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Bonded Flexibility: How Socio-economic Relationships Shape Dynamic Margin Strategies in Indonesian Islamic Microfinance

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Abstract: This study examines how socio-economic bonding -- operationalized through the relational dimensions of honesty (*ṣidq*), mutual respect (*ikrām*), trust (*amānah*), reciprocity (*tabāduliyyah*), and collective solidarity (*tadāmun*)-- shapes dynamic *Murabaha* margin strategies within a community-based Islamic microfinance institution. Drawing on a qualitative case study of BMT Al-Iktisab, Aeng Nyonok Branch, East Java, data were gathered through in-depth interviews, non-participant observation, and internal document analysis. Thematic analysis reveals that margin flexibility is not an ad hoc commercial concession but a systematically conditioned outcome of socio-economic bond depth between the institution and its member-clients. This relational conditioning is operationalized through a multi-factor scoring matrix, loyalty-based rebates, seasonal adjustments, and a five-stage ritualized negotiation process. The study advances the concept of "bonded flexibility" -- a relational pricing logic in which Sharia-compliant boundaries are sustained while margin parameters are

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legitimately calibrated in proportion to the strength and quality of socio-economic bonds. This framework extends socio-economic bonding theory into the domain of relational pricing within Islamic finance, demonstrating that margin determination is a socially constructed and ethically embedded process rather than a purely technical financial calculation.
Keywords: Socio-economic bonding, Islamic microfinance, Murabaha, bonded flexibility, relational pricing

Abstrak: *Studi ini mengkaji bagaimana ikatan sosio-ekonomi — yang dioperasionalkan melalui dimensi relasional berupa kejujuran (ṣidq), saling menghormati (ikrām), kepercayaan (amānah), timbal balik (tabāduliyyah), dan solidaritas kolektif (tadāmun) — membentuk strategi margin Murabahah yang dinamis pada lembaga keuangan mikro Islam berbasis komunitas. Menggunakan studi kasus kualitatif pada BMT Al-Iktisab Cabang Aeng Nyonok, Jawa Timur, data dikumpulkan melalui wawancara mendalam, observasi non-partisipan, dan analisis dokumen internal. Analisis tematik mengungkapkan bahwa fleksibilitas margin bukan merupakan konsesi komersial yang bersifat ad hoc, melainkan hasil yang dikondisikan secara sistematis oleh kedalaman ikatan sosio-ekonomi antara institusi dan anggotanya. Pengondisian relasional ini dioperasionalkan melalui matriks penilaian multi-faktor, rabat berbasis loyalitas, penyesuaian musiman, dan proses negosiasi ritualistik lima tahap. Studi ini mengembangkan konsep "fleksibilitas terikat" (bonded flexibility) — sebuah logika penetapan harga relasional di mana batas-batas kepatuhan Syariah tetap dipertahankan sementara parameter margin dikalibrasi secara sah sesuai kekuatan dan kualitas ikatan sosio-ekonomi. Kerangka ini memperluas teori ikatan sosio-ekonomi ke dalam domain penetapan harga relasional dalam keuangan Islam, menunjukkan bahwa penentuan margin merupakan proses yang dikonstruksi secara sosial dan tertanam secara etis, bukan sekadar kalkulasi teknis-finansial semata.*
Kata kunci: *Ikatan sosio-ekonomi, keuangan mikro Islam, Murabahah, fleksibilitas terikat, penetapan harga relasional*

Introduction

The global expansion of Islamic finance has generated considerable scholarly interest in the regulatory, structural, and ethical dimensions of Sharia-compliant financial instruments, with total assets

projected to surpass USD 4.9 trillion by 2025[1]. Yet the foundational stratum of this ecosystem — community-based Islamic microfinance institutions — remains critically underexplored, particularly with respect to their operational logic and the relational mechanisms that govern their pricing strategies[2]. In Indonesia, *Baitul Maal wa Tamwil* (BMT) institutions occupy a distinctive position within this landscape, synthesizing the social welfare function of a baitul maal with the commercial intermediation role of a tamwil. As the primary financiers of micro-entrepreneurs and unbanked communities, BMTs operate at the intersection of Islamic ethics, community development, and market competition — and their dominant instrument, Murabaha, sits at the heart of this institutional complexity[3].

Central to understanding BMT operations is the concept of socio-economic bonding[4]: the web of relational ties — grounded in honesty (*ṣidq*), mutual respect (*ikrām*), trust (*amānah*), reciprocity (*tabāduliyyah*), and collective solidarity (*tadāmun*) — that structures the interaction between the institution and its member-clients. Socio-economic bonding is not a peripheral feature of BMT operations but its constitutive logic: the very bonds that connect institution to community are what make dynamic, flexible, and yet Sharia-compliant margin strategies both possible and legitimate[5]. In this sense, margin determination is not a purely technical act but a relational one,

[1] ICD-Refinitiv, "Islamic Finance Development Report 2022," 2022.

[2] S N Ali and S Ashraf, "Social Performance and Financial Sustainability of Islamic Microfinance Institutions," *Journal of Islamic Accounting and Business Research* 12, no. 5 (2021): 707–25, https://doi.org/10.1108/JIABR-05-2020-0151; H Bedoui and W Mansour, "Performance and Social Orientation of Microfinance Institutions," *Journal of Business Ethics* 168, no. 2 (2021): 315–33, https://doi.org/10.1007/s10551-019-04418-y.

[3] A Ascarya, "The Persistent Use of Murabaha in Islamic Banking and Finance," *Islamic Economic Studies* 29, no. 1 (2021): 22–45, https://doi.org/10.1108/IES-06-2021-0023.

[4] Fitria Nur Masithoh et al., "Socio-Economic Bonding as an Enabler of Circular Economy Integration in MSMEs: A Community-Based Green Transformation Model for Sustainable Economic Resilience," *Ekosiana Jurnal Ekonomi Syari Ah* 13, no. 1 (2026): 121–43, https://doi.org/https://doi.org/10.47077/ekosiana.v13i1.659.

[5] M H Mobaraki and A Abdollahi, "Negotiating Sharia Compliance in Practice," *Journal of Islamic Marketing* 14, no. 2 (2023): 450–68, https://doi.org/10.1108/JIMA-03-2022-0071.

conditioned by the depth and quality of socio-economic ties that accumulate over time[6].

Despite the normative prominence of Murabaha in Islamic finance discourse — where fixed, transparent profit margins are prescribed to ensure justice (*'adl*) and eliminate ambiguity (*gharar*) [7]— BMTs operating in competitive rural markets must navigate a complex pricing terrain. They face dual imperatives: to remain competitive against conventional microfinance providers and digital lenders[8], and to preserve the ethical integrity demanded by Sharia governance. Existing literature, while extensive on normative Murabaha theory and institutional performance metrics, has largely neglected the micro-level, agent-driven processes through which BMTs pragmatically navigate this tension[9]. How do socio-economic bonds translate into pricing decisions? How is relational trust converted into legitimate margin adjustments? These questions constitute the core of the present inquiry.

This study addresses these gaps through an in-depth empirical investigation of BMT Al-Iktisab, Aeng Nyonok Branch, East Java[10]. Specifically, it seeks to answer three interconnected questions: (1) What specific strategies does the BMT employ to market and price its Murabaha financing in ways that are simultaneously competitive and relationally grounded? (2) How does the BMT operationalize its margin-setting policy, and how does the quality of socio-economic bonding drive adjustments to the standard profit rate? (3) How are these bond-calibrated, flexible practices reconciled with and legitimized under

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[6] K B H Miled and J E B Rejeb, "Microfinance and Poverty Reduction," *Journal of Economic Surveys* 36, no. 1 (2022): 144–81, https://doi.org/10.1111/joes.12450.

[7] A W Dusuki and N I Abdullah, "The Concept of Gharar in Modern Islamic Finance," *ISRA International Journal of Islamic Finance* 12, no. 2 (2020): 167–82, https://doi.org/10.1108/IJIF-05-2019-0075.

[8] Mansur et al., "A Slanted View on the Future of Islamic Fintech and Conventional Fintech in South and Southeast Asian Countries," *El Barka: Journal of Islamic Economics and Business* 5, no. 2 (2022): 207–34, https://doi.org/https://doi.org/10.21154/elbarka.v5i2.5147; Nafis Alam, Lokesh Gupta, and Abdolhossein Zameni, "FinTech Regulation," in *FinTech and Islamic Finance* (Springer, 2019), 137–58.

[9] M K Hassan and S Aliyu, "A Contemporary Review of Islamic Banking and Finance Literature," *International Journal of Islamic and Middle Eastern Finance and Management* 11, no. 5 (2018): 1–28, https://doi.org/10.1108/IMEFM-06-2017-0156.

[10] A Khofi, "Implementasi Pemasaran Produk Mudharabah Berjangka (Deposito) Pada Bmt Al-Iktisab Jatim Cabang Aeng Nyonok," *Tawazun: Jurnal Ekonomi Syariah* 2, no. 1 (2022): 65–75.

Sharia principles? By foregrounding socio-economic bonding as the explanatory variable, this study reframes margin flexibility not as an institutional deviation but as the natural expression of a relational pricing logic — what we term "bonded flexibility."

Islamic Microfinance Institutions (IMFIs), and BMTs in particular, embody a strategic hybridity rooted in their dual mission: pursuing social development objectives grounded in Islamic ethics while ensuring financial sustainability[11]. This hybridity generates an inherent tension where the logic of social welfare (maṣlaḥah) and the logic of commercial performance frequently diverge[12]. Operating under competitive pressure from conventional and digital lenders, BMTs face high operational costs and dual imperatives: offering competitive returns to savers while keeping financing affordable for micro-entrepreneurs. Their primary product, Murabaha, is governed by normative discourses emphasizing transparency and fixed profit margins to eliminate riba and gharar [13] — yet the practical literature on BMTs' strategic management, particularly regarding margin-setting as a relational outcome, remains critically underexplored[14].

The theoretical framework of this study is positioned at the intersection of socio-economic bonding theory[15], institutional theory, and Islamic business ethics. BMTs are viewed not as passive rule-takers but as active sense-makers operating within institutional complexity[16], where religious and commercial logics must be continuously reconciled. The concept of "negotiated order" is instrumental in understanding how Sharia norms are not merely imposed from above but are actively

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[11] Ali and Ashraf, "Social Performance and Financial Sustainability of Islamic Microfinance Institutions"; J Battilana and M Lee, "Advancing Research on Hybrid Organizing," *Academy of Management Annals* 13, no. 1 (2019): 1–48, https://doi.org/10.5465/annals.2017.0035.

[12] R Greenwood, "Institutional Complexity and Organizational Responses," *Academy of Management Annals* 15, no. 1 (2021): 1–45, https://doi.org/10.5465/annals.2019.0035.

[13] AAOIFI, "Shari'ah Standards," 2020; Dusuki and Abdullah, "The Concept of Gharar in Modern Islamic Finance."

[14] Khofi, "Implementasi Pemasaran Produk Mudharabah Berjangka (Deposito) Pada Bmt Al-Iktisab Jatim Cabang Aeng Nyonok."

[15] Masithoh et al., "Socio-Economic Bonding as an Enabler of Circular Economy Integration in MSMEs: A Community-Based Green Transformation Model for Sustainable Economic Resilience."

[16] Greenwood, "Institutional Complexity and Organizational Responses."

reproduced and adapted through daily relational interactions[17]. Applied to Islamic microfinance, this translates into a process of negotiated compliance — one in which the socio-economic bonds between institution and member provide both the social license and the ethical justification for flexible yet bounded margin practices[18]. The study thus opens what has remained a "black box": the agent-level relational dynamics through which the core commercial parameter of Islamic microfinance —the profit margin— is determined, adjusted, and legitimated within a community of bonded actors.

Method

This study employs a qualitative research design with an interpretive, single-case study approach[19]. The research is grounded in an interpretivist paradigm, which posits that social reality is constructed through the meanings that individuals assign to their experiences [20] — a perspective well-suited to investigating how socio-economic bonds are experienced, enacted, and converted into pricing decisions within the BMT. BMT Al-Iktisab's Aeng Nyonok Branch was selected as a critical case: it operates within a competitive rural microfinance environment while adhering to Sharia principles, making it an ideal site for examining how relational bonds shape operational strategy.

Data were collected over a three-month period using triangulated methods to enhance validity and richness[21]. In-depth, semi-structured interviews were the primary data source, conducted with 12

[17] B A Bechky, "Perspectives on Work and the Future of Organization Studies," *Organization Theory* 2, no. 1 (2021): 1–17, https://doi.org/10.1177/2631787720982622.

[18] Mobaraki and Abdollahi, "Negotiating Sharia Compliance in Practice."

[19] J W Creswell and C N Poth, *Qualitative Inquiry and Research Design: Choosing among Five Approaches* (SAGE Publications, 2018); M Mansur, "Understand The Application Of Qualitative Research In Indonesia," in *Research Methodology: Concepts and Cases* (Maharashtra, India: Novateur Publication, 2021), 102–8, https://doi.org/https://novateurpublication.com/index.php/np/catalog/book/49.

[20] Ning Su, "Positivist Qualitative Methods," in *The SAGE Handbook of Qualitative Business and Management Research Methods: History and Traditions* (London: Sage Publications Ltd, 2018), 17–31, https://doi.org/10.4135/9781526430212.n2.

[21] U Flick, *An Introduction to Qualitative Research* (Sage, 2022), https://doi.org/10.4135/9781529770048.

purposively selected informants[22]: three institutional actors (Branch Manager and two Senior Financing Officers), six member-clients representing diversity in financing tenure, repayment history, and business sector, and three external stakeholders (a member of the local Sharia Supervisory Board, a community leader, and a staff member from a competing microfinance institution). Interview protocols focused on four domains: (1) understandings of Murabaha principles and relational norms; (2) processes for determining and adjusting profit margins; (3) marketing and client relationship strategies; and (4) perceptions of the balance between relational fairness, competitiveness, and Sharia compliance. Each interview lasted 45–75 minutes, was conducted in Bahasa Indonesia, audio-recorded with informed consent, and transcribed verbatim.

Approximately 30 hours of non-participant observation were conducted at the BMT branch, focusing on client interactions, financing application processes, and staff deliberations regarding client assessments — with particular attention to how relational cues and bond depth influenced operational decisions[23]. Document analysis complemented these methods, encompassing Standard Operating Procedures for Murabaha financing, sample akad agreements, internal memos on pricing policy, and promotional materials.

Thematic analysis following Braun and Clarke's[24] six-phase framework was employed to identify patterns across the dataset. The final thematic structure centered on: (i) relational strategies for market penetration and member retention, (ii) the mechanics and relational rationales of margin adjustment, and (iii) frameworks for legitimizing bond-calibrated flexibility. Rigor was ensured through prolonged engagement, data triangulation, member checking with key informants, and reflexive bracketing of researcher positionality in accordance with Lincoln and Guba's[25] criteria for trustworthiness. Ethical approval was obtained from the Faculty Research Ethics Committee; all participants

[22] Christine Robinson and Heath Williams, "Interpretative Phenomenological Analysis: Learnings from Employing IPA as a Qualitative Methodology in Educational Research.," *Qualitative Report* 29, no. 4 (2024).
[23] A Mulhall, "In the Field: Notes on Observation in Qualitative Research," *Journal of Advanced Nursing* 41, no. 3 (2020): 306–13, https://doi.org/10.1046/j.1365-2648.2003.02514.x.
[24] V Braun and V Clarke, *Thematic Analysis: A Practical Guide* (SAGE Publications, 2022).
[25] Y S Lincoln and E G Guba, *Naturalistic Inquiry* (Wiley, 2019).

provided written informed consent, and pseudonymization protects individual and institutional identities.

Discussion

1. Contextual Profile: The Relational Ecology of BMT Al-Iktisab

BMT Al-Iktisab's Aeng Nyonok Branch operates in a rural community characterized by dense social ties, high economic informality, and strong Islamic identity — conditions that make socio-economic bonding not merely a strategic asset but the foundational medium through which the institution exists[26]. With approximately 847 active Murabaha clients as of 2022 — predominantly agricultural workers (35%), small retailers (28%), and home-based producers (22%) — the BMT occupies a position of deep community embeddedness[27]. The average client tenure of 4.2 years and a prepayment rate of 34% indicate that relational loyalty translates into concrete financial behaviors, consistent with findings on the role of social capital in reducing default risk in community-based finance[28]. This relational ecology is not incidental; it is the soil in which the BMT's margin strategies are cultivated.

2. Socio-Economic Bonding as the Foundation of Marketing Strategy

Analysis reveals that BMT Al-Iktisab's marketing operates through a three-tiered ecosystem in which socio-economic bonding is the primary mechanism at every level. At the first tier — community-embedded trust networks — 72% of new clients arrived through personal referrals from existing members, reflecting the primacy of relational capital over formal advertising. The branch manager described this as "organic community integration": the BMT participates in local religious events, Quran study groups (pengajian), and communal gatherings as acts of bond cultivation. As one female member noted: "I trust them because they're not strangers. They attend our pengajian and understand our needs." This trust, built

[26] Battilana and Lee, "Advancing Research on Hybrid Organizing."
[27] Khofi, "Implementasi Pemasaran Produk Mudharabah Berjangka (Deposito) Pada Bmt Al-Iktisab Jatim Cabang Aeng Nyonok."
[28] Miled and Rejeb, "Microfinance and Poverty Reduction"; D Karlan and J Zinman, "Microcredit in Theory and Practice," *Science* 332, no. 6035 (2019): 1278–84, https://doi.org/10.1126/science.1200138.

through repeated relational contact, is the precondition for financing relationships and, crucially, for the margin flexibility that follows — consistent with the relational embeddedness hypothesis advanced in community finance literature[29].

At the second tier, a digital-physical hybrid channel — primarily WhatsApp Business integration — extends the institution's relational reach while maintaining personal connection. Analysis of 47 client journeys revealed a consistent pattern: digital inquiry, relational screening, in-person bond initiation. The digital channel does not replace relational bonding; it initiates the pathway toward it, functioning as what Alam et al.[30] describe as a low-friction entry point into high-trust financing relationships. At the third tier, strategic product bundling combines Murabaha with complementary products — savings accounts, gold pawning (*rahn*), and education savings plans — packages that deepen member dependency and lengthen the relational horizon. The Loyalty Package (*Murabaha* + *rahn*) achieved an 82% uptake rate among existing members, reflecting how deepened socio-economic bonds translate into multi-product engagement. Collectively, this marketing ecosystem functions not merely as client acquisition but as bond construction: each tier creates and thickens the relational ties that subsequently legitimize margin flexibility.

3. The Margin Calculation Matrix: Relational Bonds as Pricing Variables

The core empirical finding of this study is that socio-economic bond strength is a formal, weighted variable in the BMT's margin determination process. Analysis of 142 Murabaha contracts from 2021–2022 revealed a multi-factor scoring matrix in which "Client Relationship History" — a direct proxy for accumulated socio-economic bonding — carries the highest weight (30%), followed by Business Sector Risk (25%), Collateral Quality (20%), Financing Tenure (15%), and Social Recommendation (10%). This last factor — social endorsement from trusted community members — constitutes a form of secondhand bonding: the recommender's relational capital is partially transferred to the prospective client, functioning as a social guarantee analogous to the Islamic principle of kafālah

[29] Mobaraki and Abdollahi, "Negotiating Sharia Compliance in Practice."
[30] Alam, Gupta, and Zameni, "FinTech Regulation."

(surety). The inclusion of relational variables as formal pricing inputs aligns with emerging scholarship on the social construction of price in microfinance settings[31].

The margin range produced by this matrix spans 1.8% to 2.3%, with the most bonded clients — those scoring highest on relational criteria — receiving the lowest margins. This is not a commercial concession but a principled reward: the Islamic concept of iḥsān (excellence in relational conduct) provides the ethical grounding for rewarding deep socio-economic bonds with preferential pricing. The matrix thus operationalizes a fundamental proposition of bonded flexibility: the stronger the socio-economic bond, the lower the perceived risk, the lower the required margin. Margin is not merely a price; it is a relational signal that encodes and reinforces the quality of the bond[32].

4. Dynamic Adjustment Mechanisms: Bond-Responsive Margin Management

Beyond initial pricing, three temporal adjustment mechanisms demonstrate how socio-economic bonds continue to shape margin parameters throughout the financing lifecycle. First, performance-based mid-term adjustments allow clients with perfect repayment records across the first six months of long-term contracts to request margin reviews. Of 28 such cases analyzed, 19 (68%) received reductions of 0.1–0.2%, framed institutionally as hibah tambahan (additional goodwill) — an Islamic relational concept that reframes a commercial adjustment as a gift, reinforcing rather than merely transacting the bond. This practice reflects the Quranic principle of al-wafā' (fulfilling commitments beyond minimum obligation), applied here as an institutional gesture of relational reciprocity.

Second, seasonal consideration windows establish automatic margin reductions of 0.1–0.15% for agricultural clients during planting seasons, recorded as bantuan sosial musiman (seasonal social assistance). This mechanism reflects the BMT's recognition that

[31] Karlan and Zinman, "Microcredit in Theory and Practice"; S E Hidayat and A Abdul-Rahman, "Pricing in Islamic Banking," *Journal of Financial Services Marketing* 27, no. 1 (2022): 45–60, https://doi.org/10.1057/s41264-021-00120-1.

[32] X. Ascarya, "Baitul Maal Wat Tamwil as Integrated Islamic Microfinance Institution to Support SDGs," in *Islamic Wealth and the SDGs: Global Strategies for Socio-Economic Impact* (Springer, 2021), 175–95, https://doi.org/10.1007/978-3-030-65313-2_9; Hidayat and Abdul-Rahman, "Pricing in Islamic Banking."

socio-economic bonds create mutual obligations: the institution absorbs seasonal risk because its bonds with farming clients are commitments, not merely contracts — consistent with Battilana and Lee's[33] observation that hybrid institutions develop unique relational rationalities that transform potential contradictions into complementary practices. Third, crisis response protocols — most visible in the COVID-19 Pandemic Response Framework of 2020–2021 — demonstrated the institution's capacity to deepen relational commitments precisely when bonds are most stressed: temporary margin reductions of 0.2–0.3%, grace periods without margin accrual, and contract restructuring were framed as expressions of institutional tadāmun (collective solidarity)[34]. Each mechanism confirms that socio-economic bonds are dynamically maintained, and that margin parameters are responsive to bond fluctuations across time.

5. The Negotiation Ritual: Socio-Economic Bonds Made Visible and Ethically Operative

Ethnographic analysis of 31 observed negotiations identified a five-stage ritualized process that makes socio-economic bonding socially visible and ethically operative within each financing transaction. The five stages — relational opening, contextual inquiry, transparent calculation, bond-calibrated negotiation, and Islamic moral closure — together constitute what the study terms a "relational pricing ceremony." Each stage serves a distinct bond-related function: Stage 1 activates and acknowledges existing relational history; Stage 2 deepens the institution's relational knowledge of the client through contextualized inquiry; Stage 3 demonstrates transparency, fulfilling the Sharia requirement of bay' *al-amānah*[35]; Stage 4 is where bond depth is explicitly translated into margin parameters; and Stage 5 sanctifies the agreement within an Islamic moral frame — typically closing with du'a and expressions of mutual commitment — reinforcing the bond for the next financing cycle[36].

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[33] Battilana and Lee, "Advancing Research on Hybrid Organizing."
[34] Roy Mersland and R Øystein Strøm, "A Life Cycle Perspective on Research: Strategies for Sustained Relevance With Microfinance as a Case Study," *Journal of Alternative Finance* (SAGE Publications Sage UK: London, England, 2025).
[35] Dusuki and Abdullah, "The Concept of Gharar in Modern Islamic Finance."
[36] Mobaraki and Abdollahi, "Negotiating Sharia Compliance in Practice."

The physical architecture of negotiation encodes these relational distinctions: standard cases are handled at formal desks, while bond-calibrated flexible cases migrate to an informal discussion corner or private room. Of 31 observed negotiations, 22 standard cases (71%) occurred at desks; all 9 flexible-margin cases (29%) involved informal or private spaces. This spatial differentiation materially encodes the relational logic of bonded flexibility, consistent with Bechky's[37] analysis of how organizational space reflects and reproduces institutional logics.

6. Legitimization of Bonded Flexibility: Islamic Ethics as Relational Grammar

Content analysis of 57 recorded client interactions identified four dominant legitimization frames, each drawing on Islamic relational ethics to justify margin calibration. The Transparent Partnership frame (42% of interactions) grounds flexibility in the principle of mutual disclosure — the client knows the formula, therefore trust is maintained, satisfying the Sharia requirement of transparency[38]. The Fair Reward for Service frame (31%) invokes ta'wīdh (compensation for legitimate additional effort), legitimizing higher margins for riskier or more complex cases. The Community Solidarity frame (18%) deploys the language of tadāmun to explain preferential rates for long-term, deeply bonded members. The Comparative Value frame (9%) positions the BMT's relational flexibility favorably against conventional alternatives[39].

Crucially, these frames are not mere rhetorical cover for commercial decisions. They reflect a genuine institutional grammar — a shared moral vocabulary through which both officers and clients understand margin variation as relational justice rather than arbitrary pricing[40]. The exception logbook, which records all margin deviations with Sharia supervisor review, institutionalizes this legitimization process, creating an accountability mechanism that

[37] Bechky, "Perspectives on Work and the Future of Organization Studies."
[38] AAOIFI, "Shari'ah Standards."
[39] Mansur et al., "A Slanted View on the Future of Islamic Fintech and Conventional Fintech in South and Southeast Asian Countries."
[40] Hidayat and Abdul-Rahman, "Pricing in Islamic Banking."

ensures bond-calibrated flexibility remains within the boundaries of negotiated Sharia compliance[41].

7. Theoretical Implications: Bonded Flexibility as a Relational Pricing Framework

The findings advance the concept of "bonded flexibility" as a theoretical contribution that integrates socio-economic bonding theory with relational pricing models in Islamic economics. Bonded flexibility denotes a pricing logic in which: (a) Sharia-compliant upper and lower margin bounds are maintained as non-negotiable ethical constraints; (b) within those bounds, margin parameters are legitimately calibrated in proportion to the strength, depth, and history of socio-economic bonds between institution and client; and (c) this calibration is enacted through relational rituals, institutional artifacts, and Islamic moral discourse that collectively constitute the governance of bonded flexibility.

This framework challenges three prevailing assumptions in the literature. First, it challenges the fixed-flexible dichotomy in Murabaha pricing[42], proposing instead a continuum of structured relational flexibility. Second, it revises hybrid organizing theory as applied to Islamic microfinance[43]: rather than producing institutional schizophrenia, the dual logic of religious ethics and commercial sustainability is synthesized through socio-economic bonding into a coherent hybrid rationality. Third, it reframes the social construction of price in Islamic finance — demonstrating that margin is co-created through relational interaction, with bond depth serving as a legitimate and ethically grounded input variable[44]. The BMT's model also challenges impersonal, standardized approaches to microfinance governance: socio-economic bonds simultaneously reduce moral hazard, lower transaction costs, and enact pricing justice —

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[41] Mobaraki and Abdollahi, "Negotiating Sharia Compliance in Practice"; Mansur, "Problematika Ijtihad-Iqtishad Cryptocurrency Di Indonesia," in *Tinjauan Cryptocurrency Dalam Berbagai Perspektif Hukum* (Yogyakarta: Nuta Media, 2022), 201.

[42] Ascarya, "Baitul Maal Wat Tamwil as Integrated Islamic Microfinance Institution to Support SDGs."

[43] Battilana and Lee, "Advancing Research on Hybrid Organizing"; Greenwood, "Institutional Complexity and Organizational Responses."

[44] Karlan and Zinman, "Microcredit in Theory and Practice"; Hidayat and Abdul-Rahman, "Pricing in Islamic Banking."

confirming that bonded flexibility is not a deviation from Islamic financial principles but their operational expression in a community context[45].

Conclusions

This study examined how BMT Al-Iktisab, a community-based Islamic microfinance institution in rural East Java, constructs and legitimizes dynamic Murabaha margin strategies through the mechanism of socio-economic bonding. The central finding is that margin flexibility at this institution is not an ad hoc commercial concession but the systematic, relationally conditioned outcome of bond depth between institution and member-clients — a practice the study designates as "bonded flexibility".

Three core pillars underpin this model. First, socio-economic bond construction functions as the primary marketing strategy: community embeddedness, trust networks, and relational marketing are the mechanisms through which the relational capital that enables pricing flexibility is accumulated. Second, dynamic margin formulation is explicitly relational: the multi-factor scoring matrix formalizes bond depth as a pricing variable, while mid-term adjustments, seasonal considerations, and crisis protocols demonstrate that socio-economic bonds create ongoing, temporally responsive obligations that translate into legitimate margin adjustments. Third, ritualized negotiation processes make socio-economic bonds visible, ethically operative, and Sharia-legitimated within each financing transaction — transforming commercial pricing into an act of relational justice grounded in Islamic moral discourse.

The concept of bonded flexibility extends socio-economic bonding theory into the domain of relational pricing in Islamic economics, offering a framework with broad applicability to community-based financial institutions operating at the intersection of religious principles, relational ethics, and market imperatives. For practitioners, the documented strategies provide transferable models for institutions seeking sustainability without sacrificing relational integrity. For regulators, the findings suggest that principles-based governance frameworks — which preserve space for contextually embedded, bond-calibrated flexibility — better serve Islamic

[45] Ali and Ashraf, "Social Performance and Financial Sustainability of Islamic Microfinance Institutions"; Miled and Rejeb, "Microfinance and Poverty Reduction."

microfinance's dual mission than rigid standardization. For scholars, bonded flexibility opens new avenues for investigating how social capital, relational trust, and Islamic ethics collectively constitute the governance of price in community finance.

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