as a governance arrangement that enabled individuals possessing different resources to participate in entrepreneurial activities. Rather than requiring every entrepreneur to own sufficient capital, productive assets, labour, or managerial expertise, profit-sharing enabled these resources to be combined through mutually agreed partnerships. As a result, entrepreneurial participation became accessible to individuals who otherwise would have been excluded from business activities due to limited resource ownership.

Participants' experiences demonstrated that entrepreneurship was organised around the principle of resource complementarity. Individuals contributed according to the resources they possessed, while access to entrepreneurial opportunities depended on cooperation rather than individual ownership.

This pattern was particularly evident in agricultural and livestock businesses, where productive assets and labour were intentionally separated but integrated through profit-sharing arrangements.

Baron, an agricultural entrepreneur, explained that crop production depended upon collaboration between landowners and farm managers. Landowners contributed agricultural land, while managers invested their labour, time, and farming expertise. Instead of receiving fixed wages, both parties shared production outcomes after operational costs had been considered. He described the arrangement as mutually beneficial because each participant contributed different resources that neither could fully utilise independently.

"The landowner receives a share of the harvest without having to work the land directly, while the person managing the farm also receives a portion of the harvest. If any capital has been spent at the beginning, it is usually recovered first before the remaining profit is split equally. That way, both parties benefit."

Importantly, Baron did not interpret fairness as equal ownership of resources. Rather, fairness emerged because each participant was able to transform the resources they already possessed into economic opportunities through collaboration. As he further explained, managing agricultural land independently would require considerable time and continuous physical presence. Profit-sharing therefore enabled productive assets to remain economically valuable while simultaneously creating income opportunities for land managers.

A similar pattern appeared in Yan Wardi's livestock enterprise. Instead of employing workers through fixed salaries, cattle ownership and animal husbandry responsibilities were separated between different actors. The investor provided breeding cattle, whereas caretakers contributed labour and husbandry skills. Entrepreneurial returns were generated collectively and distributed through the offspring produced by the livestock.

"The investor buys the buffalo, and the caretaker looks after it in the barn. Whenever a mother buffalo gives birth, the calf is shared equally between the two parties, while the mother buffalo remains the investor's property."

This arrangement illustrates that entrepreneurial participation did not depend upon ownership of livestock alone. Individuals without financial capital were still able to participate because they possessed knowledge, labour, and husbandry experience. Conversely, investors lacking time or technical expertise remained actively involved through capital investment. Profit-sharing therefore mobilised complementary resources that were distributed across different actors.

Similar experiences were reported by Yusmaini, a rice field owner. Rather than cultivating the land independently, she relied upon local farmers to manage agricultural production. She acknowledged that one of the most meaningful outcomes of profit-sharing was not simply obtaining harvest returns but providing opportunities for people who did not own agricultural land to generate livelihoods.

"*What matters most is that we can still make a living while also helping other farmers who cultivate our rice fields, because not everyone owns farmland.*"

Yusmaini's account demonstrates that entrepreneurial participation extended beyond economic efficiency. Profit-sharing expanded access to productive resources by enabling individuals without land ownership to engage in agricultural entrepreneurship through their labour and farming capabilities. Entrepreneurial opportunity therefore emerged through resource sharing rather than resource ownership.

The same mechanism was observed in manufacturing and retail businesses. Deri explained that profit-sharing commonly emerged when entrepreneurs experienced capital constraints during business expansion. Instead of postponing business opportunities, entrepreneurs collaborated with relatives, friends, or trusted investors who contributed financial resources while allowing business operators to manage day-to-day activities.

"*In fact, the profit-sharing system usually arises because the business owner does not have sufficient capital. So, they partner with a friend or a relative, and the profit-sharing arrangement is agreed upon from the outset.*"

Interestingly, Deri emphasized that investors were not merely providers of financial resources. In many cases, they also contributed ideas, business networks, and practical support throughout the business process, illustrating that entrepreneurial collaboration involved multiple forms of complementary resources rather than capital alone.

Across participants, complementary resources included land, financial capital, labour, managerial capability, entrepreneurial experience, social networks, and available time. Profit-sharing enabled these otherwise fragmented resources to be assembled into productive entrepreneurial activities without requiring any single individual to possess them simultaneously. Consequently, participants consistently described entrepreneurship as a collaborative endeavour in which diverse resource contributions became equally valuable.

b. Rational Governance Enables Inclusive Participation

While complementary resources created entrepreneurial opportunities, participants consistently emphasised that these opportunities could only be sustained through relationships characterised by mutual trust, fairness, transparency, and collective decision-making. Rather than relying on detailed contractual arrangements, profit-sharing partnerships were governed through interpersonal relationships in which responsibilities, rights, and business outcomes were negotiated collectively. Participants perceived these relational practices as essential for ensuring that every individual, regardless of their resource contribution, remained an active and respected participant within the entrepreneurial process.

Across interviews, participants repeatedly explained that business relationships were built upon musyawarah(deliberation), reciprocal respect, and transparency. These principles enabled participants to negotiate profit-sharing arrangements openly while maintaining long-term cooperation. Consequently, entrepreneurial participation was not merely determined by financial investment but also by the quality of interpersonal relationships established among business partners.

Jeri, who operates a family-owned restaurant, explained that important business decisions were always discussed collectively before implementation. Rather than imposing unilateral decisions, he considered consultation to be an essential practice for maintaining fairness and ensuring that all parties felt respected throughout the business process.

"*The values of fairness, deliberation, and togetherness are principles I have learned from Minangkabau customs. Whenever there is an important decision to make or profits to be shared, we always discuss it together first.*"

For Jeri, deliberation was not simply a decision-making technique. Instead, it represented a governance practice that acknowledged each participant's voice regardless of differences in ownership or economic position. Through collective discussion, business partners developed shared understanding regarding responsibilities, expected outcomes, and the distribution of entrepreneurial benefits.

A similar perspective emerged from Busra Syafar, who regarded fairness as a moral obligation rather than merely an economic principle. Throughout his interview, he repeatedly referred to the Minangkabau expression "do not take what rightfully belongs to others" to explain how entrepreneurial relationships should be maintained.

"*If we take what rightfully belongs to someone else, the business will not bring blessings. Therefore, the distribution of profits must be truly fair.*"

Busra's account illustrates that relational governance extended beyond contractual compliance. Profit-sharing was understood as an ethical commitment requiring honesty, accountability, and respect for the contributions made by every participant. Fairness therefore emerged not because all participants received identical returns but because each person's contribution was recognised and rewarded appropriately.

Participants also highlighted the importance of flexibility in maintaining long-term entrepreneurial collaboration. Rather than applying rigid rules, business arrangements were frequently adjusted to accommodate changing circumstances and individual needs. Ristiana described her relationship with business partners as resembling family rather than conventional employer–employee interactions.

"The system is flexible and grounded in a family-like relationship. I always try to maintain a sense of kinship and mutual support, like the relationship between a child and their mande (mother)."

This family-oriented orientation fostered mutual commitment beyond financial incentives alone. Participants remained willing to cooperate because relationships were characterised by emotional attachment, mutual care, and reciprocal support, particularly during periods of business uncertainty.

Transparency also emerged as an important mechanism supporting inclusive participation. Several participants explained that business information, production costs, revenues, and profit calculations were communicated openly among partners. Such openness strengthened confidence that business outcomes reflected collective effort rather than individual advantage.

Nazwarlis explained that fairness required continuous evaluation of individual contributions. When workers invested greater effort than initially expected, she voluntarily adjusted profit distributions to acknowledge their additional commitment.

"If someone contributes more work, I give them an additional share. We follow the principles of raso *(empathy) and* pareso *(careful judgment). It does not always have to be equal, but it must be fair."*

Her experience demonstrates that fairness was interpreted as responsiveness rather than mechanical equality. Participants recognised that entrepreneurial collaboration required continuous adjustment to ensure that changing contributions remained appropriately valued. This flexibility encouraged stronger commitment because individuals believed their efforts would receive fair recognition.

Across participants, relational governance enabled inclusive participation by creating an environment in which diverse resource contributions were respected regardless of differences in ownership, education, or economic status. Rather than functioning as passive beneficiaries, participants became active collaborators whose voices, responsibilities, and contributions were acknowledged throughout the entrepreneurial process.

c. Shared Risk Reduces Barriers to Entrepreneurial Participation

Profit-sharing as a mechanism that reduced the personal risks associated with entrepreneurial activities was consistently described by participants. Rather than transferring uncertainty to a single individual, business risks were distributed among partners according to their respective contributions and agreed responsibilities. This collective approach enabled individuals with limited financial resources to participate in entrepreneurial activities that they might otherwise have considered too risky to undertake independently.

Across different business sectors, participants explained that entrepreneurial uncertainty including crop failure, fluctuating market prices, livestock losses, and unexpected operational expenses was accepted as a shared responsibility rather than an individual burden. Consequently, participation in business became more accessible because potential losses were collectively managed through reciprocal agreements.

Baron, an agricultural entrepreneur, explained that both profits and losses were shared between landowners and farm managers. Unlike conventional employment relationships, where workers receive fixed wages regardless of business performance, profit-sharing required every participant to accept entrepreneurial uncertainty together.

"When the business makes a profit, we all benefit. When it incurs a loss, we all share the loss as well. If you work on your own, you bear all the losses yourself. But under a profit-sharing arrangement, the burden is shared together."

For Baron, this arrangement fundamentally changed how individuals perceived entrepreneurial risk. Because uncertainty was distributed collectively, participants became more willing to engage in agricultural production despite unpredictable harvest outcomes. Rather than discouraging participation, shared risk encouraged cooperation and strengthened long-term commitment among business partners.

Yan Wardi expressed a similar perspective in his livestock enterprise. Caring for cattle requires considerable time, labour, and financial resources, while outcomes remain uncertain because reproduction and animal health cannot be fully controlled. Under profit-sharing arrangements, however, these uncertainties became collective responsibilities.

"*If the buffalo does not thrive or any problems arise, we discuss them together. It is not the caretaker alone who bears all the responsibility.*"

His experience illustrates that entrepreneurial participation was sustained because participants recognised that unexpected losses would not fall exclusively upon one individual. The willingness to continue collaborating therefore depended upon confidence that both opportunities and uncertainties would be shared fairly.

Several participants further explained that shared risk encouraged learning rather than blame. Instead of terminating partnerships following unsuccessful outcomes, business partners jointly evaluated problems and identified solutions that would improve future performance. Entrepreneurial setbacks were interpreted as collective experiences from which all participants could learn.

Fikri reflected on this process by explaining that business failures should not immediately dissolve partnerships because every entrepreneurial activity contains inherent uncertainty. What mattered most was the willingness of partners to communicate openly, evaluate mistakes, and continue improving the business together. Through this process, participants gradually developed greater confidence in managing future entrepreneurial challenges.

Similarly, Toto described how profit-sharing arrangements enabled farming groups to remain operational during periods of financial difficulty. Rather than expecting individual farmers to absorb increasing production costs independently, members worked together to identify alternative solutions, including adjusting production practices, sharing operational resources, and supporting one another when facing temporary financial constraints.

These narratives indicate that shared risk functioned not only as a financial arrangement but also as a mechanism for sustaining entrepreneurial participation during periods of uncertainty. Participants remained engaged because uncertainty was collectively managed through cooperation rather than individual sacrifice. As a result, individuals possessing limited capital or productive assets experienced fewer barriers to entering and remaining in entrepreneurial activities.

Importantly, participants did not perceive risk-sharing as reducing individual responsibility. Instead, collective responsibility encouraged greater commitment because each participant understood that their actions affected the welfare of others within the partnership. Shared accountability therefore strengthened mutual trust while simultaneously reinforcing entrepreneurial discipline.

Overall, the findings demonstrate that indigenous profit-sharing reduces barriers to entrepreneurial participation by distributing uncertainty across multiple actors rather than concentrating risk on individual entrepreneurs. This mechanism enables individuals with constrained resources to participate more confidently in entrepreneurial activities while strengthening the resilience of collaborative business relationships. Consequently, inclusive entrepreneurs

d. Shared Prosperity Redefines Entrepreneurial Success

Participants consistently described entrepreneurial success as extending beyond financial performance. While business profitability remained important for sustaining operations, participants rarely evaluated success solely in terms of income growth or business expansion. Instead, they associated successful entrepreneurship with the ability to create benefits that were shared among business partners, family members, employees, and the wider community. Within their lived experiences, entrepreneurial success was achieved when business activities generated collective well-being rather than individual financial accumulation.

Across interviews, participants repeatedly emphasised that the ultimate purpose of profit-sharing was not merely to distribute economic returns but to ensure that entrepreneurial activities created opportunities and improved the welfare of others. Success therefore became inseparable from social responsibility, reciprocal relationships, and spiritual fulfilment.
Deri explained that a successful business should not only generate profits for its owner but also provide opportunities for others to improve their own livelihoods.

"*A successful business is not only one that generates profit, but one that creates opportunities for others to grow and earn a livelihood.*"

For Deri, entrepreneurship was meaningful when business growth translated into broader economic participation. Creating employment, involving relatives and community members, and sharing business benefits were regarded as equally important indicators of entrepreneurial achievement.
A similar understanding emerged from Yan Wardi, who viewed entrepreneurial success as inseparable from social benefit.

"*If our business grows and other people are also able to benefit from that growth, then that is what I would call true success.*"

Rather than evaluating success through individual wealth accumulation, Yan Wardi measured entrepreneurial achievement by the extent to which business activities generated opportunities for others to participate and improve their welfare. Profit-sharing therefore represented a mechanism for distributing not only financial returns but also entrepreneurial opportunities.

Participants also highlighted the importance of maintaining harmonious relationships throughout the entrepreneurial process. Ristiana described long-term cooperation as resembling family relationships rather than purely commercial partnerships.

"*What matters most is maintaining good relationships. Livelihood can be earned together, but relationships should never be damaged because of money.*"

Her account suggests that relational continuity constituted an important dimension of entrepreneurial success. Sustaining trust and preserving long-term partnerships were considered equally valuable outcomes alongside economic gains.
Beyond social relationships, several participants associated successful entrepreneurship with spiritual fulfilment. Busra Syafar repeatedly explained that business prosperity could not be separated from ethical conduct and respect for the rights of others.

"*If profits are shared fairly and no one takes what rightfully belongs to another, insyaAllah (God willing), the business will bring blessings.*"

Similarly, Nazwarlis described entrepreneurial success as requiring sensitivity toward the circumstances of business partners. When individuals contributed more effort than originally expected, additional rewards were voluntarily provided because maintaining fairness was considered essential for preserving both trust and blessing within the business relationship.

2. Discussion

a. Indigenous Profit-Sharing as Relational Mechanism for Inclusive Entrepreneurship

The findings extend current understandings of inclusive entrepreneurship by demonstrating that entrepreneurial inclusion may emerge through indigenous governance practices rather than relying solely on formal institutional interventions. Existing literature generally explains inclusive entrepreneurship through access to finance, entrepreneurship education, public policy, and institutional support that reduce structural barriers for underrepresented entrepreneurs (OECD, 2023; Welter et al., 2017). While these mechanisms remain important, the present study suggests that entrepreneurial inclusion may also develop through culturally embedded governance systems that organise entrepreneurial relationships within local communities.

This finding resonates with the argument that entrepreneurship is embedded within its social and cultural context rather than being solely an individual economic activity (Games et al., 2023). The Minangkabau context illustrates how indigenous institutions organise entrepreneurial participation through collective values, reciprocal obligations, and shared responsibility. Rather than functioning merely as contractual arrangements, indigenous profit-sharing reflects the integration of Islamic values and local customary wisdom that characterises Minangkabau entrepreneurship (Games et al., 2021). In this sense, entrepreneurial inclusion is achieved not primarily through external institutional intervention but through locally embedded governance that enables individuals with different resources to collaborate.

Unlike conventional perspectives that conceptualise entrepreneurial participation as dependent upon individual ownership of productive resources, participants described entrepreneurship as a collaborative process in which entrepreneurial opportunities emerged through the mobilisation of complementary resources. Landowners, investors, workers, and business operators contributed different forms of capital, knowledge, labour, and experience that were subsequently integrated through profit-sharing arrangements. Rather than eliminating resource constraints, indigenous governance enabled dispersed resources to be collectively mobilised, allowing individuals with limited personal assets to participate in entrepreneurial activities.

These findings also complement Athief (2024), who positions profit-sharing *(musyarakah)* as a fundamental principle of Islamic finance grounded in justice and equitable partnership. However, the present study extends this perspective by demonstrating that profit-sharing serves not only as a financial arrangement but also as a relational governance mechanism that expands entrepreneurial participation through collaborative resource mobilisation. Entrepreneurial inclusion, therefore, is not exclusively determined by increasing individual resource ownership but can also emerge through governance mechanisms that facilitate access to complementary community resources through trusted collaborative relationships.

b. Resources Mobilisation Through Relational Governance

A second contribution concerns the mechanism through which entrepreneurial inclusion is created. Previous entrepreneurship research has emphasised the importance of resource mobilisation, entrepreneurial networks, and social capital in supporting venture creation. However, these studies have primarily focused on strategic networking or institutional resource acquisition.

The present findings indicate that within indigenous entrepreneurial contexts, resource mobilisation is fundamentally relational. Trust, fairness, deliberation, transparency, and reciprocal obligations were not peripheral social values but constituted the governance mechanisms through which productive resources became accessible to different community members. These findings reinforce Games et al. (2024), who argue that religious values shape entrepreneurial behaviour by influencing how entrepreneurs organise business relationships. In the present study, entrepreneurial collaboration was sustained not simply because of contractual obligations but because participants viewed fairness, reciprocity, and moral responsibility as integral components of entrepreneurial practice.

Importantly, participants rarely discussed profit-sharing as merely dividing financial returns. Instead, profit-sharing functioned as an institutional arrangement that coordinated contributions from individuals possessing different productive resources. Landowners without labour collaborated with farmers lacking land ownership. Investors without technical expertise partnered with experienced business operators. Individuals possessing entrepreneurial knowledge but lacking financial capital gained access to business opportunities through trusted partnerships.

This relational process extends previous discussions of indigenous entrepreneurship by demonstrating that indigenous governance does not merely preserve cultural values but actively organises entrepreneurial participation through socially embedded resource mobilisation. The findings therefore suggest that relational governance itself becomes a productive resource that enables inclusive entrepreneurship.

c. Shared Risk as a Mechanism of Entrepreneurial Inclusion

Another important contribution concerns the role of collective risk-sharing. Existing entrepreneurship literature generally portrays entrepreneurial risk as an individual responsibility requiring entrepreneurs to possess sufficient financial and psychological capacity to tolerate uncertainty.

Participants in this study described a different entrepreneurial reality. Risk was intentionally distributed among business partners through profit-sharing arrangements, reducing the personal burden associated with business uncertainty. Consequently, individuals possessing limited capital became more willing to engage in entrepreneurial activities because uncertainty was collectively negotiated rather than individually absorbed.

This pattern reflects the collective orientation of Minangkabau entrepreneurship described by Games et al. (2023), where entrepreneurial activities are organised through reciprocal social relationships rather than purely market-based transactions. The findings also complement Athief (2024), whose discussion of musyarakah emphasises the equitable sharing of profits and losses. However, the present study moves beyond Islamic financial principles by demonstrating that collective risk-sharing also functions as a mechanism that lowers barriers to entrepreneurial participation. Inclusive entrepreneurship, therefore, depends not only on expanding financial access but also on governance systems capable of redistributing entrepreneurial uncertainty across collaborative relationships.

d. Redefining entrepreneurial Success Through Shares Prosperity

Perhaps the most significant contribution of this study concerns participants' interpretation of entrepreneurial success. Conventional entrepreneurship research frequently evaluates success through business growth, profitability, innovation, or venture performance. Although participants recognised the importance of financial sustainability, they consistently described entrepreneurial success as creating opportunities and prosperity for others. This finding provides empirical support for Gerschewski et al. (2025), who argue that entrepreneurs may adopt different criteria of success depending on the values that guide their entrepreneurial activities.

Shared prosperity was experienced through several interconnected dimensions, including employment creation, improved family welfare, strengthened community relationships, ethical business conduct, and spiritual fulfilment. These dimensions also complement previous conceptualisations of subjective entrepreneurial success proposed by Wach et al. (2017), particularly regarding workplace relationships, personal fulfilment, and non-financial indicators of entrepreneurial achievement. Likewise, the findings resonate with broader perspectives on subjective well-being (Diener et al., 1999) and eudaimonic well-being (Ryff et al., 2019), suggesting that entrepreneurial success is experienced not only through financial outcomes but also through meaningful social relationships, ethical responsibility, and a sense of purpose.

Nevertheless, the present study extends these perspectives by demonstrating that entrepreneurial success within indigenous entrepreneurial communities is fundamentally relational. Financial gains acquired without fairness, reciprocity, or collective benefit were not regarded as genuine success. Instead, prosperity was understood as a shared achievement generated through collaborative entrepreneurship and ethical business conduct.

This finding expands existing discussions of entrepreneurial success by suggesting that within indigenous entrepreneurial contexts, business performance is evaluated collectively rather than individually. Entrepreneurial achievement therefore becomes inseparable from broader social inclusion, community well-being, and culturally embedded moral values. Consequently, inclusive entrepreneurship is sustained not only through the creation of entrepreneurial opportunities but also through a shared understanding that entrepreneurial success should generate prosperity for the wider community rather than solely for individual entrepreneurs.

E. Conclusion and Recommendation

This study demonstrates that indigenous profit-sharing functions not merely as a financial arrangement but as a relational governance mechanism that fosters inclusive entrepreneurship within the Minangkabau community. Through the mobilization of complementary resources, trust-based collaboration, collective risk-sharing, and shared prosperity, profit-sharing enables individuals with diverse resources and capabilities to participate in entrepreneurial activities.

The findings contribute to the literature by extending the understanding of inclusive entrepreneurship beyond formal institutional support. Specifically, this study introduces relational resource mobilization as a culturally embedded mechanism through which indigenous governance transforms dispersed community resources into inclusive entrepreneurial opportunities. These findings highlight the importance of integrating indigenous knowledge and local cultural values into contemporary entrepreneurship research and practice.

Future research should examine whether the process of relational resource mobilization identified in this study operates in other indigenous or collectivist contexts. Comparative and quantitative studies are needed to validate the proposed process model and explore its relationship with entrepreneurial performance, resilience, and community well-being. From a practical perspective, policymakers and entrepreneurship support organizations should recognize indigenous governance and collaborative profit-sharing arrangements as valuable mechanisms for promoting more inclusive and sustainable entrepreneurial ecosystems.

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