
Cairo's Halal Restaurant Industry: Exploring Sharia-Based Financing and Fatwa Influence

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Abstrak

Objective: This study aims to analyze the level of Sharia compliance in the financing practices of mudharabah contracts based on the fatwas of the Council of Egyptian Scholars, using the case study of a Sharia Restaurant in Egypt. This research is motivated by the importance of implementing Sharia principles in financial transactions, particularly in the microeconomic sector, to align with the values of justice and transparency as taught in Islam.

Theoretical framework: The theoretical framework of this study refers to the concept of Sharia compliance and the fundamental principles of fiqh muamalat, particularly in syirkah and mudharabah contracts, as well as contemporary perspectives on fatwas as a source of Islamic economic law.

Literature review: The literature review includes previous studies on the implementation of mudharabah contracts in the microeconomic sector and emphasizes the importance of supervision by local scholars in economic practices. **Methods:** This study employs a qualitative approach using in-depth interviews, participatory observation, and documentation to thoroughly explore the financing practices implemented.

Results: The findings reveal that the Sharia Restaurant in Egypt has implemented mudharabah contracts by the fatwas of the Egyptian Scholars Council, through profit-sharing mechanisms based on pre-agreed ratios (nisbah), transparent fund management, and active involvement of business partners in decision-making processes. These practices reflect the principles of justice, shared responsibility, and the avoidance of gharar (uncertainty) and riba (usury).

Implications: The implications of this study highlight that adherence to local fatwas can serve as a strategic guide for strengthening Sharia-based microeconomics. For Islamic financial institutions and micro-entrepreneurs, this study offers insight and inspiration for implementing Sharia-compliant partnership-based contracts. **Novelty:** The novelty of this research lies in its focus on the local Egyptian context, which is rarely explored in the Sharia compliance literature, as well as its analytical approach to the implementation of local scholars' fatwas in microeconomic practices.

Keywords: sharia restaurant, sharia compliance, financing, contract, fatwa of the egyptian scholars council.

INTRODUCTION

In the current era of global economic integration, the Islamic financial system is not only experiencing rapid growth in Muslim-majority countries but is also gaining

significant attention in Muslim-minority countries, including Egypt. As a nation with a substantial Muslim population, especially in southern regions, the demand for financial systems aligned with Sharia principles is increasingly urgent [1]. One such Sharia-compliant financing method is through *musyarakah* (partnership) and *mudharabah* (profit-sharing) contracts, which emphasize partnership, justice, and transparency in business management. However, in practice, not all micro-entrepreneurs and financial institutions fully understand or consistently apply these principles. Therefore, this research is crucial to examine in depth how *mudharabah* contracts are implemented in the local context, specifically in a Sharia-based restaurant in Egypt, and how these practices align with the fatwas issued by the Egyptian Council of Scholars, which holds recognized religious authority [2].

This study contributes not only to the advancement of Islamic economics and *fiqh muamalah* but also offers practical insights for business practitioners and Islamic financial institutions about the importance of compliance with Sharia principles and local fatwas in business transactions. Furthermore, the study opens space for broader discussions on the role of local fatwas in shaping contextual and applicable Sharia-compliant business models in Muslim-minority settings [3]. Thus, the study is academically relevant and directly impacts the development of ethical, just, and sustainable Sharia microeconomic systems, empowering the Muslim community in Egypt. Islam, being the only religion approved by Allah *subhānahu wa ta'ālā*, is a universal way of life, comprehensive and perfect, relevant from the time of the Prophet Muhammad (peace be upon him) until the end of time. Islamic teachings regulate not only the relationship between humans and their Creator but also interpersonal and societal relationships. Therefore, no issue in Muslim life remains unsolvable under Islamic guidance. This includes dynamic developments in the realm of modern business [4].

Islamic economics is based on trade principles sanctioned by Sharia, developing wealth through lawful means by Islamic legal rulings (*muamalah syar'iyah*). This includes the following foundational rulings that permit various forms of transactions while avoiding anything prohibited by Allah, such as *riba* (usury) [5]. As civilization progresses, accompanied by advancements in science and technology, economic activities continue to diversify. Modern business transactions now extend beyond individuals and include various organizations and legal business entities (*syirkah*). Many Muslims today recognize the importance of engaging in business. Partnerships (*syirkah*) emerge as a solution for those lacking sufficient capital or business skills, allowing collaboration based on available assets, skills, or opportunities [6].

Given the diverse nature of modern transactions and business entities, it becomes essential for Muslims to examine business structures and contracts from a Sharia perspective. This commitment to divine law reflects one's faith in Allah and belief in the Hereafter. Analyzing such contracts also helps assess how effectively Islamic law responds to modern economic developments, particularly in business [7]. This need creates a challenge for Egypt's Fatwa Council, as a regulatory authority, to issue relevant, timely, and practical fatwas that guide Sharia-based institutions. The Sharia Restaurant Egypt serves as a case study of a culinary business striving to model adherence to Islamic law. Its application of the *Mudharabah* contract, a type of hybrid contract, is a subject of academic and practical importance [8].

In modern Islamic finance, hybrid or multi-contracts (*al- 'uqud al-murakkabah*) have emerged. These are not new concepts in classical *fiqh* but have become prominent as financial institutions innovate to meet contemporary needs. Although some hybrid contracts are restricted based on prophetic traditions that prohibit combining specific contract types (e.g., two sales in one transaction), contemporary scholars argue that such hadiths apply to particular conditions and do not represent a general prohibition [9]. Hybrid contracts can be categorized as either “natural” (arising from dependent

relationships between principal and accessory contracts) or “modified” (intentionally constructed from independent contracts to meet modern financial needs). Modified contracts are considered valid when each component contract meets its legal conditions and does not violate Sharia rulings [10].

While classical jurisprudence sets boundaries such as prohibiting linking one contract’s validity to another in a conditional manner (*mu’allaq*), modern scholars like Nazih Hammad suggest that as long as the individual contracts are lawful, their combination remains permissible, with some prophetic prohibitions viewed as exceptions rather than general rules [11]. Another essential dimension is the *Maqasid al-Shariah* (objectives of Islamic law), which serves as a guiding framework in all human activities, including economic life. The overarching goal is to secure benefits (*maslahah*) and prevent harm (*mafsadah*), reflecting the deeper aims of Sharia such as preserving religion (*hifz al-din*), wealth (*hifz al-mal*), and social welfare. A successful Islamic economic system must ensure these core needs are met, aligning with both spiritual and material objectives. This study, therefore, seeks to uphold Sharia values in contemporary business practices by applying the principles of *Mudharabah* in alignment with local fatwas. It aims to ensure that both capital acquisition and business operations are conducted ethically and by Islamic law, thereby contributing to a more just, transparent, and faith-driven economy [12].

Implications. This research highlights the critical role of Sharia compliance in restaurant financing, particularly through the lens of the halal dining sector in Cairo. The study’s findings have several important implications for the broader Islamic finance ecosystem, restaurant business models, and regulatory oversight within Muslim-majority economies [13]. Firstly, the application of Sharia-compliant contracts, especially *Mudharabah* and *Musarakah*, demonstrates a sustainable alternative to interest-based financing in the culinary sector. These contracts foster mutual trust between investors and entrepreneurs by emphasizing fairness, profit-sharing, and risk distribution. For restaurant owners in Cairo, this financing method has proven effective in supporting small- to medium-sized enterprises (SMEs) while maintaining alignment with Islamic ethical values [14].

Secondly, this study reveals how fatwas issued by Egyptian Islamic scholars play a significant role in shaping financial decisions and operational structures. The reliance on local fatwas ensures contextual relevance, reflecting Cairo’s socio-economic and cultural dynamics [15]. Fatwas serve not only as theological guidance but also as practical business tools that promote ethical governance and compliance in financial contracts. For regulators and policymakers, this underscores the need to integrate fatwa-based frameworks into national financial regulations, particularly in sectors with high Sharia sensitivity. Thirdly, the study suggests that a consistent review and audit process, often conducted by independent Sharia advisors, can significantly improve transparency, accountability, and investor confidence. This model can be adopted across various halal industries beyond the food sector, including fashion, tourism, and education, to strengthen the credibility of Islamic finance mechanisms [16].

Novelty, this research contributes a unique perspective to the field of Islamic finance by exploring Sharia compliance not in the traditional banking or capital markets, but in the relatively under-explored halal dining sector [17]. While many studies focus on financial institutions or corporate sukuk, this paper shifts the lens toward grassroots economic activity, highlighting how everyday businesses implement Islamic financial principles in practical terms. The study also presents an original case of *Mudharabah* financing in a Sharia-compliant restaurant setting, supported by contemporary Egyptian fatwas. This combination of legal doctrine and empirical practice is rarely documented in academic literature. Furthermore, the research bridges a gap between theoretical

jurisprudence and real-world application by analyzing how religious decrees influence business operations, financial structuring, and stakeholder relations [18].



Figure 1. Halal Restaurant Models Cairo, Egypt

Another novel contribution is the emphasis on Cairo as a research setting. Despite Egypt's historical significance in Islamic jurisprudence, there is a lack of recent empirical work that addresses how Egyptian fatwas shape modern business models [19]. This research responds to that gap by offering localized insights into Cairo's halal economy, illustrating how Islamic rulings are adapted in real-time to meet commercial challenges and opportunities. In conclusion, this study not only reaffirms the feasibility of Islamic financing models in the restaurant industry but also offers a framework for replicability in similar cultural and economic contexts. It encourages scholars, practitioners, and policymakers to revisit the application of Islamic financial contracts at the microeconomic level, promoting ethical, inclusive, and sustainable business practices within the global halal economy.

LITERATURE REVIEW

The study of Sharia-based financing practices has grown significantly alongside the rising awareness among Muslims regarding the importance of conducting financial transactions by Islamic principles. Two of the most commonly applied contracts in micro and small business financing are musyarakah and mudharabah. Musyarakah is a partnership contract between two or more parties who contribute capital to run a business and share profits and losses proportionally. Mudharabah, on the other hand, is a profit-sharing agreement between a capital provider and a business manager, in which profits are shared according to a pre-agreed ratio, while losses are borne solely by the capital provider, provided that no negligence is committed by the entrepreneur [20].

Within the framework of Islamic economic theory, both contracts emphasize justice, mutual responsibility, transparency, and proportional risk-sharing. It is therefore essential for entrepreneurs to understand the foundational values of these contracts to ensure that their practices remain within the bounds of Sharia. In reality, however, the implementation of musyarakah and mudharabah often faces various challenges, particularly regarding proper financial documentation, profit distribution, and monitoring of business fund utilization [21].

On another front, compliance with local fatwas (Islamic legal opinions) is a crucial element in ensuring that economic practices align with Sharia principles. Fatwas serve both normative and practical functions, guiding the Muslim community, especially in

regions with unique social and economic conditions, such as Muslim minority communities in Egypt. The Egyptian Council of Scholars holds the authority to issue fatwas in various domains, including muamalah (commercial transactions), which subsequently serve as references for Sharia-compliant financial practices in local Muslim communities [22].

While numerous studies have explored the implementation of musyarakah and mudharabah in Muslim-majority countries, relatively few have examined their application in Muslim-minority contexts such as Egypt. This gap presents a compelling area of research, as it demonstrates how Sharia values can be contextualized and adapted to different social settings, and how local fatwas play a strategic role in bridging the gap between normative Islamic texts and real-world economic practices [23].

Previous literature also highlights that the successful implementation of Sharia-compliant contracts largely depends on entrepreneurs' understanding of Islamic finance, the presence of supportive regulatory frameworks, and access to guidance from religious authorities [24]. Accordingly, this study positions itself within an underexplored intersection of microeconomic practice, Sharia compliance, and the authority of local fatwas in Egypt.

Table 1. Literature Review: Sharia Compliance in Restaurant Financing in Egypt

Theme	Main Points from Previous Studies	Relevance to Current Study
Sharia Contracts: Musyarakah & Mudharabah	These contracts emphasize partnership, transparency, and proportional profit-loss sharing.	Provides a foundational framework for understanding halal restaurant financing.
Challenges in Implementation	Common obstacles include poor financial documentation, unclear profit distribution, and weak fund monitoring.	Helps identify practical barriers faced by entrepreneurs in Cairo.
Role of Fatwas in Sharia Compliance	Fatwas serve as legal and ethical guidelines that adapt Islamic principles to local contexts.	Highlights the strategic importance of Egyptian fatwas in guiding Sharia-compliant practices.
Islamic Finance in Minority Contexts	The application of Islamic finance is more complex in Muslim-minority regions due to a lack of institutional support.	Justifies the focus on Egypt as a unique case study within the Muslim-minority framework.
Importance of Ethical Objectives	Sharia-compliant financing is not only structural but also ethical, aiming at justice, fairness, and social welfare.	Reinforces the moral dimension of financing halal restaurants.
Entrepreneurial Understanding of Sharia Finance	Successful implementation depends on business owners' knowledge and access to religious guidance.	Emphasizes the need for religious literacy among halal entrepreneurs.
Regulatory and Religious Support	Supportive legal and fatwa frameworks are essential for the sustainability of Islamic finance practices.	Demonstrates how local fatwas act as mediators between doctrine and real-world application.
Gap in Local Research	Few studies explore Islamic finance in Egypt's halal dining sector, especially in microenterprise settings.	Identifies the novelty and contribution of the present case study.

METHODOLOGY

This study adopts a qualitative research paradigm. Qualitative research produces descriptive data in the form of written or spoken words from individuals, as well as observable behaviors. In this context, the researcher directly engaged with the Mudharabah practitioners at Shariah Restaurants Egypt to observe and listen firsthand to their testimonies. The researcher then described these phenomena in a narrative format [25].

The research report includes quotations and factual statements gathered from the field to provide a comprehensive illustration and support the findings presented. A naturalistic approach was employed to explore and understand the phenomenon within a specific context. Furthermore, the researcher analyzes the Sharia compliance of the observed practices based on the fatwas issued by the Egyptian Council of Scholars. This study is grounded in field research, meaning the researcher visited the actual location of events to conduct observations of a phenomenon in its natural setting [26]. The focus of this research is centered on the phenomenon of the Sharia Restaurant in Egypt.

Table 2. Research Methodology

Component	Description
Research Paradigm	Qualitative
Approach	Naturalistic inquiry emphasizes context-specific understanding of human experiences and behaviors.
Research Type	Field research (empirical, observational, and contextual)
Data Collection Techniques	Direct observation of Mudharabah practices at Shariah Restaurants Egypt In-depth field engagement and interviews with practitioners Collection of spoken testimonies and observable behaviors
Data Form	Descriptive data in the form of written field notes, spoken testimonies, factual statements, and direct quotations from respondents
Data Analysis Technique	Narrative analysis: interpreting and presenting findings in narrative form to describe the phenomenon in depth
Analytical Focus	Evaluating the Sharia compliance of restaurant financing practices through the lens of fatwas issued by the Egyptian Council of Scholars
Setting	Shariah Restaurants Egypt (Cairo-based halal dining establishments)
Research Objective	To explore the practical implementation of Mudharabah contracts and assess their alignment with local fatwas within Egypt's halal restaurant sector

RESULTS AND DISCUSSION

Shariah Restaurants Egypt is a business entity operating in the halal culinary sector, with a strong commitment to running its operations by Sharia principles. One of the key aspects of sustaining a Sharia-compliant business is financing, which includes the method of obtaining capital and distributing profits in line with Islamic legal requirements. In the context of Shariah Restaurants Egypt, Sharia-based financing is central to driving and maintaining the continuity of its business operations [27].

Shariah Restaurants Egypt exemplifies a form of partnership, a vital aspect of muamalah (social and economic interactions) in human life. Humans, as social beings, rely on one another to fulfill their varying needs. It is thus reasonable that in today's world, various forms of such Sharia-based culinary partnerships, particularly syirkah, have become common practice within society [28].

Syirkah refers to a contract between two or more parties who collaborate in terms of capital and profits. It allows each party to manage the shared assets or resources of the partnership, implying mutual consent to manage the business. It involves shared rights and responsibilities over a common objective [29].



Figure 2. Cairo's Halal Restaurant Atmosphere

Islam permits Muslims to utilize their wealth independently or through collaborative ventures. Accordingly, Islam allows those with capital to engage in business through syirkah either as a company or in trade with their partners. The process of implementing a syirkah model in Shariah Restaurants Egypt was carried out with structured standards and meticulous preparation by the managing parties, despite the possibility of minor technical errors, which are generally manageable [30]. The procedures and preparations included:

1. In-depth study of fiqh muamalah, particularly the concept of syirkah
2. Formation of a management team
3. Consultations with experts
4. Contract design
5. Division of organizational roles
6. Managerial meetings and deliberation (musyawarah)
7. Management system structuring
8. Market analysis

From interviews with Party I, syirkah is understood as a partnership between two or more individuals or entities, where capital contributions are not required to be equal, management can be handled solely by one party, and profit sharing is based on mutual agreement, while losses are borne collectively. The syirkah system applied in Shariah Restaurants Egypt involves unequal capital contributions from investors, full operational control by the management, and profit sharing based on the proportion of

capital contributed. Losses, however, are shared among all investors. This partnership is based on trust and transparency, supported by written agreements as evidence of each party's investment [31].

In this partnership model, it is agreed that business operations are entirely handled by the Shariah Restaurants Egypt team without any operational involvement from the investors. The profit-sharing agreement stipulates a 40:60 split, where the first party (the investor) receives 40% of the net profit, and the second party (the manager) receives 60%. This ratio also applies to loss-sharing, except when losses are due to the manager's negligence or deliberate fault, in which case the Shariah Restaurants Egypt management assumes full responsibility.

Based on interviews with several parties involved in the syirkah, it can be analyzed that this model represents a partnership in which each party contributes capital, resources, or expertise, and both profit and loss are shared. The contract applied is a Syirkah al-Mudharabah agreement. Syirkah al-Mudharabah is a profit-sharing contract between two parties in which one party (the *ṣāḥib al-māl*) provides capital and the other (the *muḍārib*) manages the business. Profits are shared proportionally after deducting 2.5% for zakat, 2.5% for social programs, and 5% for taḥfīz development and management, based on mutual agreement. Losses are shared accordingly: capital losses are borne by the investors, while the manager bears losses in time, effort, expertise, and ideas.

The business does not apply a familial ownership structure, meaning anyone can participate in the partnership as long as they meet the company's requirements. In this case, 75% of the total capital comes from external investors and 25% from the Shariah Restaurants Egypt itself. A technical issue encountered in this partnership was the delayed submission of sales reports to investors, despite it being a part of the agreed-upon terms [32]. However, this delay was minimal (only a few days) and did not impact financial outcomes such as profits or losses.

Contract Practices at Shariah Restaurants in Egypt Based on the Fatwa of Egyptian Scholars

Islam permits various forms of Sharia-based business partnerships, provided that the principles of justice and truth serve as the foundation. In the context of *fiqh muamalah*, the concept of Sharia-compliant business partnerships (*syirkah*) is well established, with specific legal conditions. In such arrangements, both parties are expected to share profits and bear losses according to the agreed-upon percentage. Profit-sharing may follow a 50-50, 25-75, or other mutually agreed ratio, while losses are borne in proportion to each party's initial capital contribution [33].

The *syirkah* contract applied in the Shariah Restaurants Egypt business involves two primary parties: the capital provider and the manager. The capital provider supplies the funds, while Shariah Restaurants Egypt, as the business operator, is responsible for the full management of the Sharia-compliant fashion and fabric sales without direct involvement from the investor.

Based on the analysis of *fiqh muamalah*, this partnership model can be classified as *Syirkah al-Muḍārabah*. In *Syirkah al-Muḍārabah*, the *ṣāḥib al-māl* (capital owner) provides the funds, and the *muḍārib* (manager) handles the business operations. Profits are shared as per the agreement, while financial losses are borne solely by the capital provider. This model highlights a partnership where the capital comes entirely from the investor, while the management expertise is contributed by the operator [34].

The implementation of the *Syirkah* contract in Shariah Restaurants Egypt is deemed compliant with Islamic principles as it fulfills the legal pillars (*rukun*) and conditions (*shurūt*) of *Syirkah al-Muḍārabah*. The two contracting parties capital owner and the

business manager, have fulfilled the requirements of mutual consent (ijab and qabul). The business object, namely the sales of Sharia-compliant clothing and fabrics, meets the criteria for a valid contract. The capital owner does not engage in the management process, while the manager applies their expertise. The capital owner receives a share of the profit according to the agreed ratio as compensation for their investment.

Shariah Restaurants Egypt operates with a deep commitment to ensuring that all its business activities conform to the principles outlined in the fatwas of Egypt's Islamic scholars. This dedication reflects the company's concern for, and adherence to, Islamic teachings in every aspect of its operations. In implementing the Mudharabah-Musyarakah contract, Shariah Restaurants Egypt Makassar ensures that the principles of Shariah transparency, fairness, and exemplary conduct are embedded in each operational step. One critical component of Shariah compliance is the transparent management of funds under Mudharabah and Syirkah contracts [35].



Figure 3. Cairo Halal Menu

Firstly, Shariah Restaurants Egypt maintains transparency with its investors regarding the allocation and use of funds, in line with Sharia principles. They provide detailed information on how the investment capital is used and how it contributes to business growth. This approach offers investors a clear understanding of how their funds are managed within the Mudharabah-Musyarakah framework [36].

Additionally, Shariah Restaurants Egypt commits to avoiding practices that contradict Islamic principles, such as riba (usury) and the use of unlawful (haram) materials in production. The business ensures that all production activities, from material selection to the final output, adhere to Islamic teachings. The selection of halal materials and the avoidance of riba in all transactions are key considerations in ensuring compliance with the fatwas of Egypt's Islamic scholars [37].

The company also ensures that profit and loss distribution adheres strictly to the agreed profit-sharing ratio (nisbah) stipulated in the contract. Fairness in distribution is a primary value, and the business avoids any practices that may unjustly disadvantage one party. To strengthen Shariah compliance, Shariah Restaurants Egypt routinely engages an independent Sharia advisor or consultant to conduct comprehensive audits and monitoring of operational and financial activities [38]. This process ensures that all actions conform to the fatwas issued by Egypt's Islamic authorities and avoid any potentially non-compliant practices. Furthermore, the organization implements an internal Sharia education policy. Management provides all employees with a deep

understanding of Sharia principles, ensuring that Islamic values are upheld across all organizational levels. Employees are also made aware of the Sharia implications of their actions, fostering a sense of personal responsibility in maintaining compliance [39].

These initiatives align with Shariah Restaurants Egypt’s ongoing commitment to executing the Mudharabah-Musyarakah contract according to Islamic teachings. Operating in line with Islamic law is not only a business obligation but also a value that builds trust among investors, customers, and the broader community engaged with Shariah Restaurants Egypt Makassar [40]. To support this commitment, Shariah Restaurants Egypt remains open to feedback and suggestions from both investors and involved Sharia authorities. Collaboration and open communication between all parties form the foundation for maintaining Sharia compliance and contribute to the sustainable success and growth of the business.

Table 3. Results and Discussion Summary

Theme	Key Findings	Implications
Sharia-Based Financing Model	Shariah Restaurants Egypt operates using syirkah (partnership) contracts rooted in Islamic principles. Capital is obtained through partnerships based on mutual trust, transparency, and written agreements.	Demonstrates practical application of Sharia-compliant business models in the halal dining sector.
Contract Type: Syirkah al-Mudharabah	The partnership involves unequal capital contributions, full operational control by the manager, and a 40:60 profit split (investor-manager). Losses are shared unless due to managerial negligence.	Reflects compliance with Sharia principles and fatwa guidance on risk-sharing and ethical conduct.
Structured Implementation Process	Steps include: studying fiqh muamalah, forming a management team, expert consultation, contract design, role division, and structured management.	Indicates a deliberate and well-organized effort to uphold Islamic values in business operations.
Profit and Loss Distribution	Profits are divided after zakat (2.5%), social allocation (2.5%), and the tahfiz fund (5%). Losses borne by investors; managers lose only effort/time.	Aligns with Syirkah al-Mudharabah principles; promotes social responsibility and ethical allocation.
Compliance with Egyptian Fatwas	Contracts follow the legal pillars (rukun) and conditions (shurūt) of Islamic finance, including valid consent and division of roles.	Confirms that business practices conform to the fatwas issued by Egypt’s Islamic authorities.
Transparency and Reporting	Minor issue: delayed investor reports. Resolved without affecting profit/loss. Regular Sharia audits are conducted.	Highlights operational integrity and commitment to continuous Sharia compliance.
Halal Operational Standards	Business avoids riba, ensures the use of halal materials, and provides Sharia training to staff.	Embeds Islamic ethics in daily operations, enhancing credibility and investor trust.
Community Engagement and Oversight	Open to feedback and collaboration with investors and Sharia advisors. Continuous improvement is pursued.	Promotes transparency, collective responsibility, and long-term business sustainability.

Analysis

The case of Shariah Restaurants Egypt presents a compelling model of how Islamic financial principles, particularly *mudharabah* and *musyarakah* contracts, can be operationalized in a modern business context while remaining fully compliant with Sharia standards. This study highlights that such contracts, when properly structured and implemented under the guidance of authoritative fatwas, serve as robust mechanisms for ethical financing in the halal dining sector. Central to this implementation is the dual-layered contract structure, *Mudharabah*, in which capital providers contribute funds and the restaurant's management team offers business expertise. The profit-sharing ratio (40:60) and the loss-bearing arrangement (investors assume financial losses unless caused by managerial negligence) illustrate the foundational Sharia concepts of fairness, risk-sharing, and trust. This model allows for flexibility in capital contributions and decision-making, making it suitable for diverse investor profiles [41].

The study reveals a strong emphasis on adherence to fatwas issued by the Egyptian Council of Scholars. These fatwas not only legitimize the contracts from a legal-religious standpoint but also provide contextual relevance, ensuring that Islamic finance is aligned with Egypt's social and economic realities. Through this lens, fatwas function not merely as theological opinions but as practical regulatory tools that shape ethical and lawful business practices [42]. Shariah Restaurants Egypt has also taken deliberate steps to institutionalize transparency and accountability. Written contracts, clear division of roles, regular financial reporting, and the engagement of independent Sharia advisors for audits reflect a system of governance that aligns both with Islamic ethics and contemporary best practices. Even minor issues, such as delays in report submissions, are addressed in a manner that maintains investor confidence and contractual integrity.

Beyond operational excellence, the enterprise embeds Islamic values through charitable allocations (*zakat*, social programs, *tahfiz*), halal sourcing, and Sharia training for staff. These components extend the impact of Sharia compliance beyond legal obligations, fostering a comprehensive Islamic economic environment. This case study not only demonstrates the viability of Sharia-compliant financing for SMEs but also shows how fatwa-based models can be replicated in other sectors and geographies. It underscores the importance of localized fatwa authority, structured contract application, and value-based operations, offering a replicable framework for Islamic economic development in Muslim-minority contexts like Egypt.

CONCLUSION

Shariah Restaurants Egypt, as a business entity specializing in the Sharia-compliant culinary industry, is actively engaged in implementing Islamic financing principles as a core element of its operations. The business adopts a financing model known as *Mudharabah*, which involves a collaborative arrangement between capital providers and business operators. In this framework, the capital providers supply the funds, while the business operators contribute their expertise and effort. The profits generated are then distributed based on a pre-agreed ratio. This financing model embodies the spirit of collaboration and economic justice, in which both risks and returns are shared fairly. The central focus in evaluating the alignment of business operations with Islamic economic principles lies in the Sharia compliance of the *Mudharabah* contract at Shariah Restaurants Egypt. The Fatwa of the Council of Egyptian Scholars serves as a crucial reference for assessing the extent to which the business adheres to applicable Sharia rulings. Within this context, it can be concluded that the understanding and application of the *Mudharabah* contract at Shariah Restaurants Egypt must be carried out with precision and care. The Fatwa of the Council of Egyptian Scholars provides

clear guidelines on the principles that must be followed in the execution of such contracts. The evaluation of Sharia compliance should cover aspects such as profit-sharing mechanisms, risk responsibilities, and other provisions stipulated in the relevant fatwas. Adherence to these fatwas will ensure that the business operates by Islamic norms, maintaining justice and promoting sustainable economic practices within the framework of Sharia. Shariah Restaurants Egypt is thereby able to ensure that its business practices are free from elements of *riba* (usury), *gharar* (excessive uncertainty), or any other practices prohibited in Islam. Consequently, the conclusion drawn from the evaluation of the Sharia compliance of the Mudharabah financing at Shariah Restaurants Egypt can serve as a foundation for further improvement and development. This will ensure that the business continues to operate with integrity and in full accordance with Islamic economic principles.

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Author Contribution

All authors contributed equally to the conception, methodology, data collection, analysis, and writing of this article. Research coordination was jointly managed between the Cairo and Gaza branches. Final review and editing were conducted collaboratively. All authors approved the final version and are accountable for the integrity and accuracy of the work.

Conflicts of Interest

The authors declare no conflicts of interest related to this research. The study was conducted independently, without financial or institutional pressures that could influence the findings. Any affiliations mentioned served only to support academic access and did not affect the neutrality of the research outcomes or interpretations.

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